VALE OF WHITE HORSE DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2021/22

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Vale of White Horse District Council
Abbey House Abbey Close
Abingdon
Oxfordshire
OX14 3JE

Narrative statement

Introduction

This narrative statement provides a commentary on Vale of White Horse District Council's (Council) performance during 2021/22. 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.

This report was written at the time of the initial preparation of the 2021/22 statement of accounts in 2022. The content of the written narrative remains correct for that time, although at the time of signing off the accounts (December 2023) some of the text has been superseded. In order to best ensure the narrative correctly reflects the position and key factors at the time of the closing of the 2021/22 accounts, we have not updated the text, but it should be read recognising the timing of its initial composition.

To assist the reader, a glossary of financial terms is provided on pages 84-91.

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 2022 and summarises the overall financial position of the Council as at 31 March 2022. 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 Vale of White Horse district

Vale of White Horse is the eleventh most rural district in the south east region, with an average of 2.4 persons per hectare.[1] Around 42.0 per cent of the population live in rural areas, outside the main towns of Abingdon, Faringdon, Grove and Wantage – and the Oxford Belt [2] The population in June 2020 was 137,910; of this figure, 20.2 per cent (or 27,911 people) were aged 65 or over and 2.9 per cent (or 3,976 people) were aged 85 or over.[3]

The Office for National Statistics projects that in 2032 the population of Vale of White Horse will increase to 155,379 (an extra 17,469 people when compared to the June 2020 population

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[1] ONS Mid-Year Population Estimates UK, June 2020

[2] This statistic has been produced by utilising the latest mid-year population estimates for LSOAs (Lower Layer Super Output Areas) that are classified as either urban or rural. in Vale of White Horse

[3] ONS Mid-2020 Population Estimates for Lower Layer Super Output Areas in England and Wales

estimate).[4] It is expected that there will be 36,495 people aged 65+ in 2032, comprising 23.5 per cent of the population. There are also projected to be 6,315 people aged 85+ (4.1 per cent of the population) – this is higher than the projection for England (3.4 per cent).[5]

As of 31 March 2021, there were 57,500 occupied households in the Vale of White Horse. Between 2011 and 2021, the total number of households in the district increased by 8,100 (16.4 per cent).[6]

Employment within the Vale of White Horse is high: the resident population aged 16 to 64 only 2.1 per cent were in receipt of out of work benefits in March 2022. This compared favourably with the average for the southeast region (3.2 per cent) and for United Kingdom (4.1 per cent).[7]

In 2021, the ratio of lower quartile house prices to lower quartile workplace- based earnings in Vale of White Horse was 10.29 – considerably above the English average of 8.04. This means that many people (especially those on lower incomes and/or the young) cannot afford to buy and have to look outside of the district for housing. [8]

Corporate priorities

The Council's Corporate Plan 2020–2024 contains strategic objectives and corporate priorities for the period, the focus is:

- Providing the homes people need
- Tackling the climate emergency
- Building healthy communities
- Building stable finances
- Working in partnership
- Working in an open and inclusive way.

How performance is measured

The council's activities are based on our four-year corporate plan for 2020-2024 and 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 overseen by the council's senior management team, Scrutiny Committee, Climate Emergency Advisory Committee, 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.

Many of our services are provided through contractors, and the performance of our five major contractors will be monitored through a separate annual review and report to the council's Joint Scrutiny Committee with South Oxfordshire District Council.

[4] ONS Subnational Population Projections for England: 2018-based

[5] Ibid

[6] Population and household estimates, England and Wales: Census 2021

[7] Nomis – Local Authority Profile – Vale of White Horse

[8] ONS – House Price to Workplace-Based Earnings Ratio

2021/22 has seen the council introduce a Performance Management Framework. The Council's approach to Performance management was become 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 places our residents at the centre of what we do, how well we are doing and how we can improve.

Performance management is about having the information needed to allow us to take action if service delivery, or outcomes against the Council's themes, as set out in the Corporate Plan 2020-24 are not as expected. This action may be at individual, service, or thematic level.

Everyone within the council 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.

COVID-19 – Community Hub and roadmap

The continuing impact of the pandemic on the Council's performance is outlined in this report. The majority of Councillors and officers continue to work from home, other than those whose work requires otherwise. In those cases, the appropriate risk assessments are taken, and government guidelines are followed. The Council is proud of the quick and efficient response its services deliver to support communities during this time.

The Community Hub puts residents in touch with a network of volunteer groups and organisations to help with food, medicine and friendly phone calls. In urgent cases, support is available for food and prescription deliveries. A total of 397 food parcels have been delivered to residents since the start of the pandemic, and 498 medicine collections took place across both South Oxfordshire and the Vale of White Horse. In addition, a range of information and advice is available for the public and businesses on the Council website, for instance, how to book a vaccination and how to obtain financial support.

As well as dedicating significant officer resource to the pandemic, the Council has also made its buildings available, including for the creation and operation of the community hub. The Beacon in Wantage from February 2021 is being used as a Covid-19 testing site for public-facing workers and volunteers who are not displaying symptoms. The Council worked closely with partners across Oxfordshire to help set up this rapid symptom-free testing site to help stop the spread of the virus, protect the NHS and vital social care services, and ultimately saving lives.

The Council is also working with partners at the county and district Councils, local GPs and the Oxfordshire Clinical Commissioning Group (CCG) on a COVID-19 vaccination outreach scheme. Officers provide people with help to book an appointment, arrange transport, or simply offer information and advice in a format agreed with NHS colleagues. Feedback from residents and the outcomes of visits helped build up a detailed picture of why people may not be taking up the opportunity of vaccination.

268 people across South Oxfordshire and the Vale of White Horse who the NHS test and trace national system was unable to reach were visited and the employment of two Government funded COVID-19 Compliance Marshals enabled the Council to encourage and support businesses to trade in a 'COVID-19 secure' manner, and to provide further advice to the public.

During the year £28.7 million was paid in financial support to businesses in Vale of White Horse, through a range of HM Government grant schemes.

As part of the Council's initial response to the pandemic, each Councillor was provided with £2,000 for them to spend directly to support communities trying to respond to the crisis.
As the COVID-19 vaccination programme continues to progress well, the frame of thinking is moving to the medium/longer-term. The Oxfordshire Economic Recovery Plan has been developed and the Council we will soon be developing its own Plan that will provide a route map for recovery from the COVID-19 pandemic and assess the impact it has had on residents, the Council and local businesses.

Providing the homes people need

To support the Vale of White Horse's aim to find ways to provide more genuinely affordable housing in the Vale of White Horse 298 new affordable homes were delivered during 2021/22 exceeding the target of 250.

An updated Community Infrastructure Level spending strategy is now in place to accelerate the delivery of local infrastructural improvements. Systems have been implemented to enable real time monitoring and reporting on income generation, spend and infrastructure projects. In February 2022 the Council agreed to fund over £3 million of its budgeted capital expenditure from its retained Community Infrastructure Levy (CIL) receipts over the next five years. In March the first meeting of the newly constituted member/officer working group to consider CIL spending was held, which will inform infrastructure investments for 2022/23.

A revised Vale CIL Charging Schedule was adopted, and a Section 106 Supplementary Planning Document has progressed and is subject to formal approval – both include mechanisms for securing developer contributions for affordable housing and community infrastructure, and adoption. A Section 106 affordable housing fund and application process is now operational. Contracts were exchanged for two major affordable housing projects funded by commuted Section 106 sums and grants from the Oxfordshire Housing and Growth Deal.

Furthermore, during 2021/22, Homes England have been working with land agents to accelerate the development of 800 homes in Dalton Barracks and North-West Valley Park. Following a successful public consultation, the Dalton Barracks Supplementary Planning Document (which creates the core principles for the site) was developed for approval by Vale Cabinet in April 2022 and will support the council's commitment to deliver innovative housing to meet its aims for high quality, low energy, zero-carbon homes.

An application for 4,254 new dwellings in Valley Park, Didcot has been approved with healthcare and environmental provisions assured from developers, including upgrading active travel infrastructure with an innovative use of traffic lights to prioritise cycling over motorised vehicles. Over £3million for local healthcare provision in the area surrounding Valley Park or dedicated land for a health care centre on the site and £2.8million to be provided towards its construction has also been secured.

The Oxfordshire Community Land Trust and Heylo Housing will be receiving £304,000 and £366,400 respectively. Officers have also made plans to promote new applications for grant funding and are intending to update both the funding criteria and application process.

Over the year the Vale of White Horse continued to explore the creation of a Council-owned holding company or vehicle with developers, this will identify sites for development in the Vale and enable the delivery of regeneration and community benefits including housing, community facilities, land maintenance and health.

A refreshed Housing Strategy continues to be developed to outline the types of housing, provide, the mix of design and for what demographic and tenure. It will also include affordable housing aspirations and environmental policies. This strategy will inform the Council's Local Plan and the work going forward. It is anticipated that the realignment of services within Housing & Environment (including the creation of a Housing Delivery Manager role) will help to drive this work forward during 2022/23.

A public consultation on the new Joint Design Guide (JDG) was launched in January 2022. The JDG incorporates new guidance on zero and low carbon construction. The Vale's Climate Action Plan (CAP) was adopted by the Cabinet and includes measures designed to encourage lower-carbon construction within the district.

A new policy framework is being developed through the Joint Local Plan and the Oxfordshire Plan 2050 to help deliver homes in a way that supports peoples' wellbeing and the environment. Scoping of new policies for inclusion in the Joint Local Plan has been undertaken, including a Councillor Roundtable on the issue of climate change which was held in January. Work also continues on developing an agreed definition of true housing affordability, with the first major public consultation on the Joint Local Plan expected in Q1 2022/23.

Tackling the climate emergency

A significant piece of the Council's internal policy framework has been adopted this year in the Vale of White Horse Climate Action Plan 2022-24 (CAP). This is intended to play a pivotal role in steering the Council's work in achieving its objective of becoming carbon neutral by 2030. It is also designed to help guide and support local efforts to tackle the climate emergency. Progress against the measures within the CAP will be reported on a quarterly basis to the Climate Emergency Advisory Committee (CEAC) and to Cabinet. Moreover, to ensure that the CAP has the greatest possible impact – and is also seen as an integral part of the Vale's operations – work has commenced on aligning it with the Council's Strategic Performance Management Framework.

The Council has focused its endeavours on decarbonising its leisure centres – which are responsible for almost half of the Vale's total greenhouse gas emissions – as part of a wider programme of work to cut emissions from its own operations. During 2021/22, the Council secured £361,000 of funding from the Public Sector Decarbonisation Scheme to fully refurbish the heating system at Faringdon Leisure Centre -with the work expected to be completed in 2022/23. In addition, the Vale has commissioned surveys and assessments for the decarbonisation of its other leisure centres.

While the emphasis has been on decarbonising the Council's buildings, efforts have also been made in reducing carbon emissions from other areas. For example, the Vale's waste contractor has been trialling an electric waste collection vehicle within the district – performance feedback is expected later this year.

The Policy for Planting Trees on Council Land is intended to not only protect, plant and manage trees on land owned by the Vale but also help to support community tree planting initiatives. Since its launch this year, 1,500 trees have been planted at Rye Meadow Farm.

The Council have considered the issue of addressing greenhouse gas emissions from existing homes as part of their commitment to encouraging retrofitting. The Joint Retrofit Task and Finish Group examined this issue at length and presented a report to the CEAC. Their findings and recommendations were circulated to neighbouring authorities through the Future Oxfordshire Partnership Environment Advisory Group and to HM Government. The Vale have also lobbied for HM Government to create a national scheme for domestic retrofitting.

Through the scoping of new polices for the Joint Local Plan, the Council have explored opportunities for how best to address the issue of climate change. In addition, it has provided feedback on the climate change evidence needed to support the Oxfordshire Plan 2050.

After securing funding from DEFRAs Natural, Environment and Readiness Fund, the Vale – in collaboration with partners – are in the process of establishing a Habitat Bank. This will help the Council deliver biodiversity offsetting requirements.

As part of the Oxfordshire 'Park and Charge' project, electric vehicle charging points are being installed in five car parks across the Vale. They are due to become operational in early 2022/23 and are intended to encourage people to make the switch to electric by providing accessible charging infrastructure.

The Vale has initiated numerous communication campaigns and activities designed to encourage individuals to change their behaviours. These have included the promoting Food Waste Action Week, the Great British Spring Clean and the Green Homes Grant Scheme. In addition, the Communications team have revamped the climate action pages on the Council's website.

By joining the Oxfordshire Greentech network, the Vale have also taken action to support local businesses in their response to the climate emergency. Oxfordshire Greentech is a valuable resource that provides advice and assistance to companies seeking to reduce their carbon.

Building healthy communities

Vale of White Horse District Council continued to deliver a range of services to eliminate homelessness across the district. The Housing Needs team, by using targeted prevention and early intervention measures, has helped to save hundreds of households from becoming homeless. In addition, by providing support and assistance to vulnerable individuals, the Vale was able in Q3 2021/22 to record zero rough sleepers for the first time since 2013.

The Council, nevertheless, appreciates that more work is needed to help ensure that nobody if faced with the prospect of being homeless. They have, therefore, adopted the Oxfordshire Homelessness and Rough Sleeping Strategy which prioritises a preventative approach to this issue, looks to ensure that there is a rapid response when an individual or household is at risk, and enshrines the need for taking a person-centred approach to homelessness.

Through the development of a draft Active Communities Strategy, the Vale aims to provide and promote opportunities for residents to increase their activity levels. A key focus of this work is on promoting active travel and creating healthier communities through walking and cycling.

The Vale recognises that providing the appropriate transport infrastructure is vitally important in encouraging active travel. They have, therefore, completed their work on a Local Cycling and Walking Investment Plan for Didcot Garden Town. Work on Phase 1 of the Science Vale Active Travel Network has also finished. The five routes contribute 10km of improved provision for both cyclists and pedestrians. Plans are now being made for the creation and development of wayfinding opportunities for this part of the Active Travel Network.

The Council, as part of its commitment to improving health and wellbeing, has continued to expand the range of cultural and physical activities that it provides. In partnership with Active Oxfordshire, the Vale has received funding to launch a new project (You Move) which will target families on low incomes to help engage them in exercise. Following the success of Active Reach projects in Abingdon and Faringdon, the Council is also now looking to deliver similar schemes in other locations within the district.

Specific areas within the Vale have distinct and specific health and wellbeing issues which need to be addressed. The Council has, therefore, started work on a project to better understand the challenges facing Abingdon Caldecott, the most deprived ward in the district.

Work has continued on promoting the use of the Vale's public green spaces for exercise and activity through Xplorer events, Litterbug trails etc. A review of potential sites for additional orienteering routes and trails in the district has also been undertaken and the identification of suitable venues for community gardens is underway.

Public art has the ability to create a sense of place, improve the local environment, generate local pride and raise the quality of life. During 2021/22, the Vale, therefore, produced a strategy for commissioning public art in the district through Section 106 revenues.

The Community Hub has proven to be a real asset during the pandemic. The Council, working closely together, with community partners have been able to deliver much-needed support to residents (particularly those with vulnerabilities). Officers involved in the Community Hub are now in the process of reviewing the assistance provided and are sharing relevant information to support the voluntary sector in its recovery from the impact of the pandemic.

Building stable finances

Vale of White Horse 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 have continued to place substantial additional pressures on the Council's budgets. Despite these challenges, however, Council tax levels in the Vale have remained consistently below those in many other comparable local authorities (for 2022-23 Band D Council tax will be £146.69, the sixteenth lowest of all shire district Councils).

The Strategic Property Review, by providing an overview of the Vale's property assets, is designed to ensure that these are optimised to meet the Council's corporate plan objectives. During its development this year, the Vale was able to identify opportunities to enhance, redevelop or transfer assets to maximise income and/or benefit the district.

The Council has continued to work on the design and implementation of a Corporate Landlord model. This is intended to provide an improved understanding of the Vale's asset base and enable a proactive corporate 'asset challenge' process (a rolling programme of review intended to confirm that only those buildings providing best value are retained in the future).

Through the creation of a Property Investment Strategy, the Vale aims to help build its financial resilience and to protect against future uncertainties. It is intended to give the Council a greater ability to invest in a wider range of assets and, therefore, maximise its returns and improve its income.

A new Procurement Policy, reflecting the Vale's corporate aims and goals, has been approved. This will give the Council clear direction and guidance when purchasing goods, services and works.

Changes have been agreed to the Vale's Capital Strategy to allow for the consideration of investments in property, loans to companies and renewable energy.

The Council also approved a Treasury Management Strategy which gives more flexibility in counterparties. In addition, work has continued on a review of funds to provide options for treasury investments.

The Vale is looking to diversify the instruments that it can invest in to seek better returns whilst still complying with the Treasury Management code of practice requirements. To build upon their previous successes in securing external funding, the Council have enhanced their ability to identify and obtain third party income by providing additional staffing resources in this area.

The Vale have also continued to work across the public sector to influence and maximise funding for local government. Lobbying campaigns were launched regarding the one-year Local Government Finance Settlement and the lack of flexibility regarding Council tax increases.

Working in partnership

To realise the Council's commitment to provide support to businesses in order to help them succeed, the Vale issued £5,264,778 of Additional Restriction Grants to businesses during 2021/22.

A Reopening High Streets Safely Fund, grant funding agreement was signed in June 2021. The Council also used Contain Outbreak Management Funding to undertake activities that were previously scheduled to take place under the auspices of the Reopening High Streets Safely Fund.

South and Vale finalised a contract for the Virtual High Street Initiative which will enable the consolidation of South and Vale based independent retailers on a single e-commerce platform. The project will officially be launched during Q1 2022/23.

The Vale's Economic Development team provided weekly business intelligence reports and feedback to OxLEP which feeds into both the Oxfordshire and the Department for Business, Energy & Industrial Strategy economic recovery plans. Early-stage meetings were held between the Council and HM Government's Cities and Local Growth Unit - intended to establish connections and lines of communication.

The Council also launched other initiatives to provide support to businesses in the Vale including a virtual 'Networking in South and Vale' event, to support local businesses in making vital links and connections.

In 2021/22 a total of 57 Neighbourhood plans were adopted.

This furthers the Council's commitment to strongly support neighbourhood planning groups in developing a shared vision for their area. In addition, the Vale designated the Abingdon Neighbourhood Area. This will help enable the Town Council to exercise neighbourhood planning rights and access both funding and technical support. They also provided advice – focused on climate action, regeneration, infrastructure, and design quality – to Faringdon Town Council to help them initiate a review of their current Neighbourhood Plan.

The Vale (in conjunction with South Oxfordshire) secured £45,000 to pilot a simpler approach to neighbourhood planning.

This should help to provide communities with an additional tool to effect and enable change – the Council has sought expressions of interest from those wishing to take part in testing this new method – and is a reaffirmation of the Vale's commitment to neighbourhood planning.

The Council have responded to a range of external consultations including the Government's Oxford-Cambridge Arc Spatial Framework to mould both regional and national policy in a way that reflects the Vale's ambitions. Officers shared work on the mapping of the health policy and partnership landscape with system partners. The feedback received from this exercise has helped to prompt further work in this area.

In September 2021, the Vale also launched a community lottery to support the districts residents and organisations. The Council have continued to promote and register new causes to the White Horse Community Lottery Scheme – with five "good causes" being approved by the end of 2021/22.

Working in an open and inclusive way

During 2021/22 the Vale approved a Customer Services Strategy which sets out an ambitious programme of work for departments to work together to create a single customer experience. It is envisaged by implementing this new approach they will be able to deliver better outcomes for residents.

The Council through the planned procurement of a Customer Relationship Management (CRM) system is also looking to improve its relationship with its customers, streamline processes and further improve the services that it provides. The Council is also currently preparing the specification for new integrated communications software and working up the model for a customer service centre. These will form the foundation and building blocks of our customer service transition.

The Council has developed and approved an overarching Communications and Engagement Strategy, intended to increase its level of engagement with residents.

The Communications and Engagement Strategy incorporates initiatives to increase and improve its interactions with all the district's communities/peoples – especially those from marginalised/under-represented groups.

Progress was also made on the Vale's social media review. Officers continue to experiment with different styles, formats and content to improve the Council's presence across a variety of platforms (Facebook, Twitter, Instagram).

While face-to-face committee meetings have returned following the pandemic, the Vale continues to livestream/broadcast their public meetings. This not only provides a greater degree of accessibility for residents but also gives them greater insight into the Council's decision-making processes.

In addition, the Vale has been trialling new approaches to help residents better understand its processes. In Q4, a short video explaining the Council's approach to planning enforcement was published. After its success, the Vale is now hoping to provide more of these guides in the future.

The Council also undertook a marketing exercise to encourage people safely back to the district's towns and villages after lockdown restrictions to promote the opportunity for people to participate equally.

This campaign was shortlisted for the Best Covid Campaign award by the Chartered Institute of Public Relations.

During 2021/22, work continued on the creation of a policy and strategy library for the Vale. This will not only allow the Council to identify any gaps in its policy/strategy framework but also provide a central directory where officers, Councillors and residents can find further information.

As part of the Vale's commitment to strengthening the Council's governance framework, the Constitution Review Group agreed a work plan prioritising work to review the Articles of the Constitution and the Scheme of Delegation.

In addition, the Monitoring Officer has been providing training to officers on local government law and process – with a particular focus on governance, delegation of powers, report writing/content and decision making.

Financial performance 2021/22

The paragraphs below show the Council's financial performance for 2021/22 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 2021/22

The Council's funding requirement for 2021/22, before parish precepts, was £10.8 million, after accounting for the use of reserves and investment income. Direct service expenditure for the year was £3.8 million below budget as shown in the table below, analysed across the Council's service areas

Service expenditure	Budget £000	Actual £000	Variance £000
Corporate Management Team	1,235	804	(430)
Corporate Services	2,855	2,529	(325)
Development & Corporate Landlord	2,484	3,586	1,102
Finance	465	776	310
Housing & Environment	5,745	5,377	(368)
Legal & Democratic	1,378	1,295	(83)
Partnership & Insight	2,754	1,077	(1,677)
Planning	395	99	(295)
Policy & Programmes	2,866	1,716	(1,150)
Contingency	241	(337)	(579)
Direct service expenditure	**20,418**	**16,923**	**(3,495)**
Interest Income	(558)	(744)	(187)
Government grant income	(4,562)	(4,562)	0
Net revenue spend	**15,299**	**11,617**	**(3,682)**
Transfer of surplus/(deficit) to reserves:	(4,016)	1,539	5,555
Net Revenue Spend	**11,283**	**3,682**	**(7,601)**
Government Funding	(525)	(1,510)	(985)
Budget requirement set by Council	**10,758**	**15,328**	**(6,714)**
Parish precepts	4,456	4,456	0
Total funding requirement	**15,214**	**19,784**	**(6,714)**
Council tax income	12,396	12,939	543
Retained business rates	2,819	6,844	4,025
Total funding	**15,215**	**19,783**	**4,568**

Of the £3.7 million variance to budget, £0.8 million represents slippage in one-off budgets that have been agreed as budget carry forwards to 2022/23 and £0.2 million of unbudgeted grants transferred to reserves for future expenditure.

Capital outturn 2021/22

Capital expenditure totalled £4.6 million in 2021/22 and spend for the year was £13.5 million below the working budget. £1.3 million was spent on disabled facilities grants.

The main source of funding for the programme was the Council's own reserves of capital receipts (money we have set aside from the sale of assets), with the balance made up by government grants and other contributions.

Further details on both revenue and capital expenditure for 2021/22 was considered in an outturn report to Scrutiny Committee in September 2022.

Treasury management 2021/22

In accordance with the Treasury Management Strategy, by actively managing its investments, the Council earned interest and investment income of £0.7 million against a budget of £0.6 million. In accordance with the Council's Medium-Term Financial Plan (MTFP) income from interest on investments is applied in year to support the revenue account.

Further details on treasury management for 2021/22 that will be provided in an outturn report to be considered in September 2022 by the Joint Audit and Governance Committee and Cabinet, and by Council in October 2022.

Comprehensive Income and Expenditure Statement (CIES) 2021/22

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 may be different to the accounting cost. These adjustments are detailed in notes 2 to 4. After the total financing from government grants and local taxpayers of £34.6 million, the Council's deficit on provision of services was £4.1 million.

This deficit is then adjusted for items, that are not expected to materialise for many years due to their nature, produce the total comprehensive income and expenditure figure for the year which is a surplus of £17.3 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 £62.7 million to £80 million at 31 March 2022, an increase of £17.3 million. This is primarily due to the remeasurement of the net pension liability of £4 million, property valuations increasing by £9.2 million and a £4.1million surplus on the provision of services.

This movement is also detailed in the Movement in Reserves Statement (MiRS).

At the balance sheet date, the Council had usable reserves of £54.4 million, made up of £21.1 million general fund balance (including earmarked reserves), £13.4 million in capital receipts and £19.8 million in unapplied capital grants.

Collection fund

The collection fund is an agent's statement reflecting 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 and the Police and Crime Commissioner for Thames Valley, and with Central Government replacing Thames Valley for NDR.

On Council tax, income of £114.8 million was received and £111.7 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 £6.0 million. This will be re-distributed to all major precepting authorities.

On NDR, £53.1 million was received and £29.4 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 surplus on the NDR collection fund balance at the end of the year was £8.8 million. This will be shared between the Council, central government and OCC.

The Council is acting as the accountable body for the Oxfordshire Local Enterprise Partnership (OxLEP) and is retaining additional business rates collected from within the Science Vale, Didcot Growth Accelerator and Milton Park Extension Enterprise Zones on their behalf. As at 31 March

2022, the amount of business rates retained by the Council on behalf of OxLEP was in excess of £17 million.

Future prospects

As part of the annual budget setting process for 2021/22, Council agreed its Medium-Term Financial Plan (MTFP) for 2022/23 to 2026/27. 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 identifies challenges for the Council. Based on current assumptions and estimates, the Council can set a balanced budget for the five-year period of the MTFP period by drawing on reserves. Releasing revenue reserves to balance the budget is not sustainable in the long term as the reserves become depleted. The MTFP is based on current estimates of government funding, which 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. Although this is not an immediate problem, based on current projections the budget is not sustainable over the long term.

Officers are continuing to carry out significant work on the Council's revenue budgets and income streams to ensure that a balanced revenue budget can be set throughout the MTFP period and beyond that does not rely so heavily on reserves.

As part of budget setting for 2022/23, Council also agreed a capital programme to 2026/27 costing £14.8 million. This will be funded from a combination of the Council's usable capital reserves and other contributions. It is anticipated that by 31 March 2027 the Council's capital receipts balance will be £2.5 million.

Simon Hewings

Head Of Finance and Section 151 Officer

15 December 2023

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 2022.

   In preparing this statement of accounts, the chief finance officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority code.

  The chief finance officer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that this statement of accounts presents a true and fair view of the financial position of the authority at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

Simon Hewings

Head Of Finance and Section 151 Officer

15 December 2023

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF VALE OF WHITE HORSE DISTRICT COUNCIL

Opinion

We have audited the financial statements of Vale of White Horse District Council (‘the Council’) for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Comprehensive Income and Expenditure Statement,
- Movement in Reserves Statement,
- Balance Sheet,
- Cash Flow Statement,
- the related notes 1 to 32, and
- Collection Fund 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Vale of White Horse District Council as at 31 March 2022 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the 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 Comptroller and Auditor General’s AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council’s ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Council's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the Statement of Accounts.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council
- 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 2022.

We have nothing to report in these respects

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities set out on page 17, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the Council financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 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 Financial 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 Financial 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 authority 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Council and determined that the most significant are:

- Local Government Act 1972,
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948),
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Council has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how Vale of White Horse District Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Council's committee minutes, through enquiry of employees to confirm Council policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Council's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance (through improper recognition of revenue), inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Council's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we gained an understanding of Significant Classes of Transactions and their posting into the General Ledger, used data analytics to identify unexpected movements and assessed all testing populations for significant unusual items. For exceptions identified, we have obtained sufficient appropriate evidence to confirm that transactions are appropriately authorised and accounted for. We have also performed a review of estimates for evidence of management bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021**,** as to whether Vale of White Horse 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 Vale of White Horse District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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, Vale of White Horse 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 Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Vale of White Horse District Council. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

Use of our report

This report is made solely to the members of Vale of White Horse 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.

Maria Grindley (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Reading

15th December 2023

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 25). 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 27). 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 28). 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 29). 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 30 to 64). The core statements are supported by comprehensive notes to the accounts.

Accounting policies (pages 70 to 93). 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 65 to 68.

Comprehensive income and expenditure statement

2020/21				2021/22		
Exp £000	**Inc £000**	**Net £000**		**Exp £000**	**Inc £000**	**Net £000**
956	(189)	768	Corporate management team	1,174	(230)	945
2,015	(311)	1,704	Corporate services	2,298	(436)	1,862
8,317	(3,468)	4,849	Development & Corporate Landlord	9,006	(2,950)	6,056
21,941	(21,079)	862	Finance	21,259	(20,107)	1,152
10,258	(3,481)	6,777	Housing and environment	11,897	(4,043)	7,854
2,338	(960)	1,378	Legal and democratic	2,708	(1,177)	1,531
3,216	(169)	3,046	Partnership and insight	1,847	(727)	1,120
4,024	(2,056)	1,967	Planning	6,809	(2,631)	4,178
2,583	(696)	1,886	Policy & programmes	3,299	(1,218)	2,081
55,649	**(32,410)**	**23,238**	**Cost of services**	**60,299**	**(33,519)**	**26,780**
4,242	0	4,242	Parish Council precepts and other grants	4,456	0	4,456
0	(631)	(631)	(Gain)/loss on the disposal of non-current assets	0	(14)	(14)
4,242	**(631)**	**3,611**	**Other operating expenditure**	**4,456**	**(14)**	**4,442**
0	(956)	(956)	Interest receivable and similar income	0	(644)	(644)
0	(115)	(115)	Other investment income (dividends)	0	(100)	(100)
19	0	19	Deficit\(Surplus) on Financial Instruments valued through P&L		(454)	(454)
15	0	15	Changes in fair values of investment properties	0	(155)	(155)
0	(238)	(238)	Income and expenditure in relation to investment properties		(286)	(286)
785	0	785	Net Interest on net defined benefit liability or asset	918	0	918
819	**(1,310)**	**(491)**	**Financing and investment income and expenditure**	**918**	**(1,639)**	**(721)**
0	(7,767)	(7,767)	Recognised capital grants and contributions	0	(8,716)	(8,716)
0	(3,494)	(3,494)	COVID grants	0	(1,226)	(1,226)
0	(11,794)	(11,794)	Council tax	0	(12,939)	(12,939)
0	(24,101)	(24,101)	Retained business rates	0	(27,617)	(27,617)
20,773	0	20,773	Business rates tariff	20,773		20,773
			Lower tier service grant		(284)	(284)
0	(5,299)	(5,299)	Non-ringfenced government grants	0	(4,562)	(4,562)
20,773	**(52,455)**	**(31,682)**	**Taxation and non-specific grant income**	**20,773**	**(55,345)**	**(34,572)**
81,483	**(86,807)**	**(5,325)**	**(Surplus) or deficit on provision of services**	**86,446**	**(90,517)**	**(4,071)**
0	(2,913)	(2,913)	Surplus or deficit on revaluation of non-current assets		(9,209)	**(9,209)**

10,079	0	10,079	Remeasurement of net defined benefit liability		(4,022)	(4,022)
		7,167	**Other Comprehensive Income and Expenditure**			**(13,231)**
		1,842	**Total Comprehensive Income and Expenditure**			**(17,302)**

*The 2021/22 cost of services figures have been restated following a restructure.

Movement in reserves statement

For the year ended 31 March 2022

	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total reserves £000
Balance - 31 Mar 2021	**(26,942)**	**(13,880)**	**(17,300)**	**(58,123)**	**(4,606)**	**(62,729)**
Total comprehensive income and expenditure	(4,070)	0	0	(4,070)	**(13,232)**	**(17,302)**
Adjustments between accounting basis and funding basis under regulations (note 4)	9,916	446	(2,556)	7,806	(7,806)	0
Net increase/decrease before transfers to other reserves	**5,846**	**446**	**(2,556)**	**3,736**	**(21,038)**	**(17,302)**
Transfers to/from other reserves	0	0	0	0	0	0
Increase/decrease (movement) in year	5,846	446	(2,556)	3,736	**(21,038)**	**(17,302)**
Balance - 31 Mar 2022	**(21,096)**	**(13,434)**	**(19,856)**	**(54,386)**	**(25,644)**	**(80,030)**

For the year ended 31 March 2021

	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Total unusable reserves £000	Total authority reserves £000
Balance - 31 Mar 2020	**(19,022)**	**(12,985)**	**(11,746)**	**(43,753)**	**(20,817)**	**(64,570)**
Total comprehensive income and expenditure	**(5,325)**	**0**	**0**	**(5,325)**	**7,166**	**1,841**
Adjustments between accounting basis and funding basis under regulations (note 4)	(2,596)	(895)	(5,554)	(9,045)	9,045	0
Net increase/decrease before transfers to other reserves	**(7,921)**	**(895)**	**(5,554)**	**(14,370)**	**16,211**	**1,841**
Transfers to/from other reserves	0	0	0	0	0	0
Increase/decrease (movement) in year	**(7,921)**	**(895)**	**(5,554)**	**(14,370)**	**16,211**	**1,841**
Balance - 31 Mar 2021	**(26,943)**	**(13,880)**	**(17,300)**	**(58,123)**	**(4,606)**	**(62,729)**

*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 2021 £000		31 March 2022 £000	31 March 2022 £000	Notes
48,247	Property, plant & equipment		55,992	*6*
4,716	Investment Property		4,871	*7*
133	Intangible assets		111	
17,587	Long term investments		26,041	*8*
1,874	Long term debtors		1,880	*9*
72,557	**Long term assets**		**88,895**	
83,000	Short term investments	105,000		*8*
1	Inventories	4		
12,257	Short term debtors	17,825		*9*
20,159	Cash and cash equivalents	24,559		*10*
115,417	**Current assets**		**147,388**	
(38,351)	Short Term Creditors	(69,100)		*12*
(4,218)	Provisions	(1,408)		*13*
(37,518)	Capital grants and receipts in advance	(42,084)		
(80,087)	**Current liabilities**		**(112,592)**	
(45,158)	Other long-term liabilities	(43,659)		
(45,158)	**Long term Liabilities**		**(43,659)**	*18f*
62,729	**Net assets**		**80,030**	
(14,144)	Non-earmarked revenue reserves	(11,290)		
(12,799)	Earmarked revenue reserves	(9,806)		
(13,880)	Usable capital receipts reserve	(13,434)		
(17,300)	Capital grants unapplied	(19,856)		
(58,123)	**Usable reserves**		**(54,386)**	*MiRs*
(18,710)	Revaluation reserve	(27,471)		*14a*
(587)	Financial instrument revaluation reserve	(1,041)		*14b*
(34,399)	Capital adjustment account	(33,517)		*14c*
45,158	Pensions reserve	43,659		*14d*
(1,811)	Deferred capital receipts reserve	(1,819)		*14e*
5,623	Collection fund adjustment account	(5,711)		*14f*
120	Short-term accumulating compensated absences	256		
(4,606)	**Unusable reserves**		**(25,644)**	
(62,729)	**Total reserves**		**(80,030)**	

Cash flow statement

31 March 2021 £000		31 March 2022 £000	Notes
5,325	**Net surplus or (deficit) on the provision of services**	**4,071**	
(631)	Adjust net surplus for profit on disposal	(14)	
13,218	Adjust net surplus or deficit on the provision of services for non-cash movements	53,873	
(7,767)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(8,716)	
10,145	**Net Cash flows from operating activities**	**49,214**	
	Investing activities		
(159)	Purchase of property, plant and equipment, investment property and intangible assets	(540)	
(92,500)	Purchase of short and long term investments	(65,500)	
0	Other payments for investing activities	0	
1,301	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	14	
78,000	Proceeds from short-term and long-term investments	35,500	
18,004	Other Receipts from investing activities	13,276	
4,646	**Total investing activities**	**(17,250)**	
	Financing activities		
0	Cash receipts of short and long-term borrowing	0	
(3,413)	Billing Authorities - Council tax and NDR adjustments	(27,564)	
	Other receipts from financing activities	0	
(3,413)	**Total financing activities**	**(27,564)**	
11,378	**Net increase / (decrease) in cash and cash equivalents**	**4,400**	
8,781	Cash and cash equivalents at the beginning of the reporting period	20,159	
20,159	**Cash and cash equivalents at the end of the reporting period**	**24,559**	*10*

Notes to the accounts 2021/22

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 68 to 83.

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.

2020/21				**2021/22**		
Net Expenditure Chargeable to the General Fund Balance	**Adjustments between the funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**		**Net Expenditure Chargeable to the General Fund Balance**	**Adjustments between the funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
710	58	768	Corporate management team	804	140	945
2,467	(763)	1,704	Corporate services	2,529	(668)	1,862
3,658	1,191	4,849	Development & Corporate Landlord	3,920	2,137	6,057
716	145	861	Finance	776	377	1,152
5,335	1,442	6,777	Housing & Environment	5,392	2,463	7,854
1,259	119	1,378	Legal & democratic	1,295	236	1,531
3,026	20	3,046	Partnership & Insight	1,077	43	1,120
1,750	217	1,967	Planning	1,531	2,647	4,178
1,696	190	1,886	Policy & Programmes	1,716	365	2,081
20,617	**1,919**	**23,237**	**Net cost of services**	**19,041**	**7,740**	**26,781**
(28,540)	**(21)**	**(28,563)**	**Other Income and Expenditure**	**(13,194)**	**(17,657)**	**(30,851)**
(7,922)	**2,598**	**(5,325)**	**(Surplus) or deficit on provision of services**	**5,847**	**(9,917)**	**(4,070)**
(19,022)			Opening General Fund Balance	(26,943)		
(7,922)			(Surplus) or Deficit on General Fund Balance in year	5,847		
(26,943)			**Closing General Fund Balance at 31 March**	**(21,096)**		

3. Note to the expenditure and funding analysis

2020/21					2021/22			
Adjustments for Capital Purposes (note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments		Adjustments for Capital Purposes (note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
0	58		**58**	Corporate management Team	7	134		140
54	(818)		**(763)**	Corporate services	21	(689)		(668)
1046	145		**1,191**	Development & Corporate Landlord	1,788	349		2,137
3	142		**145**	Finance	55	322		377
1,229	214		**1,657**	Housing & Environment	2,018	445		2,463
9	110		**119**	Legal & democratic	15	221		236
0	20		**20**	Partnership & Inside	2	41		43
(11)	228		**217**	Planning	2,196	451		2,647
27	163		**190**	Policy & programmes	33	332		365
2,356	**263**		**2,619**	**Net cost of services**	**6,135**	**1,605**	**0**	**7,740**
(6,549)	**785**	**5,743**	**(21)**	**Other Income and Expenditure from the Expenditure and Funding Analysis**	**(7,241)**	**918**	**(11,334)**	**(17,657)**
(4,193)	**1,047**	**5,743**	**2,598**	**Difference between general fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of Services**	**(1,106)**	**2,523**	**(11,334)**	**(9,917)**

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

31 Mar 2021					31 Mar 2022			
Usable Reserves			Movement in unusable reserves		Usable Reserves			Movement in unusable reserves
Gen fund bal & earmarked	Capital receipts reserve	Capital grants unapplied			Gen fund bal & earmarked	Capital receipts reserve	Capital grants unapplied	
£000	£000	£000	£000		£000	£000	£000	£000
				Adjustments primarily involving the capital adjustment account:				
				Reversal of items debited or credited to the CIES:				
(1,661)			1,661	Charges for depreciation and impairment of non-current assets	(1,724)	0	0	1,724
(45)			45	Revaluation gains on property, plant and equipment	(177)	0	0	177
(15)			15	Movement in the fair value of investment properties	155	0	0	(155)
(149)			149	Movements in fair value of long-term leases	7	0	0	(7)
				Capital grants and contributions applied		0	0	0
(1,145)	(133)		1,277	Revenue expenditure funded from capital under statute	(4,107)	0	0	4,107
	(30)		30	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES				0
				Adjustments primarily involving the capital grants unapplied account:		0	0	0
6,652		(5,554)	(1,099)	Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	6,632	(80)	(2,559)	(3,993)
				Adjustments primarily involving the capital receipts reserve:			0	0
646	(1,316)		670	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	1	(1)	0	0
(69)	584		(515)	Use of capital receipts reserve to finance new capital expenditure	0	527	3	(530)
				Adjustments primarily involving the deferred capital receipts reserve:		0	0	0
				Transfer of deferred capital receipt relating to equity loan issued in year	0	0	0	0
				Adjustments primarily involving the financial instruments revaluation reserve	0	0	0	0
(19)			19	Reversal of surplus on Financial Instruments valued through Profit and Loss)	454	0	0	(454)
				Adjustments primarily involving the pensions reserve:		0	0	0
(1,048)			1,048	Pensions costs (transferred to (or from) the Pensions Reserve)	(2,523)			2,523
				Adjustments primarily involving the collection fund adjustment account:	0			0
(5,743)			5,743	Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	11,334	0	0	(11,334)
				Adjustment primarily involving the accumulated absences account:				0
				Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(136)			136
(2,595)	**(896)**	**(5,554)**	**9,045**	**Total adjustments**	**9,916**	**446**	**(2,556)**	**(7,806)**

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.

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.

01 Apr 2020 to 31 Mar 2021					01 Apr 2021 to 31 Mar 2022			
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**
(6,693)	(13,017)	5,566	(14,144)	**General fund balance**	(14,144)	(7,597)	10,453	(11,288)
(6,693)	**(13,017)**	**5,566**	**(14,144)**	**Total general fund balance**	**(14,144)**	**(7,597)**	**10,453**	**(11,288)**
				Earmarked reserves				
0	0	0	0	*(a)* Community grants	0		0	0
(14)			(14)	*(e)* Building regulations	(14)			(14)
(10,974)	(5,722)	5,515	(11,181)	*(i)* Service & infrastructure grants	(11,181)	(4,562)	6,800	(8,943)
(1,341)	(504)	241	(1,604)	*(k)* Revenue grants reserve	(1,604)	(43)	797	(850)
(12,329)	**(6,226)**	**5,756**	**(12,799)**	**Total earmarked reserves**	**(12,799)**	**(4,605)**	**7,597**	**(9,807)**

The purpose of each reserve is as follows:	
(a)	Grants awarded in previous years that have not yet been taken up
(b)	District Council elections are held every four years and this reserve is used so that all the costs are not met in one year but spread over the term of the Council
(c)	To meet the cost of any inquiries that have to be set up as a result of the updating of the local development framework
(d)	To meet any costs associated with Thames Water's proposal for a new reservoir
(e)	The building control trading account
(f)	To cover contributions to the management costs of Besselsleigh Wood
(g)	To guarantee rent deposits for private tenants
(h)	To provide matched funding to organisations
(i)	Fund to provide revenue support to service and infrastructure projects
(j)	To cover the excess payable on insurance claims
(k)	To fund revenue expenditure from grants received in advance
(l)	Covid

6. Property, plant and equipment

Table 6a Movements in property, plant and equipment 2021/22	Other land & buildings	Vehicles, plant & equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total PP&E
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 01 Apr 2021	**49,939**	**6,357**	**149**	**906**	**0**	**0**	**57,351**
Additions	0	324	62				**386**
Revaluation increases/(decreases) to RR	9,209			0			**9,209**
Revaluation increases/(decreases) to SDPS	(177)						**(177)**
Write out balances on revalued assets	(3,312)						**(3,312)**
Reclassifications							
At 31 Mar 2022	**55,659**	**6,681**	**211**	**906**	**0**	**0**	**63,457**
At 01 Apr 2021	**(3,449)**	**(5,518)**	**(138)**	**0**	**0**	**0**	**(9,105)**
Depreciation charge	(1,492)	(179)	(2)				**(1,673)**
Write out balances on revalued assets	3,312						**3,312**
At 31 Mar 2022	**(1,629)**	**(5,697)**	**(140)**	**0**	**0**	**0**	**(7,466)**
Balance sheet at 31 Mar 2022	**54,030**	**984**	**71**	**906**	**0**	**0**	**55,991**
Balance sheet at 31 Mar 2021	**46,490**	**839**	**11**	**906**	**0**	**0**	**48,246**
Notes							
RR = Revaluation reserve							
SDPS = Surplus or deficit on provision of services							

Table 6b Movements in property, plant and equipment 2020/21	Other land & buildings	Vehicles, plant & equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total PP&E
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 01 Apr 2020	**47,473**	**6,191**	**142**	**861**	**0**	**(0)**	**54,667**
Additions	0	166	7	0	0	0	**173**
Revaluation increases/(decreases) to RR	2,858	0	0	45	0	0	**2,903**
Revaluation increases/(decreases) to SDPS	(45)	0	0	0	0	0	**(45)**
Write out balances on revalued assets	(348)	0	0	0	0	0	**(348)**
Reclassifications	0	0	0	0	0	0	**0**
At 31 Mar 2021	**49,938**	**6,357**	**149**	**906**	**0**	**0**	**57,350**
Depreciation and impairments							
At 01 Apr 2020	**(2,388)**	**(5,297)**	**(137)**	**0**	**0**	**0**	**(7,822)**
Depreciation charge	(1,409)	(221)	(1)	0	0	0	**(1,631)**
Write out balances on revalued assets	350	0	0	0	0	0	**350**
At 31 Mar 2021	**(3,447)**	**(5,518)**	**(138)**	**0**	**0**	**0**	**(9,103)**
Balance sheet at 31 Mar 2021	**46,491**	**839**	**11**	**906**	**0**	**0**	**48,247**
Balance sheet at 31 Mar 2020	**45,085**	**894**	**5**	**861**	**0**	**0**	**46,845**
Notes							
RR = Revaluation reserve							
SDPS = Surplus or deficit on provision of services							

Depreciation

Where required, assets are depreciated in equal annual amounts over the assumed life of the asset. The following useful lives have been used:

- Buildings – on an individual basis as assessed by the valuer
- Vehicles, equipment, CCTV, computer hardware – 5 years
- Parks equipment, running track, boilers, large plant – 10 years
- Infrastructure assets (sewage treatment works) – 10 years
- Special items individually assessed (including heritage assets)

Capital commitments

At the end of March 2022, the Council had capital commitments on a number of contracts in 2022/23 and future years, budgeted at £1.1 million relating to Leisure contracts.

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 every five years. Any assets that may be subject to special conditions will be valued more often, as required.

The Council's operational assets which include assets such as car parks and the Beacon Arts centre which are held to provide a public service, have been valued at 31 March 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 2021/22 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,
- There will be an adequate level of expenditure on repairs and maintenance.

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**
Carried at historical cost	0	6,681	211	861	0	**7,753**
Valued at:						
31 January 2022	16,256	0	0	0	0	**16,256**
31 January 2021	4,828	0	0	45	0	**4,873**
31 January 2020	0	0	0	0	0	**0**
31 January 2019	9,583	0	0	0	0	**9,583**
31 January 2018	24,992	0	0	0	0	**24,992**
Total cost or valuation	**55,659**	**6,681**	**211**	**906**	**0**	**63,457**

The Council has no 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:

2020/21		2021/22
£000		£000
5,402	**Balance at 1 April**	**4,716**
(671)	Disposals	0
(15)	Changes in fair value	155
4,716	**Balance at 31 March**	**4,871**

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 at 31 March 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.

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	
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000
Investments				
Amortised costs	15,000	23,000	103,161	129,563
Fair value through profit and loss	2,587	3,041	0	0
Total financial assets (investments)	**17,587**	**26,041**	**103,161**	**129,563**
Debtors				
Financial assets carried at contract amount	2,726	1,880	11,688	14,953
Total financial assets	**2,726**	**1,880**	**11,688**	**14,953**
Creditors				
Financial liabilities carried at contract amount	0	0	11,017	13,895
Total financial liabilities	**0**	**0**	**11,017**	**13,895**

(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 effectively 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 £3.0 million in the CCLA pooled property fund. The Council has applied a statutory override to this fund 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 income and expenditure account in relation to financial instruments are made up as follows:

Table 8b Financial instrument gains and losses 2020/21		
2020/21 £000		**2021/22 £000**
1,072	Investment income (interest, dividends, gains/loss on disposal)	744
(19)	Net increase/(decrease) in fair value	454
1,053	**Net gain/(loss) for the year**	**1,198**

Fair values of assets and liabilities

Financial liabilities and financial assets represented by loans and receivables, long-term debtors and creditors are carried in the balance sheet at amortised cost (in long term assets / liabilities with accrued interest in current assets / liabilities). Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For loans receivable, prevailing benchmark rates have been used to provide the fair value.
- where an instrument will mature within the next 12 months, the fair value is taken to be the carrying amount.
- no early repayment or impairment is recognised.
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Table 8c Fair value of assets and liabilities carried at amortised cost				
31-Mar-21			**31-Mar-22**	
Carrying amount £000	**Fair value £000**		**Carrying amount £000**	**Fair value £000**
97,220	97,465	Short term investments	129,500	129,691
17,587	17,613	Long term investments	26,041	26,126
11,688	11,688	Short term debtors	14,953	14,953
2,726	2,726	Long term debtors	1,880	1,880
129,221	**129,492**	**Total financial assets**	**172,374**	**172,650**
(11,017)	(11,017)	Short term creditors	(13,895)	(13,895)
(11,017)	**(11,017)**	**Total financial liabilities**	**(13,895)**	**(13,895)**

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.

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

Table 8d Financial Assets Fair Value Hierarchy-Fair value through profit and loss	**Fair Value Hierarchy**	**Amount £'000**
CCLA Pooled Funds	Level 1	3,041

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 Financial Assets held at Amortised Cost 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.

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

9. Debtors

31-Mar-21			31-Mar-22	
Long term £000	**Short term £000**		**Long term £000**	**Short term £000**
0	(285)	Central government bodies		362
0	2,259	Other local authorities		4,397
1,874	10,283	Other entities and individuals	1,881	13,065
1,874	**12,257**	**Total debtors**	**1,881**	**17,824**

10. Cash and cash equivalents

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

31 March 2021 £000		31 March 2022 £000
2	Cash held by the Council	2
5,937	Bank current and instant access accounts	8,057
14,220	Money market funds	16,500
20,159	**Total cash and cash equivalents**	**24,559**

11. Assets held for sale

At the balance sheet date, the Council has no material assets held for sale.

12. Short–term creditors

31-Mar-21 £000		31-Mar-22 £000
(14,677)	Central government bodies	(37,236)
(18,062)	Other local authorities	(24,784)
(5,612)	Other entities and individuals	(7,081)
(38,351)	**Total short-term creditors**	**(69,101)**

13. Provisions

The provision in 2021/22 represents amounts set aside to meet future business rate appeals liabilities.

Provisions	£000
Balance at 01 Apr 2021	**(4,218)**
Business rate appeals - movement in year	2,810
Balance at 31 Mar 2022	**(1,408)**

14. 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 (including intangible assets). 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.
- 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 14a Revaluation reserve		
2020/21 £000		**2021/22 £000**
(16,299)	**Balance at 1 April**	**(18,710)**
(3,474)	Upward revaluation of assets	(10,241)
561	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	1,032
0	Transfer to Capital Adjustment Account	0
150	Disposals	0
(2,763)	**Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services**	**(9,209)**
352	Difference between fair value depreciation and historical cost depreciation	448
352	**Amount written off to the capital adjustment account**	**448**
0	Other	0
(18,710)	**Balance at 31 March**	**(27,471)**

Financial instrument revaluation reserve

The financial instrument 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 14b Financial instrument revaluation reserve		
2020/21 £000		**2021/22 £000**
(606)	**Balance at 1 April Financial instrument revaluation reserve**	**(587)**
19	Revaluation of investments	(454)
(587)	**Balance at 31 March Available for sale financial instruments reserve**	**(1,041)**

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. 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. Note 4 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2020/21 £000	Table 14c Capital adjustment account	2021/22 £000
(35,983)	**Balance at 1 April**	**(34,399)**
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
1,289	Charges for depreciation and impairment of non-current assets	1,225
45	Revaluations (gains)/losses on property, plant and equipment	177
20	Amortisation of intangible assets	52
1,292	Revenue expenditure funded from capital under statute	4,107
15	Movement in the fair value of investment properties	(155)
505	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	
	Capital financing applied in the year:	
(585)	Use of the capital receipts reserve to finance new capital expenditure	(447)
(1,067)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(4,075)
70	Other adjustments	(2)
(34,399)	**Balance at 31 March**	**(33,517)**

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 14d Pensions reserve		
2020/21 **£000**		**2021/22** **£000**
34,031	**Balance at 1 April**	**45,158**
10,079	Remeasurement of the net defined benefit liability/(asset) Actuarial gain/loss	(4,022)
2,865	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	4,403
(1,817)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,880)
45,158	**Balance at 31 March**	**43,659**

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 14e Deferred capital receipts reserve		
2020/21 **£000**		**2021/22** **£000**
(1,960)	**Balance at 1 April**	**(1,811)**
0	New deferred capital receipts raised in year	0
149	Movement in valuation of property	(7)
(1,811)	**Balance at 31 March**	**(1,818)**

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 14f Collection fund adjustment account		
2020/21 **£000**		**2021/22** **£000**
(120)	**Balance at 1 April 2021**	**5,623**
5,743	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	(11,334)
5,623	**Balance at 31 March 2022**	**(5,711)**

15. Interest received and interest paid

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

2020/21 £000		2021/22 £000
956	Interest received	644
115	Dividends received	100
1,071	**Total interest received, interest paid and dividends received**	**744**

16. Expenditure and income analysed by nature

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

2020/21 £000		2021/22 £000
	Expenditure	
8,896	Employee benefits expenses	11,290
45,091	Other services expenses	47,287
1,661	Depreciation and amortisation	1,724
20,773	Business rates tariff	20,773
4,242	Precepts and levies	4,456
785	Net interest on net defined benefit liability or asset	918
0	Loss on disposal of assets	0
34	Loss on revaluation of assets	0
81,482	**Total expenditure**	**86,448**
	Income	
(32,411)	Fees, charges and other service income	(33,520)
(1,310)	Interest, investment income and income from investment property	(1,640)
(35,895)	Income from Council tax and non-domestic rates	(40,557)
(8,793)	Government grants and contributions	(6,071)
(7,767)	Recognised capital grants and contributions	(8,716)
(631)	Gain on the disposal of assets	
	Gain on the disposal of assets	(14)
(86,807)	**Total income**	**(90,518)**
(5,325)	**(Surplus)/deficit on the provision of services**	**(4,070)**

17. Members’ allowances

The Council paid the following amounts to members of the Council during the year.

2020/21 £000	Members' allowance	2021/22 £000
189	Basic allowance	196
123	Special responsibility allowance	125
0	Expenses	1
312		**322**

18. Employees benefits

Officers' remuneration

Vale of White Horse District Council and South Oxfordshire District Council share a joint Senior Management Team. The employees detailed below therefore work across the two authorities, the costs are shared with South Oxfordshire DC contributing 50 percent and Vale of White Horse DC contributing 50 percent towards the costs. All senior officers 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 18a Senior officer's 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	2021/22	177,118	0	177,118	27,105	204,223
	2020/21	179,348	0	179,348	27,105	206,453
Chief finance officer (section 151 officer)	2021/22	100,280	332	100,612	16,346	116,958
	2020/21	98,314	450	98,764	16,025	114,789
Monitoring officer up to (31.07.2021)	2021/22	39,382	0	39,382	5,449	44,831
	2020/21	98,314	0	98,314	16,025	114,339
Monitoring officer (16.08.21-31.03.22)	2021/22	63,055	0	63,055	10,278	73,333

The chief finance officer and monitoring officer are also heads of service.

The spot point pay level for heads of service is as follows:

Table 18b Spot pay point - heads of service non-statutory 21-22		
Acting Deputy Chief Executive 1 April 2021 to 14 June 2021	2	121,911
Deputy Chief Executive 15 June 2021 to 31 March 2022	2	121,911
Heads of Service		
Head of Service from 1 April 2021 to 31 July 2022	6	100,280
Heads of Service from 1 August 2021 to 30 September 2021	5	100,280
Heads of Service from 1 October 2021 to 31 March 2022	6	100,280

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). Eighteen employees whose remuneration, excluding employer's pension contributions, was £50,000 or more are as follows:

Table 18c Employee remuneration over £50,000		
Number of SODC/VOWH employees		
2020/21	**Remuneration band £**	**2021/22**
6	50,000-54,999	11
4	55,000-59,999	2
5	60,000-64,999	2
0	65,000-69,999	3
1	70,000-74,999	0

Under the shared working arrangements, the Council recharged a total of £3,592,696 of its salary costs to South Oxfordshire District Council, which in turn recharged £8,109,582 of its salary costs to this Council.

Termination benefits

18d No termination payments were made either during 2021/22 or the prior year 2020/21.

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.

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 at 31 March 2023 and sets contributions for the period 1 April 2023 to 31 March 2026. 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, 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 must be generated to meet actual pension 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 cash flows. 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 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.

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:

Table 18e Transactions relating to retirement benefits		
2020/21 £000		**2021/22 £000**
	Cost of Services:	
2,080	Service Cost	3,485
	Financing and investment income and expenditure	
785	Net interest expense	918
2,865	**Total post-employment benefit charged to the surplus or deficit on the provision of services**	**4,403**
	Other post-employment benefit charged to the CIES	
	Remeasurement of the net defined benefit liability comprising:	
(12,065)	Return on plan assets (excluding the amount included in the net interest expense)	5,838
1,195	Actual (gain) and losses arising on changes in demographic assumptions	1,022
21,913	Actual (gain) and losses arising on changes in financial assumptions	8,454
(964)	Actual (gain) and losses arising from other experience	(11,292)
10,079	**Total post-employment benefit charges to the comprehensive income and expenditure statement**	**4,022**
	Movement in Reserves Statement	
(2,865)	Reversal of net charges made to the surplus or deficit for the Provision of Services for post-employment benefits in accordance with the code	(4,403)
	Actual amount charged against the general fund balance for pensions in the year:	
1,817	Employers' contributions payable to scheme	1,880

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:

18f Pension assets and liabilities recognised in the balance sheet		
2020/21 £000		**2021/22 £000**
69,729	Fair value of employer assets	90,068
(113,084)	Present value of funded liabilities	(132,072)
(1,803)	Present value of unfunded liabilities	(1,655)
(45,158)	**Net liability arising from defined benefit obligation**	**(43,659)**

18g Reconciliation of the movements in the fair value of the scheme assets		
LGPS 2020/21 £000		**LGPS 2021/22 £000**
57,196	**Opening balance at 1 April**	**69,729**
1,305	Interest on assets	1,386
12,065	Return on assets less interest	5,838
1,817	Employer contributions	1,880
395	Contributions by scheme participants	432
(3,049)	Benefits paid	(3,100)
0	Remeasurement - other experience	13,903
69,729	**Closing present value of scheme assets**	**90,068**

18h Reconciliation of the movements in the fair value of the scheme liabilities		
Funded and Unfunded liabilities 2020/21 £000		**Funded and Unfunded liabilities 2021/22 £000**
(91,227)	**Opening balance at 1 April**	**(114,887)**
(2,080)	Current Service Cost	(3,485)
(2,090)	Interest cost	(2,304)
(395)	Contributions by scheme participants	(432)
(21,913)	Actual (gains) and losses arising on changes in financial assumptions	8,454
(1,195)	Actual (gain) and losses arising on changes in demographic assumptions	1,022
964	Other	(25,195)
3,049	Benefits paid	3,100
(114,887)	**Closing present value of liabilities**	**(133,727)**

The discretionary benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories

Table 18i Breakdown of fund assets at fair value								
2020/21					**2021/22**			
Quoted £000	**Non-quoted £000**	**Total £000**	**%**		**Quoted £000**	**Non-quoted £000**	**Total £000**	**%**
0	0	0		Equities				
				Property				
				Bonds:				
5,702		5,702	8	Government bonds	1,850		1,850	2
1,795		1,795	3	Other	490		490	1
3,030		3,030	4	Private equity	4,427	1	4,428	5
	56,653	56,653	81	Other investment funds		81,350	81,350	90
79		79	0	Foreign exchange	(7)		(7)	0
2,470		2,470	4	Cash and cash equivalents	1,957		1,957	2
13,076	**56,653**	**69,729**	**100**	**Total**	**8,717**	**81,351**	**90,068**	**100**

Basis for estimating assets and liabilities

The March 2022 funding valuations were concluded by 31 March 2023 After a formal tri-annual valuation for 31 March 2023 was completed.

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.

The employer currently participates in the Vale of White Horse District Council pool with other employers in order to share experience of risks they are exposed to in the Fund. At the 2023 valuation, The March 2022 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 2026 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.

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out at 31 March 2023. 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.

A change in accounting estimate has been recognised with respect to the allocation of members of staff between SODC and VOWH. This change has been made to better reflect the services provided to both councils and the councils’ cost sharing arrangements.

Table 18j Principal actuarial assumptions		
2020/21		**2021/22**
	Long-term expected rate of return on assets in the scheme	
	Mortality assumptions	
	Longevity at 65 for current pensioners – retiring today:	
22.4	Men	22.3
24.7	Women	24.9
	Longevity at 65 for future pensioners:	
23.4	Men	23
26.3	Women	26.3
	Other assumptions	
2.85%	Rate of increase to pensions	3.20%
2.85%	Rate of general increase in salaries	3.20%
2.00%	Discount rate	2.70%

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 the 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 18k Sensitivity analysis		
Change in assumption at 31 Mar 2022	**Approximate increase in employer liability**	
	%	**£0**
0.1% decrease in real discount rate	2	2,391
1 year increase in member life expectancy	4	5,349
0.1% increase in the salary increase rate	0	291
0.1% increase in the pension increase rate *	2	2,083

* Pension increases and deferred revaluation are linked to inflation (CPI)

In order to quantify the impact of a change in the financial assumptions used we have calculated and compared the value of the scheme liabilities at 31 March 2022 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 we estimate 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 next triennial valuation is due to be completed on 31 March 2026.

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 re-valued earnings schemes to pay pensions and other benefits.

The actuarial estimate of the duration of the Council's liabilities is 20 years. The Council paid £2.26 million in contributions to the scheme in 2022/23.

19. 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 2021/22 external audit services were provided by Ernst & Young LLP (EY).

2020/21 £000		**2021/22 £000**
58	Fees payable with regard to external audit services carried out by the appointed auditor for the year	61
10	Fees payable to external auditor for the certification of grant claims and returns for the year	10
68		**71**

20. Grant income

2020/21 £000		2021/22 £000
	Credited to taxation and non-specific grant income	
3,328	Retained business rates	6,844
11,794	Council tax income	12,939
6,179	Developers and other capital contributions	7,079
1,588	Disabled facilities grant	1,639
3,494	Covid grant	1,226
0	Lower Tier Services grant	267
5,290	New homes bonus	4,562
9	Revenue support grant	17
31,682	**Total**	**34,573**
	Credited to services	
174	Business rates collection allowance	171
0	Dalton Barracks	180
14	Electoral reform	18
189	Homelessness Support	341
235	Housing benefit - admin	374
19,087	Housing benefit - subsidy	17,697
85	Local Council tax admin subsidy	0
453	New burdens revenue and other grants	41
65	Neighbourhood planning	24
20	Universal credit	3
163	Covid support grants	243
20,485	**Total**	**19,092**

The Council credited the above grants, contributions and donations to the CIES in 2021/22.

21. 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 20 above.

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

Members of the Council. Councillors have direct control over the Council's financial and operating policies. During the year no Councillors 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 declarations:

- Councillor Jerry Avery
- Councillor Matthew Barber
- Councillor Margaret Crick
- Councillor Amos Duveen
- Councillor Neil Fawcett
- Councillor Robert Maddison
- Councillor Patrick O'Leary
- Councillor Janet Shelley
- Councillor Richard Webber

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. For 2021/22 nothing was declared.

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.

22. 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 22 Capital expenditure and financing		
2020/21 £000		**2021/22 £000**
0	**Opening capital financing requirement**	**0**
	Opening balance adjustment	
	Capital investment	
173	Property, plant and equipment	386
0	Other	0
117	Intangible assets	29
1,362	Revenue Expenditure Funded from Capital Under Statute	4,107
	Sources of finance	
(585)	Capital receipts	(447)
(1,067)	Government grants and other contributions	(4,075)
0	**Closing capital financing requirement**	**0**
0	**Increase/(decrease) in capital financing requirement**	**0**

23. Leases

Council as lessee

Finance leases – the Council has no finance leases.

Operating leases – The Council has one material operating lease for the shared use (with South Oxfordshire District Council) of the office at 135 Eastern Avenue Milton Park.

Council as lessor

Finance leases - The Council recognised three long term leases in the 2015/16 accounts. The leases are:

- Abbey Shopping Centre, Abingdon – 250-year lease signed in 2012
- Tilsley Park, Abingdon - 125-year lease signed in 2014
- The Upper Reaches Hotel, Abingdon - 125-year lease signed in 1969

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. The gross investment is made up of the following amounts

Table 23a Interest in finance lease		
	2020/21 £000	**2021/22 £000**
Finance lease debtor (net present value of minimum lease payments):		
Non-current	0	0
Unearned finance income	3,011	2,863
Unguaranteed residual value of property	5,718	5,718
Gross investment in the lease	**8,729**	**8,581**

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

Table 23b Minimum finance lease payments

	Gross investment in the lease		Minimum lease payments	
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000
Not later than 1 year	157	140	157	140
Later than 1 year and not later than 5 years	544	485	544	485
Later than 5 years	8,027	7,956	2,309	2,238
Total	**8,728**	**8,581**	**3,010**	**2,863**

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,
- 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 23c Future minimum lease payments receivable

31-Mar-21 £000		31-Mar-22 £000
643	Not later than one year	619
872	Later than one year and not later than five years	628
126	Later than five years	56

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/22, no contingent rents were receivable by the Council (2020/21 nil also).

24. Contingent liabilities

At 31 March 2022, 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.

25. Contingent assets

At 31 March 2022, the Council had no contingent assets.

26. 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 at 31 March 2022 are as detailed as follows:

Table 26a Credit criteria							
Deposits with banks and other financial institutions	**Min. Rating**			**Other Criteria**	**Counterparty Limit**	**Amount at 31 March 2022**	**Maturity Limit**
	Fitch	**Moodys**	**S & P**		**£000**	**£000**	
Banks							
Close Brothers	F2	P-1			5,000	5,000	1 year
Goldman Sachs International	F1	P-1	A-1		13,000	13,000	2 years
Lloyds Bank	F1	P-1	A-1		13,000	8,000	2 years
National Bank of Kuwait International	F1		A-1		13,000	10,000	2 years
Building Societies							
Cambridge				assets > £1,000m	3,000	3,000	12 months
Cumberland				assets > £1,000m	3,000	2,000	12 months
Furness				assets > £1,000m	6,000	6,000	12 months
Monmouthshire				assets > £1,000m	6,000	6,000	12 months
National Counties				assets > £1,000m	6,000	6,000	12 months
Newcastle				assets > £1,000m	6,000	2,500	12 months
Progressive				assets > £1,000m	6,000	3,000	12 months
Saffron				assets > £1,000m	3,000	3,000	12 months
West Bromwich				assets > £1,000m	6,000	2,500	12 months
Principality				BBB+	7,000	7,000	12 months
Money Market Funds							
Goldman Sachs				AAA	20,000	8,000	Liquid
LGIM				AAA	20,000	8,500	Liquid
Local authorities							
Blackpool Borough Council					20,000	4,000	25 years
Gravesham Borough Council					20,000	3,000	25 years
Kirklees Council					20,000	5,000	25 years
Merthyr Tydfil County Borough					20,000	4,000	25 years
PCC for Merseyside					20,000	5,000	25 years
Rotherham Metropolitan Council					20,000	5,000	25 years
Thurrock Council					20,000	10,000	25 years
Housing Associations							
Metropolitan Housing Trust Ltd	F1				10,000	3,000	2 years
Southern Housing Group		P-1			10,000	5,000	2 years
Places for People Homes	F1		A-1		10,000	10,000	2 years
Yorkshire Housing Ltd	F1	P-1			10,000	5,000	2 years
Property funds							
CCLA Property Fund					7,000	3,041	Variable
Total						**155,541**	

The full annual investment strategy for 2021/22 was approved by full Council on 10 February 2021 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 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 non-recoverability applies to all the Councils' deposits but there was no evidence at 31 March 2022 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 debt 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 26b below analyses the short-term debt figure by age.

Table 26b Short term debtors aged debt analysis	**Total £000**
Less than three months	14,529
Three months to six months	182
Six months to one year	(61)
Over one year	3,174
Total	**17,825**

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 an 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 maturity analysis of financial assets, excluding sums due from customers is as follows:

Table 26c Refinancing and maturity risk		
31-Mar-21 £000		**31-Mar-22 £000**
97,220	Less than one year	129,500
15,000	Between one and two years	10,000
0	Between two and three years	13,000
2,587	More than three years	3,041
114,807	**Total**	**155,541**

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.

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 2021, if interest rates had been one per cent higher with all other variables held constant, the financial effect would be:

Table 26d Interest rate risk		
2020/21 £000		**2021/22 £000**
(142)	Increase in interest receivable on variable rate investments	(245)
(142)	**Impact on surplus or deficit on the provision of services**	**(245)**

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 a pooled property fund with shares to the value of £3.0 million. Whilst this investment holding is generally 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 available-for-sale financial assets. This means that all movements in price will impact on gains and losses recognised in the available for sale financial instruments reserve.

A movement of five per cent in the price of shares (positive or negative) would result in a £0.1 million gain or loss being recognised in the available for sale financial instruments reserve.

The Council is not in a position to limit its exposure to price movements by further diversifying its portfolio.

27. Critical judgements in applying accounting policies

In applying the accounting policies set out on pages 75 – 90, 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.

Operational Assets

The Council's operational assets include assets such as car parks and the Beacon Art centre which are held to provide a public service

28. Assumptions made about the future and other major sources of estimation uncertainty

Business rates

Since introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2021/22 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 2022. The Council's share of the balance of business rates appeals provision at this date amounted to £1.4 million.

Property, plant and equipment

Other land and buildings includes assets valued on the basis of market rent and potential yields. Any changes in these assumptions would impact the fair value of these assets. 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 2022 the Council had a balance on short-term debtors of £21.9 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 (Barnett Waddington) 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 18.

29. Material items of income and expenditure

The Council's accounts include no material items.

30. Post Balance Sheet Events

There are no material events after the balance sheet date.

31. 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 2021/22) in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

A cash flow forecast, based on forecasts to 31 March 2024 and budgeted use of reserves for the following year has been produced to March 2025. This indicates strong cash balances throughout and closing cash and equivalents of £97.7 million. As at the 31 March 2022, the Council had General Reserves of £11.3 million significantly above the Council's minimum recommended prudent balance of £4.5million. Forecasts for the financial years 2022/23 and 2023/24 are for a net increase in general reserves of £1.6 million. There are also significant earmarked reserves (£38.1 million as of 31 March 2022). The Council prepared a five-year medium term financial plan in February 2023 which forecast General Reserves of £3.4 million by March 2028

Overall, the Council is therefore in a relatively 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 2025.

32. 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

Collection fund account

2020/21 £000		2021/22 £000	2021/22 £000	2021/22 £000	Notes
Total		**Council tax**	**NDR**	**Total**	
	INCOME				
(108,037)	Council taxpayers	(114,798)		(114,798)	
	Transfers from general fund:				
(48,688)	- Income from business ratepayers		(53,043)	(53,043)	
(156,725)		**(114,798)**	**(53,043)**	**(167,841)**	
	EXPENDITURE				
	Precepts and demands:				
83,012	- Oxfordshire County Council	86,931		86,931	
11,751	- Police and Crime Commissioner	12,769		12,769	
11,802	- Vale of White Horse District Council	12,396		12,396	
	Business Rates:				
30,628	- Payments to Government		18,309	18,309	
5,690	- Payments to Oxfordshire County Council		3,662	3,662	
25,414	- Payments to VWHDC		14,647	14,647	
171	- Cost of Collection		171	171	
	Bad and doubtful debts:				
5,056	- Provision for bad debts	(359)	(373)	(732)	*3*
(1,189)	- Provision for appeals		(7,026)	(7,026)	*3*
172,335		**111,737**	**29,390**	**141,127**	
15,610	**(Surplus)/deficit for the year**	**(3,061)**	**(23,653)**	**(26,714)**	
	COLLECTION FUND BALANCE				
(3,660)	Balance brought forward at 1 April	(2,915)	14,864	11,950	
15,610	(Surplus)/deficit for the year, as above	(3,061)	(23,653)	(26,714)	
11,950	**Balance carried forward 31 March**	**(5,976)**	**(8,789)**	**(14,764)**	
	Allocated to:				
7,432	- Government		(4,395)	(4,395)	
(783)	- Oxfordshire County Council	(4,592)	(879)	(5,470)	
(322)	- Police and Crime Commissioner	(674)		(674)	
5,623	- Vale of White Horse District Council	(710)	(3,516)	(4,226)	
11,950		**(5,976)**	**(8,789)**	**(14,765)**	

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 at 01 Apr 2021		147,899,465
NNDR rateable value at 31 Mar 2022		150,969,664
National multipliers (Pence):	**2020/21**	**2021/22**
Small business non-domestic rating multiplier	49.9	49.9
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 as follows:

Band	Number of properties	Band multiplier	Band D equivalent
A	1,698	6/9	1,132
B	6,220	7/9	4,838
C	17,714	8/9	15,746
D	13,191	9/9	13,191
E	9,690	11/9	11,843
F	5,802	13/9	8,381
G	4,421	15/9	7,368
H	455	18/9	910
	59,191		**63,409**
		Discounts and exemptions	(7,317)
		Class O exempt properties	(1,094)
		Sub total	**54,997**
		Assumed losses on collection	(1,078)
		Council tax base	**53,919**

3. Council tax/NDR bad debt provision and NDR provision for valuation appeals

The collection fund account provides for bad debts on Council tax arrears based on prior years' experience.

2020/21 £000	Council tax	2021/22 £000
(2,690)	Balance at 1 April	(4,644)
0	(Write back)/write off of debt during year	14
(1,954)	(Increase)/decrease in provisions during year	359
(4,644)	**Balance at 31 March**	**(4,271)**

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

2020/21 £000	Council tax	2021/22 £000
(297)	Balance at 1 April	(514)
0	(Write back)/write off of debt during year	2
(217)	Net (Increase)/decrease in provisions during year	47
(514)	**Balance at 31 March**	**(465)**

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

2020/21 £000	NDR	2021/22 £000
(1,595)	Balance at 1 April	(4,696)
0	(Write back)/write off of debt offs during year	0
(3,101)	Net (Increase)/decrease in provisions during year	373
(4,696)	**Balance at 31 March**	**(4,323)**

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

2020/21 £000	NDR	2021/22 £000
(637)	Balance at 1 April	(1,878)
0	(Write back)/write off of debt offs during year	0
(1,241)	(Increase)/decrease in provisions during year	149
(1,878)	**Balance at 31 March**	**(1,729)**

The collection fund account also provides for provision for appeals against the rateable valuation set by the Valuation Office Agency not settled at 31 March 2021.

2020/21 £000	NDR	2021/22 £000
(11,734)	Balance at 1 April	(10,545)
0	(Write back)/write off of debt offs during year	0
1,189	(Increase)/decrease in provisions during year	7,026
(10,545)	**Balance at 31 March**	**(3,519)**

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

2020/21 £000	NDR	2021/22 £000
(4,692)	Balance at 1 April	(4,218)
0	(Write back)/write off of debt offs during year	0
474	(Increase)/decrease in provisions during year	2,810
(4,218)	**Balance at 31 March**	**(1,408)**

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Statement of accounting policies

(i) General principles

The statement of accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual statement of accounts by 31 July 2022 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 2021/22, 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 30 days i.e., money market funds, call accounts and deposit accounts with a notice period of 30 days 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. At 31 March 2022 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 Merill 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 pension's 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 at the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the 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 measured at amortised cost are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the 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 cost, 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 reserve 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 instruments 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.

Business Improvement Districts

A Business Improvement District (BID) scheme applies to an area within the authority. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as the billing authority under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant service within the CIES.

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 accrual's 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 5 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, 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, 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 and 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 of 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 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 held in 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, use 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 money 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 regarding consistent financial reporting for services 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 by accessing the link below:

https://www.whitehorsedc.gov.uk/vale-of-white-horse-district-Council/about-the-Council/Council-finances/statement-of-accounts-annual-governance-statement/