South Oxfordshire District Council

Listening Learning Leading

SOUTH OXFORDSHIRE DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2021/22

CONTENTS

	Page
Narrative statement	**3**
Statement of responsibilities for the statement of accounts	**18**
Audit opinion	**19**
The accounting statements:	
Comprehensive income and expenditure statement	**22**
Movement in reserves statement	**24**
Balance sheet	**25**
Cash flow statement	**26**
Notes to the accounting statements	**27**
Collection fund account	**66**
Notes to the collection fund account	**67**
Statement of accounting policies	**71**
Glossary of terms	**87**
Annual governance statement	**95**

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Introduction

This narrative statement provides a commentary on South Oxfordshire 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correct for that time, although at the time of signing off the accounts (December 2023) some ot the text has been superseded.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 it initial composition.

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

The Council's accounts

The Council's Statement of Accounts (SoA) shows the financial results of the Council's activities for the year ended 31 March 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 South Oxfordshire district

South Oxfordshire is the seventh most rural district in the south east region, with an average of 2.1 persons per hectare.[1] Around 47.0 per cent of the population live in rural areas, outside the main towns of Didcot, Henley, Thame and Wallingford.[2] The population in mid-2020 was 143,782; of this figure, 21.2 per cent (or 30,461 people) were aged 65 or over and 3.0 per cent (or 4,273 people) were aged 85 or over.[3]

By 2032, the Office for National Statistics projects that the population of South Oxfordshire will increase to 146,617 (an extra 2,835 people when compared to the mid-2020 population estimate).[4] It is expected that there will be 37,365 people aged 65+ in 2032, comprising 25.5 per cent of the population. There are also projected to be 6,951 people aged 85+ (4.7 per cent of the population) – this is higher than the projection for England (3.4 per cent).[5]

As of 21 March 2021, there were 61,500 occupied households in South Oxfordshire. Between 2011 and 2021, the total number of occupied households in the district increased by 7,100 (+ 13.1 per cent).[6]

Employment within South Oxfordshire is high: of the resident population aged 16 to 64 only 2.0 per cent were in receipt of out of work benefits in March 2022. This compared favourably with the average for the south east region (3.2 per cent) and for Great Britain (4.1 per cent).[7]

In 2021, the ratio of lower quartile house prices to lower quartile workplace based earnings in South Oxfordshire was 12.89 – 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]

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

How performance is measured

The Council's activities are guided by our four-year corporate plan for 2020-2024, and by fulfilling our statutory responsibilities. Key measures will be reviewed and reported via quarterly and annual corporate plan performance reports. The reports will be subject to an approval process by the Council's senior management team, Scrutiny Committee, Climate and Ecological Emergency Advisory Committee (CEEAC) and Cabinet this will ensure the necessary checks and balances are in place around monitoring, evaluation, decision-making and policymaking and then published on the Council's website.

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[1] 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 South Oxfordshire
[3] ONS Mid-2020 Population Estimates for Lower Layer Super Output Areas in England and Wales
[4] ONS Subnational Population Projections for England: 2018-based
[5] Ibid
[6] ONS Population and household estimates, England and Wales: Census 2021
[7] Nomis – Local Authority Profile – South Oxfordshire
[8] ONS – House Price to Workplace-Based Earnings Ratio

The Council corporate priorities

The Council’s Corporate Plan 2020-2024 contains six strategic themes:

- 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

The South Oxfordshire District Council Corporate Plan for 2020-2024, sets out what is hoped to be achieved for South Oxfordshire over the next four years. Following a successful engagement with residents, a review of hundreds of responses informed the priorities that the Council will deliver. The plan was adopted at a full Council meeting in October 2020.

Although work is underway on these themes, there is a needto continue to explore how best to effectively invest, resource, and deliver these. During the development of the Plan, there was much uncertainty about the future of local government, both in terms of its structure and its financing, this uncertainty remains but we will continue to position ourselves to respond to the changing landscape that the Council operates within.

This has meant the need to continue to prioritise what needs to be delivered. This annual performance review aims to give a high-level summary of progress towards the aims set out in the Corporate Plan. Each theme begins with a high-level written summary of key actions during 21/22 to deliver the aims under the relevant theme. The RAG (red, amber, green) ratings have been determined by Heads of Service and Officer Leads and aim to provide an “at glance” indication of overall progress towards the aims. Where aims have been identified as amber or red, some supporting commentary has been included to assist members with their discussions and suggestions for any remedial actions.

Covid-19 – community hub and roadmap

The continuing impact of the pandemic on the Council’s performance can be seen 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 delivered by its services to support its communities during this time.

The Council is continuing to help residents and businesses. 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. This builds on a range of information and advice available for the public and businesses on its website, such as how to book a vaccine and how to obtain financial support.

As well as dedicating significant officer resource to the pandemic, including community testing, the Council have also made its buildings available. Since

Cornerstone Arts Centre closed its doors to the public in March last year, it has been home to the Council's food distribution service, helping to ensure hundreds of families received urgent food parcels.

The Council is working with its partners at the county and district Councils, local GPs and the Oxfordshire Clinical Commissioning Group on a COVID-19 vaccination outreach scheme. There are a range of reasons why people might not have responded to their invitation to arrange a vaccination - from difficulties in booking an appointment or arranging transport, to hesitancy or misunderstandings about the vaccine. Its officers, will be providing the people they speak to with help to book an appointment, arrange transport, or simply offering information and advice in a format agreed with its NHS colleagues and using the feedback from residents and the outcomes of visits to help build up a detailed picture of why people may be not taking up the opportunity of vaccination.

The Council hopes this outreach programme will be a valuable tool in ensuring that everyone who wants the vaccine can be supported to get it and that nobody gets left behind in the rollout of Oxfordshire's vaccination programme. The outreach scheme has been recognised by Oxfordshire CCG and the NHS regional team as an exemplar piece of novel work that has increased uptake within its communities.

The Council has also visited 268 people across South Oxfordshire and the Vale of White Horse who the NHS test and trace national system has been unable to reach. The employment of 2 Government funded COVID-19 Compliance Marshals has enabled us to encourage and support businesses to trade in a 'COVID-19 secure' manner, and to provide further advice to the public. So far, £41.3 million has been paid in financial support to businesses in South Oxfordshire, 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 we will soon be developing the Councils plan, that will provide a route map for recovery from the COVID-19 pandemic, and the impact it has had on its residents, the Council and businesses.

PROTECT AND RESTORE THE NATURAL WORLD

An elected member Biodiversity Working Group has been created. This will report to the CEEAC and help them to shape and prioritise future projects.

A Local Nature Partnership (LNP) for Oxfordshire has also been established. The LNP will radically enhance nature within the county and promote its positive impact on the climate. The terms of reference for the LNP Board, a provisional budget and staffing structure have been developed.

Several of South Oxfordshire's partner organisations are involved in the in-depth mapping and surveying of ecosystems across the district. The data that they provide, including on species and habitat changes, supports the Council in its assessment and understanding of local nature recovery.

South Oxfordshire has also contributed to various partnership projects that help support the restoration of the natural world – including the Oxfordshire Treescapes Project.

Work has continued on improving the accessibility of green spaces in and around the district's urban areas. As part of this effort, the Council is working with the Earth Trust to manage a number of nature sites across South Oxfordshire. In addition, progress has been made on expediting the transfer of the first tranche of open spaces on Great Western Park from the housing developer.

South Oxfordshire, in collaboration with representatives from Good Food Oxfordshire, have been working on the initial plans for a Food Strategy for Oxfordshire. This Strategy aims to improve the area's food system and to respond to challenges within it such as excessive waste, carbon footprints, food poverty and wages in the farming sector.

Through its memberships of the Visit River Thames Association and Experience Oxfordshire, the Council intends to promote the natural environment to both residents and visitors. It is also coordinating the Wallingford Moorings Project which is intended to make berths accessible to all.

As part of its commitment to promote tourism, leisure and wellbeing, South Oxfordshire have continued to provide support to businesses across the district through HM Government's Omicron Mandatory Grants Programme and Additional Restriction Grant funding.

A Policy for Planting Trees on Council Land has been implemented to protect, plant and manage trees on land owned by South Oxfordshire and also help support community tree planting initiatives. Since its launch, two planting licences have been completed enabling community groups within South Oxfordshire to plant trees on land owned by the Council.

CLIMATE EMERGENCY

South Oxfordshire has developed and adopted a key piece of their internal policy framework during 2021/22, the Climate Action Plan 2022-25 (CAP).

The CAP plays a pivotal role in steering the Council's work in achieving its objective of becoming carbon neutral by 2025. 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 CEEAC and Cabinet. Moreover, to ensure that the CAP has the greatest possible impact – and is also seen as an integral part of South Oxfordshire's operations – work has commenced on aligning it with the Council's Strategic Performance Management Framework.

The Council has focused on decarbonising its leisure centres – which are responsible for almost half of the Council's total greenhouse gas emissions – as part of a wider programme of work to cut emissions from its own operations.

A decarbonisation report has been completed for Thame Leisure Centre, with further surveys having been commissioned for other facilities across the district (as well as the Cornerstone Arts Centre). In addition, South Oxfordshire has also undertaken work at the both the Abbey Sports and Henley Leisure Centres to reduce emissions.

Whilst the emphasis has been on decarbonising the Council's buildings, efforts have also been made in reducing carbon emissions from other areas. For example, South Oxfordshire's waste contractor has been trialling an electric waste collection vehicle within the district – performance feedback is expected in 22/23.

Progress has also been made on realising the Council's commitment to ensuring net-zero standard homes across the district. The masterplan for Didcot, created with partners, aims to deliver a plethora of carbon neutral and carbon reducing initiatives, including in residential developments. In addition, agreement has been reached on the potential development of PassivHaus standard affordable homes at a site on the Broadway in Didcot.

South Oxfordshire has also considered the issue of addressing emissions from existing homes. The Joint Retrofit Task and Finish Group examined this issue at length and presented a report to the CEEAC. Their findings and recommendations were also circulated to neighbouring authorities through the Future Oxfordshire Partnership Environment Advisory Group and to HM Government.

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.

South Oxfordshire has continued to develop opportunities to expand and encourage active travel. Working with the County Council and consultants on the Oxfordshire Infrastructure Strategy, it has identified 14 schemes within the district for funding prioritisation.

Efforts have been made to support local businesses to respond to the climate emergency. South Oxfordshire have organised workshops on the 'circular economy' and 'sustainable construction' where companies have been able to share information and learn from best practice. In addition, the Council has run a 'Digital Carbon Footprint Reduction Campaign' which provided a step-by-step guide on this issue to firms in the district.

South Oxfordshire has also initiated numerous communication campaigns and activities designed to encourage individuals to change their behaviours. These have included the continued promotion of repair cafes and the need to increase recycling/reduce waste.

In December 2021, the Council's official recycling rate for 2020/21 was published. At 63.6 per cent, South Oxfordshire was the second-best performing district in England.

OPENNESS AND ACCOUNTABILITY

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

South Oxfordshire is determined to ensure that it not only maintains but improves on the high levels of satisfaction that residents have with the services that it provides. The Council also wishes to engage more effectively with marginalised individuals, groups and communities who often find it difficult to get their views and opinions heard. Furthermore, the Council appreciates the importance of operating in an open, inclusive and accountable manner and is, therefore, committed to being frank about both the decisions it takes and its overall performance. To achieve these objectives, it has delivered a range of work during 2021/22.

During 2021/22 the Council 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 that this new approach will 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 going forward into next year.

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

Progress has also been made on the development of a Diversity and Inclusion Strategy for South Oxfordshire. This aims to ensure that the Council is doing all that it can to be inclusive in relation to staff recruitment, representation and service provision.

The Council has also taken action to recognise the heterogenous nature of South Oxfordshire through the publication of a Diversity Calendar. This sets out the socially important topics, national days of celebration and other public events that the Council will publicly support through its corporate communications channels.

While face-to-face committee meetings have returned following the pandemic, South Oxfordshire 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.

To further embed the theme of openness and accountability during 21/22 training has been delivered for Councillors on the constitution and good decision-making principles to increase accountability and improve decision-making processes. The Monitoring Officer has also provided training to officers on local government law and process – with a particular focus on governance, delegation of powers, report writing/content and decision making.

IMPROVED ECONOMIC AND COMMUNITY WELLBEING

During 21/22 South Oxfordshire updated the Community Infrastructure Levy (CIL) spending strategy to accelerate the delivery of local infrastructure improvements and allocate funding to achieve the best outcomes for residents. Quarterly CIL and Section 106 expenditure/income reports are now being provided to Cabinet and the CIL charging schedule is currently being reviewed by the Planning team. A prioritisation exercise of previously identified potential projects by CIL criteria was undertaken and presented to Councillors to allocate funding.

£2,419,500 has been allocated to projects in the 2022/23 capital programme as part of South Oxfordshire's budget setting process. In addition, approvals have been made for CIL spending in communities – for example, the Oak Tree Health Centre in Didcot have applied for CIL funds to reconfigure their facility to create more consulting space.

During 2021/22, the Council have encouraged and overseen the adoption of eight neighbourhood plans. Of these, six designate a combined total of 25 Local Green Spaces (which have the highest level of protection possible under planning policy). South Oxfordshire are also supporting the preparation of a further 12 new Neighbourhood Plans and five Neighbourhood Plan reviews.

Work on Phase 1 of the Science Vale Active Travel Network has been completed. 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

Civil parking enforcement has now been introduced across the district. All towns and villages where there are traffic regulation orders in place are now patrolled. The focus is upon those areas where illegal parking is having the greatest impact on road safety and congestion.

Littering patrols have been introduced in Didcot, Henley, Wallingford and Thame. While the emphasis has primarily been on education, 805 fly-tipping incidents were reported in 2021/22.

South Oxfordshire has provided advice on access to grants, training, and diversification programmes to help local businesses. This has included the rollout of the employment support scheme ‘Kickstart’, which aimed to create new job opportunities for 16 to 24 year-olds on Universal Credit and at risk of long-term unemployment. In addition, the Council also distributed £5,862,763 in Additional Restrictions/Winter Support Grants during 2021/22 to support businesses impacted by the pandemic.

The Council collaborated with partners on the ‘Broadband for Rural Businesses in Oxfordshire’ (BiRO) project. This aims to bring reliable broadband to businesses in rural areas, thus reducing digital exclusion and enabling home working. In addition, South Oxfordshire has liaised with Better Broadband for Oxfordshire to respond to residents’ questions about the accessibility of full fibre and concerns about the health implications of 5G masts.

Work has continued on the development of a new Community Wellbeing Strategy. This will set out the Council’s aspirations and ambitions for improving the health, happiness, prosperity, and welfare of its residents.

HOMES AND INFRASTRUCTURE THAT MEET LOCAL NEEDS

A key challenge is to recognise in South Oxfordshire the provision of reasonably priced housing. The Council have taken steps this year to tackle this, during 2021/22, 288 affordable homes were delivered across the district, slightly above the Council’s target of 280.

An offer has been accepted (subject to contract) for the purchase of a house in Didcot to provide temporary accommodation and progress made on the Broadway project to deliver further housing stock options.

Agreement has been reached on the potential to provide PassivHaus standard affordable homes on a Council owned site on Broadway in Didcot.

During 21/22 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 CEEAC. Their findings and recommendations were circulated to neighbouring authorities through the Future Oxfordshire Partnership Environment Advisory Group and HM Government. It is recognised this challenge is best addressed at scale and it is anticipated that retrofitting will form a part of an Oxfordshire wide route map, following on from the partnership work that produced the Pathways to Zero Carbon Oxfordshire (PAZCO) report in 2022/23.

South Oxfordshire have also taken action to encourage low and zero carbon construction through the production of a Sustainable Construction Checklist for applicants. Further, through the scoping of new polices for the Joint Local Plan, the Council have explored opportunities for ensuring that new housing is sustainable and built to the highest environmental standards. Feedback has also been provided on the health, wellbeing and sustainability policy options included in the Oxfordshire Plan 2050 Regulation 18 (2) consultation.

The Council has delivered a range of work to eliminate homelessness and rough sleeping across South Oxfordshire. For two consecutive quarters (Q3 and Q4), on a rough sleeping count date, South Oxfordshire recorded zero rough sleepers.

The homeless prevention rate for 2021/22 was 94.0%, which is above the target of 80.0%. The very low levels of rough sleeping seen within the district reflects the success of the Council's preventative approach. The preventative approach is also supported by the adoption of the Oxfordshire Homelessness and Rough Sleeping Strategy this year. The strategy 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.

The Councils Garden Town and Village initiatives for Didcot and the Berinsfield area are at the forefront of our progress to deliver the homes and infrastructures that people need. Work has also progressed on a Berinsfield Grants Scheme, which is expected to be launched in Q1 2022/23. Terms of reference for a Community Investment Scheme to regenerate Berinsfield has been approved by Full Council - demonstrating our commitment to transforming Berinsfield with improved facilities in line with the community's needs and aspirations.

Corporate governance was established for the Didcot Garden Town project and Homes England also awarded £120,000 in capacity funding.

South Oxfordshire recognises that providing the appropriate infrastructure is vitally important in encouraging sustainable travel. They have, therefore, completed their work on a Local Cycling and Walking Investment Plan for Didcot Garden Town.

Work has commenced to install 62 electric vehicle (EV) charging points in 5 car parks in South Oxfordshire, as part of the Oxfordshire wide "Park and Charge" project. It is envisaged that the Park and Charge project will unlock the possibility of EV ownership for residents across Oxfordshire, by providing a convenient, affordable and user-friendly EV charging solutions.

A review of the Milton Park Local Development Order to provide a balanced response to any demands for new office, lab space and job creation with sustainable travel modes was also undertaken.

Investment and innovation that rebuilds the Councils financial viability

In order to invest, save and act responsibly with our financial resources, this year the Council agreed the transformation delivery programme and its priorities for the next 12 to 18 months, which were identified through the budget challenge process. Progress has also been made in establishing the team that will undertake this work.

Following South's approval of the Strategic Property Review, the Council's focus during 2021/22 has been on potential housing sites and their promotion via the Housing and Economic Land Availability Assessment (HELAA).

An assessment of land availability identifies a future supply of land which is suitable, available and achievable for housing and economic development uses over a plan period. Additionally, the South Oxfordshire Asset Management Group was created this year. The aim of the Group is to assess the Council's land ownerships in a holistic manner and consider opportunities for their development, usage or disposal.

With the ambition of improving its effectiveness as an organisation, the Council completed the baselining of its services against the six principles set out in the Council's Customer Services Strategy that was adopted during 2021/22. Significant work has also been undertaken in relation to the Customer Relationship Management (CRM) project with the award of a contract for the successful solution expected in 2022/23.

In recent years the level of Council tax has been kept low, from £123 for a band 'D' property in 2011/12 to £131.24 in 2021/22. This is the eighth lowest of all shire district Councils.

The Council measures a number of key income streams, to ensure that both maximising income and understanding early where external factors might impact on budgets. During 2021/22:

- Planning income totalled £1.69 million against a budget of £2.18 million, this compared to income of £2.35 million in 2020/21.
- Land charges income totalled £307,000 compared to £330,000 in the previous year.
- Car parking income totalled £838,000 compared to £688,000 in the previous year.
- The New Homes Bonus paid to the Council for 2022/23 will be £2.03 million, compared to an average of £1.092 million, putting it twenty fourth out of all 181 shire district Councils.

South Oxfordshire's Council Tax collection rate of 97.51 per cent put it joint 84th with two other Councils when ranked against all 188 shire district Councils existing at the end of March 2022 (the latest national data available).

An innovative Transformation Strategy is being developed to diversify revenue streams, improve effectiveness and secure on-going viability. It is exploring scope for improved IT systems including for finance, accounting and payment solutions. These will improve efficiencies, leverage digital opportunities and meet requirements for modern government and planning processes.
It is also exploring new revenue streams including for renewable energy and other land projects, such as exploring revenue generation opportunities from a Wind Solar Farm.

The Councils new corporate focus on securing external funding will be implemented through the further development of its External Funding Framework. This framework builds on its track record of partnership working to successfully secure external funding such as the £218 million of Housing Infrastructure Funding (HIF) which is being used to improve local transport links.

The Council ‘s Strategic Property Review, is developing an enhanced property and asset Database. The review has taken longer than anticipated, all assets have been reviewed thoroughly, including looking for any opportunities for environmental upgrades.

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, including parish precepts, was £17.4 million, after accounting for the use of reserves and investment income. Direct Service Expenditure for the year was £6.3 million below budget as shown in the table below, analysed across the Council’s service areas

Direct Service expenditure excludes the Year End items, asset depreciation and pension fund movements. Consequently, the figures reported below differ to those in the Consolidated Income and Expenditure Account on page 23.

Service expenditure	Budget £000	Actual £000	Variance £000
Strategic Management Board	1,343	879	(464)
Corporate Services	2,634	2,532	(103)
Development & Corporate Landlord	2,015	1,698	(317)
Finance	454	368	(85)
Housing & Environment	6,535	5,724	(811)
Legal Services	1,246	1,236	(10)
Partnership & Insight	2,674	2,398	(276)
Planning	411	956	545
Policy & Programmes	5,867	2,326	(3,541)
Managed Vacancy Factor	0	0	0
Contingency	1,085	(379)	(1,464)
Direct service expenditure	**24,263**	**17,738**	**(6,256)**
Interest	(1,847)	(1,999)	(152)
Government grant income	(2,549)	(2,549)	(0)
Transfer to/from reserves	(8,335)	(7,507)	828
Net revenue spend	**11,532**	**5,682**	**(5,850)**
Transfer of Surplus to Reserves		506	506
Net revenue spend		5,580	5,580
Government Funding	0	1,366	1,366
Budget requirement set by council	**11,532**	**13,404**	**1,872**
Parish precepts	5,879	5,879	0
Total funding requirement	**17,411**	**19,283**	**1,872**
Rural Service Delivery Grant (RSDG)	44	44	0
Council tax income	14,117	14,255	137
Retained business rates	3,250	4,984	1,734
Total funding	**17,411**	**19,283**	**1,872**

Of the £5.9 million net revenue underspend above, £3.4 million represents slippage in one-off budgets that have been carried forward to 2022/23. The largest carry forwards are in Policy & Programmes and include £1.0 million for the Berinsfield Regeneration project and £0.3 million Didcot Growth Point

Capital outturn 2021/22

Capital expenditure totalled £2.6 million in 2021/22 and was £6.4 million below the working budget. Material capital expenditure projects include over £1.0 million in disabled facilities grants.

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

Further details on both revenue and capital expenditure for 2021/22 will be considered in an outturn report to Scrutiny Committee in October 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 £2.0 million against a budget of £1.8 million. Of this income, £0.7 million represents dividends accumulated on the Council's unit trust holdings, which are distributed as additional units. The remaining income will fund revenue expenditure during 2022/23.

Further details on treasury management for 2021/22 will be provided in an outturn report for consideration 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 is different to the accounting cost. These adjustments are detailed in notes 2 to 5. After the total financing from government grants and local taxpayers of £26.4 million, the Council had a deficit on provision of services of £4.5 million.

This deficit is then adjusted for items, that are not expected to materialise for many years due to their nature, to produce the total comprehensive income and expenditure figure for the year which is a surplus of £22.1 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 £151.3 million to £173.4 million at 31 March 2022, an increase of £22.1 million primarily due to the remeasurement of the net pension liabiltity of £26.3 million and a £0.3 million increase in property valuations offset by a £4.5 million deficit on the provision of services.

Revenue reserves have decreased by £5.7 million due to expenditure of grants. The capital receipts reserve has fallen by £2.2 million during the year due to funding for capital expenditure exceeding receipts. The capital grants reserve has increased by £1.0 million, primarily due to in year receipts of CIL. Unusable reserves have increased by £28.9 million principally due to the decrease in the pension deficit.

Collection Fund

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

On Council tax, income of £125.4 million was received and £125.4 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 £3.0 million. This will be re-distributed to all major precepting authorities.

On Non-Domestic Rates (NDR), £38.5 million was received and £19.9 million was paid out to the Council, central government and Oxfordshire County Council (OCC). After taking the balance brought forward, provision for bad debts and the provision for appeals into account, the deficit on the NDR collection fund balance at the end of the year was £1.8 million. This will be shared between the Council, central government and OCC, the SODC share being £0.2 million.

Future prospects

As part of the annual budget setting process for 2022/23, 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 highlights significant challenges ahead for the Council. This reflects the fact that revenue expenditure is expected to exceed revenue income each year. In light of the reserves and balances available to the Council, it can set a balanced revenue budget during the MTFP period by drawing heavily on reserves.

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

As part of budget setting for 2022/23, Council also agreed a capital programme to 2026/27 costing £41.7 million. This will be funded from a combination of the Council’s usable capital receipts and other contributions.

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 SOUTH OXFORDSHIRE DISTRICT COUNCIL

Opinion

We have audited the financial statements of South Oxfordshire 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 30, 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 South Oxfordshire 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 18, 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 South Oxfordshire 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 South Oxfordshire District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether South Oxfordshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 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, South Oxfordshire District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the 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 - Whole of Government Accounts

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

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 26-27). 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 28). 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 29). 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 30). 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 31-68). The core statements are supported by comprehensive notes to the accounts.

Accounting policies (pages 75-98).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, Police and Crime Commissioner for Thames Valley and town and parish Councils have been satisfied. This is shown on pages 70 to 73.

Comprehensive income and expenditure statement

2020/21				2021/22		
Exp £000	Inc £000	Net £000		Exp £000	Inc £000	Net £000
1,513	(527)	984	Strategic Management Board	1,710	(575)	1,135
3,112	(1,129)	1,983	Corporate Services	3,698	(1,185)	2,513
8,760	(3,538)	5,222	Development & Corporate Landlord	10,402	(4,176)	6,226
22,657	(22,221)	437	Finance	22,011	(21,300)	710
11,333	(4,454)	6,879	Housing and Environment	12,731	(5,009)	7,722
3,061	(1,783)	1,278	Legal and Democratic	4,028	(2,303)	1,725
3,393	(164)	3,231	Partnership and Insight	2,769	(273)	2,496
5,114	(4,205)	909	Planning	6,506	(3,504)	3,002
4,889	(1,694)	3,195	Policy & Programme	5,831	(2,309)	3,523
63,832	**(39,714)**	**24,118**	**Cost of services**	**69,686**	**(40,634)**	**29,052**
5,524		5,524	Parish council precepts and other grants	5,879	0	5,879
5,524	**0**	**5,524**	**Other operating expenditure**	**5,879**	**0**	**5,879**
	(1,886)	(1,886)	Interest receivable and similar income		(1,266)	(1,266)
	(727)	(727)	Other investment income (dividends)		(733)	(733)
	(322)	(322)	Other investment income (long leases)		(676)	(676)
	(2,397)	(2,397)	(Surplus)/Deficit on Financial Instruments valued through P&L		(2,733)	(2,733)
			Gains/loss on disposal of investments		419	419
304	(1,496)	(1,192)	Income and expenditure in relation to investment properties	230	(608)	(378)
1,034		1,034	Net Interest on defined benefit liability	1,284	0	1,284
1,338	**(6,828)**	**(5,490)**	**Financing and investment income and expenditure**	**1,514**	**(5,597)**	**(4,083)**
	(8,799)	(8,799)	Recognised capital grants and contributions	0	(3,194)	(3,194)
	(2,589)	(2,589)	Covid Grant		(1,236)	(1,236)
			Lower tier Servcies Grant	0	(130)	(130)
	(13,222)	(13,222)	Council tax	0	(14,255)	(14,255)
	(20,082)	(20,082)	Retained business rates	0	(21,374)	(21,374)
16,390		16,390	Business rates tariff	16,390		16,390
			Rural services delivery grant	0	(44)	(44)
	(2,747)	(2,747)	Non-ringfenced government grants	0	(2,549)	(2,549)
16,390	**(47,482)**	**(31,092)**	**Taxation and non-specific grant income**	**16,390**	**(42,782)**	**(26,392)**

						Continued…
Continued						
87,084	**(94,024)**	**(6,940)**	**(Surplus)/deficit on provision of services**	**93,469**	**(89,013)**	**4,456**
	89	89	Total (Gain)/loss on revaluation of non-current assets		(272)	(272)
15,153		15,153	Remeasurement of net defined benefit liability		(26,295)	(26,295)
15,153	**89**	**15,242**	**Total other comprehensive income and expenditure**	**0**	**(26,567)**	**(26,567)**
102,237	**(93,935)**	**8,302**	**Total Comprehensive Income and Expenditure**	**93,469**	**(115,580)**	**(22,111)**

*The 2020/21 cost of services figures have been restated following a restructure.

Movement in reserves statement

For the year ended 31 March 2022

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

For the year ended 31 March 2021

	General fund balance Restated	Capital receipts reserve	Capital grants unapplie d	Total usable reserves	Unusable reserves	Total authority reserves
	£000	£000	£000	£000	£000	£000
Balance - 31 Mar 2020	**(55,440)**	**(30,831)**	**(39,886)**	**(126,157)**	**(33,467)**	**(159,624)**
Total comprehensive income and expenditure	(6,940)	0	0	(6,940)	15,241	8,301
Adjustments between accounting basis and funding basis under regulations (note 5)	(1,170)	61	(7,485)	(8,594)	8,594	0
Net increase/decrease before transfers to other reserves	**(8,110)**	**61**	**(7,485)**	**(15,534)**	**23,834**	**8,302**
Transfers to/from other reserves	0	0	0	0	0	0
Increase/decrease (movement) in year	**(8,110)**	**61**	**(7,485)**	**(15,534)**	**23,834**	**8,302**
Balance - 31 Mar 2021	**(63,548)**	**(30,770)**	**(47,371)**	**(141,689)**	**(9,632)**	**(151,323)**

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 6.

Balance sheet

1 April 2020 Restated	31 March 2021 Restated		31 March 2022		
	£000		£000	£000	Notes
33,224	33,808	Property, plant & equipment		32,312	*6*
7,763	8,067	Investment Property		8,008	*7*
20	124	Intangible assets		106	
42,905	26,306	Long term investments		36,180	*8*
27,483	25,906	Long term debtors		26,002	*9*
111,396	**94,211**	**Long term assets**		**102,608**	
97,833	128,253	Short term investments	133,692		
21,723	22,729	Short term debtors	21,467		*9*
9,021	11,188	Cash and cash equivalents	25,634		*10*
128,577	**162,170**	**Current assets**		**180,793**	
(24,706)	(30,498)	Short term creditors	(56,386)		*11*
(3,119)	(3,361)	Provisions	(1,834)		*12*
(8,337)	(9,245)	Capital grants receipts in advance	(10,280)		
(36,162)	**(43,104)**	**Current liabilities**		**(68,500)**	
(44,187)	**(61,956)**	**Long term Liabilities**		**(41,469)**	*17f*
159,624	**151,321**	**Net assets**		**173,432**	
(40,634)	(47,753)	Non-earmarked revenue reserves	(49,290)		
(14,805)	(15,795)	Earmarked revenue reserves	(8,591)		
(30,831)	(30,770)	Usable capital receipts reserve	(28,549)		
(39,886)	(47,370)	Capital grants unapplied	(48,396)		
(126,157)	**(141,689)**	**Usable reserves**		**(134,826)**	*See MIRS*
(11,219)	(11,110)	Revaluation reserve	(11,287)		*13a*
905	(1,492)	Financial instrument revaluation reserve	(4,225)		*13b*
(39,839)	(40,939)	Capital adjustment account	(39,188)		*13c*
44,187	61,956	Pensions reserve	41,469		*13d*
(27,575)	(25,998)	Deferred capital receipts reserve	(26,094)		*13e*
(114)	7,762	Collection Fund Adjustment Account	426		13f
188	188	Short-term accumulating compensated absences	292		13g
(33,467)	**(9,633)**	**Unusable reserves**		**(38,607)**	
(159,623)	**(151,321)**	**Total reserves**		**(173,432)**	

*Restated to be in line with note 5

Cash flow statement

2020/21 £'000		2021/22 £'000	Notes
6,941	**Net surplus/(deficit) on the provision of services**	**(4,456)**	
723	Adjust net surplus or (deficit) on the provision of services for non-cash movements	24,547	
(8,799)	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	(3,194)	
(1,135)	**Net Cash flows from operating activities**	**16,897**	
	Investing Activities		
(746)	Purchase of property, plant and equipment, investment property and intangible assets	(626)	
(108,500)	Purchase of short-term and long-term investments	(91,450)	
(55)	Other payments for investing activities	(74)	
96,639	Proceeds from short-term and long-term investments	78,020	
11,337	Other receipts from investing activities	4,359	
(1,325)	**Total Investing Activities**	**(9,771)**	
	Financing Activities		
4,628	Billing authorities - council tax and NDR adjustments	7,320	
	Total Financing Activities		
2,167	**Net increase/(decrease) in cash and cash equivalents**	**14,446**	
9,021	Cash and cash equivalents at the beginning of the reporting period	11,188	
11,188	**Cash and cash equivalents at the end of the reporting period**	**25,634**	*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 71-86.

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 £000	Adjustments between the funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
836	149	985	Strategic Management Board	879	256	1,135
2,358	(375)	1,983	Corporate Services	2,523	(10)	2,513
4,752	470	5,222	Development & Corporate Landlord	2,360	3,867	6,227
327	109	437	Finance	402	309	709
5,584	1,295	6,879	Housing and Environment	5,650	2,072	7,722
1,048	230	1,278	Legal and Democratic	1,244	480	1,724
3,221	9	3,230	Partnership and insight	2,398	98	2,496
430	479	909	Planning	1,915	1,087	3,002
2,494	700	3,195	Policy & Programmes	2,602	921	3,523
21,049	**3,067**	**24,117**	**Net cost of services**	**19,972**	**9,080**	**29,051**
(29,160)	**(1,897)**	**(31,057)**	**Other Income and Expenditure**	**(14,302)**	**(10,293)**	**(24,595)**
(8,111)	**1,170**	**(6,941)**	**(Surplus) or deficit on provision of services**	**5,670**	**(1,213)**	**4,456**
(55,441)			Opening General Fund Balance	(63,551)		
(8,108)			Surplus or (deficit) on general fund balance in year	5,670		
0			Transfers to/from non-general fund balance reserves			
(63,551)			**Closing general fund balance at 31 March**	**(57,881)**		

3. Note to the expenditure and funding analysis

2020/21					2021/22			
Adjustments for Capital Purposes (note 1) £000	Net change for the Pensions Adjustments (Note 2) £000	Other Differences (Note 3) £000	Total Adjustments £000		Adjustments for Capital Purposes (note 1) £000	Net change for the Pensions Adjustments (Note 2) £000	Other Differences (Note 3) £000	Total Adjustments £000
0	149	0	149	Strategic Management Board	5	251	0	256
47	(423)	0	(375)	Corporate Services	34	(44)	0	(10)
132	338	0	470	Development & Corporate Landlord	3,068	799	0	3,867
3	106	0	109	Finance	44	265	0	309
921	375	0	1,295	Housing and Environment	1,208	864	0	2,072
18	212	0	230	Legal and Democratic	25	455	0	480
0	9	0	9	Partnership and insight	1	97	0	98
0	479	0	479	Planning	21	1,066	0	1,087
364	337		700	Policy & Programmes	149	772		921
1,484	**1,582**	**0**	**3,067**	**Net cost of services**	**4,556**	**4,524**	**0**	**9,080**
(10,981)	**1,034**	**8,050**	**(1,897)**	**Other income and expenditure from the Expenditure and Funding Analysis**	**(4,240)**	**1,284**	**(7,337)**	**(10,293)**
(9,497)	**2,616**	**8,050**	**1,170**	**Difference between general fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services**	**316**	**5,808**	**(7,337)**	**(1,213)**

*2020/21 restated due to missrepresentation of figures in other differences column

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

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

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

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

4. Adjustments between accounting basis and funding basis under regulations

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

31 March 2021					31 March 2022			
Usable Reserves					Usable Reserves			
Gen fund bal & earmarked £000	Capital receipts reserve £000	Capital grants unapplied £000	Movement in unusable reserves £000		Gen fund bal & earmarked £000	Capital receipts reserve £000	Capital grants unapplied £000	Movement in unusable reserves £000
				Adjustments primarily involving the capital adjustment account:				
(519)			519	Charges for depreciation and impairment of non-current assets	(844)			844
561			(561)	Revaluation gains on property, plant and equipment	(1,523)			1,523
(1,568)			1,568	Movements in fair value of long-term leases	168			(168)
304			(304)	Movement of Fair Value or Investment Properties	(60)			60
(14)			14	Amortisation of intangible assets	(45)			45
(1,514)			1,514	Revenue expenditure funded from capital under statute	(1,981)			1,981
				Adjustments primarily involving the capital grants unapplied account:				0
8,884		(8,709)	(175)	Capital grants and contributions unapplied credited to the CIES	3,032		(3,032)	0
(420)		420		Expenditure funded by developers contributions	(936)		936	0
				Adjustments primarily involving the capital receipts reserve:				0
1,333	122	804	(2,259)	Use of the capital receipts reserve to finance new capital expenditure	(831)	2,366	1,072	(2,607)
				Adjustments primarily involving the deferred capital receipts reserve:				
52	(61)		9	Repayment of loans	74	(146)		72
2,397			(2,397)	**Reversal of Surplus on Financial Instruments valued through the profit and loss**	2,733			(2,733)
(2,616)			2,616	**Adjustments primarily involving the pensions reserve:**	(5,808)			5,808
				Adjustments primarily involving the Collection fund adjustment account:				
(8,050)			8,050	Amount by which council tax and NDR income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	7,337			(7,337)
				Adjustment primarily involving the Accumulated Absences Account:				
				Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(104)			104
(1,170)	**61**	**(7,485)**	**8,594**	**Total adjustments**	**1,212**	**2,221**	**(1,024)**	**(2,409)**

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 Restated					01 Apr. 2021 to 31 Mar. 2022			
Balance brought forward	Transfers in	Transfers out	Balance carried forward		Balance brought forward	Transfer s in	Transfers out	Balance carried forward
£000	£000	£000	£000		£000	£000	£000	£000
				General Fund balances				
(750)		19	(731)	General Fund	(731)	(19)	0	(750)
(29,275)	(16,799)	7,153	(38,921)	Enabling fund (b)	(38,921)	(9,338)	10,328	(37,931)
(10,609)	0	0	(10,609)	Interest allocated as principal (c)	(10,609)	0	0	(10,609)
(40,634)	**(16,799)**	**7,172**	**(50,261)**	**Total general fund balance**	**(50,261)**	**(9,357)**	**10,328**	**(49,290)**
				Earmarked reserves				
(2,408)	(1,886)	2,408	(1,886)	Revenue funding (d)	(1,886)	(1,266)	1,886	(1,266)
0	0	0	0	ARR – Carry Forward (a)	0	0	0	0
(536)	0	0	(536)	Building control (e)	(536)	0	0	(536)
(3,517)	(944)	550	(3,911)	Revenue grants reserve (f)	(3,912)	(223)	1,460	(2,675)
(4,705)	(2,747)	4,697	(2,755)	New homes bonus (g)	(2,755)	(2,549)	3,573	(1,732)
(2,426)	(456)	130	(2,752)	Unit trust dividend reinvested reserve (h)	(2,751)	(471)	2,419	(803)
(1,214)	(234)	0	(1,448)	Didcot reserve (i)	(1,448)	(132)	0	(1,580)
(14,806)	**(6,267)**	**7,785**	**(13,288)**	**Total earmarked reserves**	**(13,288)**	**(4,641)**	**9,338**	**(8,591)**

After analysis of the use of ear marked reserves during the 2022/23 budget round, 2021/22 reserve balances were restated: the carry forward reserve was merged with the enabling fund and small balances were moved between the enabling fund and earmarke reserves. The amendment to funds were:

Reserve	Movement In 2020/21 cfwd £000
Enabling Fund	7,075
Revenue funding	337
ARR Carried Forward	(7,412)
Total	**0**

The purpose of each reserve is as follows:	
(a)	To hold sums received from the sale of capital assets and which have now been recycled into the equivalent amount of interest and thus could be used to meet any future costs.
(b)	To hold interest distributed on balances for capital expenditure.
(c)	By departments from underspends to cover future specific costs.
(d)	Accumulated surpluses in previous years, which have not yet been earmarked. Enabling fund balances and movements shown for 2020/21 include carry forwards.
(e)	From ring fencing the building control trading account.
(f)	To fund revenue expenditure from grants received in advance.
(g)	To hold receipts of new homes bonus funding.
(h)	To hold the dividends re-invested in the council's unit trust investments.
(i)	To hold rental income received from land in Didcot for future investment in Didcot.

6. Property, plant and equipment

Table 6a Movements in property, plant and equipment 2021/22						
	Other land & buildings £000	**Vehicles, plant & equipment** £000	**Infrastructure assets** £000	**Community assets** £000	**Assets under construction** £000	**Total PP&E** £000
Cost or valuation						
At 01 Apr 2021	**32,289**	**2,913**	**930**	**1,137**	**796**	**38,065**
Additions	94	45		0	460	**599**
Revaluation increases/(decreases) to RR	271	0	0	0	0	**271**
Revaluation increases/(decreases) to SDPS	(1,523)	0	0	0	0	**(1,523)**
Depreciation written back on revaluation	(402)	0	0	0	0	**(402)**
Reclassification	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	**0**
Other movements	3	0	0	0	0	**3**
31 Mar 2022	**30,732**	**2,958**	**930**	**1,137**	**1,256**	**37,013**
At 01 Apr 2021	**(1,116)**	**(2,671)**	**(472)**	**0**	**0**	**(4,259)**
Depreciation charge for 2020/21	(467)	(60)	(318)	0	0	**(845)**
Depreciation written back on revaluation	402	0	0	0	0	**402**
Disposals	0	0	0	0	0	**0**
Impairment losses/reversals to SDPS	0	0	0	0	0	**0**
At 31 Mar 2022	**(1,181)**	**(2,731)**	**(790)**	**0**	**0**	**(4,702)**
Balance sheet at 31 Mar 2022	**29,551**	**227**	**140**	**1,137**	**1,256**	**32,311**
Balance sheet at 31 Mar 2021	**31,173**	**242**	**458**	**1,137**	**796**	**33,806**
Notes						
RR = Revaluation reserve						
SDPS = Surplus or deficit on provision of services						

Table 6b Movements in property, plant and equipment 2020/21	Other land & buildings	Vehicles, plant & equipment	Infrastructure assets	Community assets	Assets under construction	Total PP&E
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 01 Apr 2020	**31,891**	**2,760**	**584**	**1,162**	**673**	**37,070**
Additions	0	155	346	0	123	**624**
Revaluation increases/(decreases) to RR	(64)	0	0	(25)	0	**(89)**
Revaluation increases/(decreases) to SDPS	561	0	0	0	0	**561**
Depreciation written back on revaluation	(100)	0	0	0	0	**(100)**
Reclassification	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	**0**
Other movements	0	(2)	0	0	0	**(2)**
31 Mar 2021	**32,289**	**2,913**	**930**	**1,137**	**796**	**38,065**
At 01 Apr 2020	**(821)**	**(2,585)**	**(439)**	**0**	**0**	**(3,845)**
Depreciation charge for 2020/21	(471)	(86)	(33)	0	0	**(590)**
Depreciation written back on revaluation	176	0	0	0	0	**176**
Disposals	0	0	0	0	0	**0**
Impairment losses/reversals to SDPS	0	0	0	0	0	**0**
At 31 Mar 2021	**(1,116)**	**(2,671)**	**(472)**	**0**	**0**	**(4,259)**
Balance sheet at 31 Mar 2021	**31,173**	**242**	**458**	**1,137**	**796**	**33,806**
Balance sheet at 31 Mar 2020	**31,070**	**175**	**145**	**1,162**	**673**	**33,225**
Notes						
RR = Revaluation reserve						
SDPS = Surplus or deficit on provision of services						

Depreciation

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

- Other land and buildings – on an individual basis as assessed by the valuer
- Vehicles, plant, furniture and equipment – 1 to 24 years
- Infrastructure –on an individual basis as assessed by the valuer

Capital commitments

As at the end of March 2022 the Council had capital commitments on a number of contracts in 2021/22 and future years, budgeted to cost £0.6 million. The commitments are:

- Capital grants - £0.3 million
- Leisure contracts - £0.3 million

Revaluations

The Council has a rolling programme that ensures that all property, plant and equipment required to be measured at current value or fair value as appropriate is revalued 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 Cornerstone Art centre which are held to provide a public service have been valued as 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,

Table 6c Revaluations property, plant and equipment

	Other land & buildings	Vehicles, plant & equipment	Infrastructure assets	Community assets	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
Carried at historical cost	0	2,958	930	1,137	1,256	**6,281**
Valued at:						
31 January 2022	8,659	0	0	0	0	**8,659**
31 January 2021	2,401	0	0	0	0	**2,401**
31 January 2020	4	0	0	0	0	**4**
31 January 2019	15,777	0	0	0	0	**15,777**
31 January 2018	3,890	0	0	0	0	**3,890**
Total value	**30,731**	**2,958**	**930**	**1,137**	**1,256**	**37,012**

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

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

The Council has no material surplus assets.

7. Investment properties

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

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

2020/21 £000		2021/22 £000
7,763	**Balance at 1 April**	**8,067**
304	Changes in fair value	(59)
8,067	**Balance at 31 March**	**8,008**

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).0

Valuation techniques used to determine level 2 for values for investment property

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

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

Highest and best use

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

Valuation process for investment properties

The Council's investment property has been valued as at 31 March 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	7,010	16,092	139,442	159,327
Fair value through profit and loss	19,296	20,088	0	0
Total financial assets (investments)	**26,306**	**36,180**	**139,442**	**159,327**
Debtors				
Financial assets carried at contract amount	25,241	26,002	21,024	19,188
Total financial assets	**25,241**	**26,002**	**21,024**	**19,188**
Creditors				
Financial liabilities carried at contract amount	0	0	30,165	44,503
Total financial liabilities	**0**	**0**	**30,165**	**44,503**

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

(2) Financial assets at fair value through profit and loss – the Council holds £12.42 million in unit trusts with Legal & General and £7.6 million in the CCLA pooled property fund. The Council has applied a statutory override to these which results in the charge to the CIES being reversed out, via the MiRS and into the Financial Instruments Revaluation Reserve.

Financial instrument gains/losses

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

Table 8b Financial instrument gains and losses 2021/22			
	Financial assets		
	Amortisied Costs £000	Fair value through profit and loss £000	Total £000
Interest receivable and similar income	1,266	0	1,266
Other investment income (dividends)	0	733	733
Total income in surplus or deficit on the provision of services	**1,266**	**733**	**1,999**
Gain/(loss) on revaluation	0	2,733	2,733
Surplus arising on revaluation of financial assets	**0**	**2,733**	**2,733**
Net gain/(loss) for the year	**1,266**	**3,466**	**4,732**

Table 8c Financial instrument gains and losses 2020/21			
	Financial assets		
	Loan and receivables Amortised costs £000	Financial assets at fair value through Profit and Loss £000	Total £000
Interest receivable and similar income	1,877	0	1,877
Other investment income (dividends)	0	597	597
Total income in surplus or deficit on the provision of services	**1,877**	**597**	**2,474**
Gain/(loss) on revaluation	0	2,397	2,397
Surplus arising on revaluation of financial assets	**0**	**2,397**	**2,397**
Net gain/(loss) for the year	**1,877**	**2,994**	**4,871**

Fair values of assets and liabilities

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

Table 8d Fair value of assets and liabilities carried at amortised cost				
31-Mar-21			31-Mar-22	
Carrying amount £000	Fair value £000		Carrying amount £000	Fair value £000
139,442	139,442	Short term investments	159,327	159,327
26,301	26,306	Long term investments	36,089	36,180
21,024	21,024	Short term debtors	19,188	19,188
27,646	27,646	Long term debtors	26,002	26,002
214,413	**214,418**	**Total financial assets**	**240,606**	**240,697**
(30,165)	(30,165)	Short term creditors	(44,503)	(44,503)
(30,165)	**(30,165)**	**Total financial liabilities**	**(44,503)**	**(44,503)**

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

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

The fair values for loans and receivables include accrued interest.

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

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

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

9. Debtors

31-Mar-21			31-Mar-22	
Long term £000	Short term £000		Long term £000	Short term £000
	676	Central government bodies		322
	6,897	Other local authorities		4,387
25,906	15,156	Other entities and individuals	26,002	16,759
25,906	**22,729**	**Total debtors**	**26,002**	**21,468**

10. Cash and cash equivalents

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

31 Mar 2021 Restated £000		31-Mar-2022 £000
2	Cash held by the Council	4
2,496	Bank current and instant access accounts	540
8,690	Money market funds	25,090
11,188	**Total cash and cash equivalents**	**25,634**

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

11. Short–term creditors

31 Mar 2021 £000		31-Mar-2022 £000
(13,086)	Central government bodies	(39,839)
(14,357)	Other local authorities	(9,148)
(3,055)	Other entities and individuals	(7,399)
(30,498)		**(56,386)**

12. Provisions

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

31-Mar-2021 £000	Provisions	31-Mar-2022 £000
(3,119)	**Balance at 01 Apr 2021**	**(3,361)**
(242)	Movement in year	1,527
(3,361)	**Balance at 31 Mar 2022**	**(1,834)**

13. Unusable reserves

Revaluation reserve

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

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

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the capital adjustment account.

Table 13a Revaluation reserve		
2020/21 £000		**2021/22 £000**
(11,219)	**Balance at 1 April 21**	**(11,110)**
(229)	Upward revaluation of assets	(1,698)
318	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	1,426
89	**Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services**	**(272)**
20	Difference between fair value depreciation and historical cost depreciation	94
0	Other	1
(11,110)	**Balance at 31 March 22**	**(11,287)**

Financial instruments revaluation reserve

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

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

Table 13b Financial instruments revaluation reserve		
2020/21 £000		**2021/22 £000**
905	**Balance at 1 April**	**(1,492)**
(2,397)	Revaluation of investments	(2,733)
(1,492)	**Balance at 31 March**	**(4,225)**

Capital adjustment account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

Table 13c Capital adjustment account		
2020/21 £000		**2021/22 £000**
(39,839)	**Balance at 1 April**	**(40,937)**
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
495	Charges for depreciation and impairment of non-current assets	749
(561)	Revaluations (gains)/losses on property, plant and equipment	1,523
17	Amortisation of intangible assets	45
1,514	Revenue expenditure funded from capital under statute	1,981
(304)	Movement in the fair value of investment properties	59
0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES*	0
0	Adjusting amounts written out to the revaluation reserve	0
	Capital financing applied in the year:	
(123)	Use of the capital receipts reserve to finance new capital expenditure	(1,090)
(804)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(1,517)
(1,333)	Capital expenditure charged against earmarked reserves	0
1	Other adjustments	1
(40,937)	**Balance at 31 March**	**(39,188)**

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

Pensions reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Table 13d Pensions reserve		
2020/21 £000		**2021/22 £000**
44,187	**Balance at 1 April**	**61,956**
15,153	Remeasurement of the net defined benefit liability/(asset) Actuarial Gain/(loss)	(26,295)
5,205	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	8,564
(2,589)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,756)
61,956	**Balance at 31 March**	**41,469**

Deferred capital receipts reserve

The deferred capital receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the capital receipts reserve.

Table 13e Deferred capital receipts reserve		
2020/21 £000		**2021/22 £000**
(27,575)	**Balance at 1 April**	**(25,998)**
(55)	New deferred capital receipts raised in year	(242)
1,632	Transfer to the capital receipts reserve upon receipt of cash	146
(25,998)	**Balance at 31 March**	**(26,094)**

Collection fund adjustment account

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

Table 13f Collection fund adjustment account		
2020/21 £000		**2021/22 £000**
(114)	**Balance at 1 April**	**7,762**
7,876	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	(7,336)
7,762	**Balance at 31 March**	**426**

Accumulated absences account

The accumulated absences account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from the account.

Table 13g Accumulated absences account		
2020/21 £000		**2021/22 £000**
188	**Balance at 1 April**	**188**
(188)	Settlement or cancellation of accrual made at the end of the preceding year	(188)
188	Amounts accrued at the end of the current year	292
188	**Balance at 31 March**	**292**

14. Interest received, interest paid and dividends received

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

2020/21 £000		**2021/22 £000**
1,886	Interest received	1,266
727	Dividends received	733
2,613	**Total interest received, interest paid and dividends received**	**1,999**

15. Expenditure and income analysed by nature

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

2020/21 £000		2021/22 £000
	Expenditure	
19,234	Employee benefits expenses	24,115
44,295	Other services expenses	44,912
607	Depreciation and amortisation	889
16,390	Business rates tariff	16,390
5,524	Precepts and levies	5,879
1,034	Net interest on net defined benefit liability or asset	1,284
87,084	**Total expenditure**	**93,469**
	Income	
(39,714)	Fees, charges and other service income	(40,634)
(4,431)	Interest, investment income and income from investment property	(3,283)
(33,305)	Income from Council tax and non-domestic rates	(35,629)
(5,378)	Government grants and contributions	(3,959)
(8,799)	Recognised capital grants and contributions	(3,194)
(2,397)	Gain on revaluation of assets	(2,314)
(94,024)	**Total income**	(89,013)
(6,940)	**(Surplus)/deficit on the provision of services**	**4,456**

16. Members' allowances

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

2020/21 £000		2021/22 £000
179	Basic allowance	181
120	Special responsibility allowance	128
2	Expenses	2
301		**311**

17. Employee benefits

Benefits payable during employment

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

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

Table 17a Senior officers' emoluments statutory						
Post title	**Financial year**	**Salary (including fees & allowances)** **£**	**Expenses** **£**	**Total remuneration excluding pension contributions** **£**	**Pension contributions** **£**	**Total remuneration including pension contributions** **£**
Head of paid service	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
	2020/21	0	0	0	0	0

The current chief finance officer, monitoring officer and two deputy chief executives are also heads of service. There are five other heads of service, two of whom are employed by Vale of White Horse District Council.

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

Table 17b Spot pay point - heads of service		
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). Forty nine employees total remuneration, excluding employer's pension contributions, was £50,000 or more.

Table 17c Employee remuneration over £50,000		
Number of SODC/VOWH employees		
2020/21	**Remuneration band £**	**2021/22**
19	50,000-54,999	28
3	55,000-59,999	8
8	60,000-64,999	2
9	65,000-69,999	10
0	70,000-74,999	1

Under the shared working arrangements, the Council recharged a total of £8,109,582 of its salary costs to Vale of White Horse District Council, who in turn recharged £3,592,696 of its salary costs to this Council.

Termination benefits

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

Table 17d Exit packages agreed								
Exit package cost band (including special payments)	**Number of compulsory redundancies**		**Number of other departures agreed**		**Total number of exit packages by cost band**		**Total cost of exit packages in each band £**	
	2020/21	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/22**
£0 - £20,000	0	0	0	0	0	0	0	0
£20,001 - £40,000	0	1	0	1	0	2	0	52,934
£60,001 - £80,000	0	0	1	0	1	0	69,635	0
Total	**0**	**1**	**1**	**1**	**1**	**2**	**69,635**	**52,934**

The total value of exit packages paid in 2021/22 was £52,934.

Post-employment benefits - defined benefit pension schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

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

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

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

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The actuarial valuation of the Fund has been carried out as at 31 March 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 scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The fund has an independent global custodian, BNP Paribas, whose main duties include the safekeeping of the fund's investments, the collection of income and the execution of corporate actions, such as company mergers or takeovers.

In addition, arrangements for the award of discretionary post-retirement benefits are awarded upon early retirement. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension's payments as they fall due.

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

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

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

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

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

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

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

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

Table 17e Transactions relating to retirement benefits

2020/21 £000		2021/22 £000
	Cost of Services:	
4,171	Current service cost	7,249
0	Past Service Cost	31
	Financing and investment income and expenditure	
1,034	Net interest expense	1,284
5,205	**Total post-employment benefit charged to the surplus or deficit on the provision of services**	**8,564**
	Other post-employment benefit charged to the CIES	
	Remeasurement of the net defined benefit liability comprising:	
(18,946)	Return on plan assets (excluding the amount included in the net interest expense)	(9,169)
1,826	Actual (gain) and losses arising on changes in demographic assumptions	(1,544)
33,560	Actual (gain) and losses arising on changes in financial assumptions	(8,862)
(1,287)	Other	(6,720)
15,153	**Total post-employment benefit charges to the comprehensive income and expenditure statement**	**(26,295)**
	Movement in Reserves Statement	
5,200	Reversal of net charges made to the surplus or deficit for the Provision of Services for post-employment benefits in accordance with the code	8,564
	Actual amount charged against the general fund balance for pensions in the year:	
2,589	Employers' contributions payable to scheme	2,756

Transactions relating to retirement benefits

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

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

17f Pension assets and liabilities recognised in the balance sheet		
2020/21 £000		**2021/22 £000**
109,516	Fair value of employer assets	109,078
(167,391)	Present value of funded liabilities	(146,767)
(4,081)	Present value of unfunded liabilities	(3,780)
(61,956)	**Net liability arising from defined benefit obligation**	**(41,469)**

17g Reconciliation of the movements in the fair value of the scheme assets		
2020/21 £000		**2021/22 £000**
89,786	Opening balance at 1 April	**109,516**
2,049	Interest on assets	2,176
18,946	Return on assets less interest	9,169
2,589	Employer contributions	2,756
845	Contributions by scheme participants	927
(4,699)	Benefits paid	(4,927)
0	Remeasurement - other experience	(10,539)
109,516	**Closing present value of scheme assets**	**109,078**

17h 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**
(133,973)	**Opening balance at 1 April**	**(171,472)**
(4,171)	Current Service Cost	(7,249)
(3,083)	Interest cost	(3,460)
(845)	Contributions by scheme participants	(927)
(1,826)	Actual (gains) and losses arising on changes in demographic assumptions	8,862
(33,560)	Actual (gains) and losses arising on changes in financial assumptions	1,544
1,287	Other	17,259
0	Past service costs	(31)
4,699	Benefits paid	4,927
(171,472)	**Closing present value of liabilities**	**(150,547)**

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

Table 17i Breakdown of fund assets at fair value								
2020/21					2021/22			
Quoted £000	Non quoted £000	Total £000	%		Quoted £000	Non quoted £000	Total £000	%
				Equities				
				Bonds:				
8,956		8,956	10	Government bonds	2,240		2,240	2
2,819		2,819	2	Other	593		593	1
4,759		4,759	4	Private equity	5,362	1	5,363	5
	88,979	88,979	81	Other investment funds		98,520	98,520	90
124		124	0	Foreign exchange	(8)		(8)	0
3,879		3,879	3	Cash and cash equivalents	2,370		2,370	2
20,537	**88,979**	**109,516**	**100**	**Total**	**10,557**	**98,521**	**109,078**	**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 South Oxfordshire 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.

It has adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 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 17j 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:	
22.4yrs	Men	22.3yrs
24.7yrs	Women	24.9yrs
	Longevity at 65 for future pensioners:	
23.4yrs	Men	23yrs
26.3yrs	Women	26.3yrs
	Other assumptions	
2.85%	Rate of general increase in salaries	3.20%
2.85%	Rate of increase to pensions	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 then scheme, i.e. on an actuarial basis using the projected unit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Other assumptions are that:

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

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

Table 17k Sensitivity analysis		
Change in assumption at 31 Mar 2022	**Approximate increase in employer liability**	
	%	**£000**
0.1% decrease in real discount rate	2	2,507
1 year increase in member life expectancy	4	6,022
0.1% increase in the salary increase rate	0	291
0.1% increase in the pension increase rate *	2	2,198

In order to quantify the impact of a change in the financial assumptions used it has calculated and compared the value of the scheme liabilities as at 31 March 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 it has estimated that a one-year increase in life expectancy would approximately increase the employer's Defined Benefit Obligation by around 3-5 per cent. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply to younger or older ages).

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

Impact on the Council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible, at a reasonable cost to the scheme employers and taxpayers, whilst ensuring the overall solvency of the fund. There are no minimum funding requirements, but contributions are generally set to target a funding level of 100 per cent. Funding levels are monitored regularly, and the 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 revalued earnings schemes to pay pensions and other benefits.

The actuarial estimate of the duration of the Council's liabilities is 19 years. The Council paid £2.09 million in contributions to the scheme in 2022/23.

Mcloud Judgement

An estimated McCloud judgement allowance has been added to the formal valuation results so the impact is continued to be included within the balance sheet at 31 March 2022 (as per the 2021 accounting approach)

18. External audit costs

The Council has incurred the following costs in relation to the audit of the statement of accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors.

In 2021/22 external audit services were provided by Ernst & Young LLP.

2020/21 £000		2021/22 £000
58	Fees payable with regard to external audit services carried out by the appointed auditor for the year	62
10	Fees payable to external auditor for the certification of grant claims and returns for the year	11
68		**73**

19. Grant income

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

2020/21 £000		2021/22 £000
	Credited to taxation and non-specific grant income	
20,082	Retained business rates	21,374
(16,390)	Business Rates Tariff	(16,390)
17	Council tax family annexe	18
13,205	Council tax income	14,237
7,202	Developers and other contributions	1,643
0	Lower tier serivice grant	130
0	Rural Services Delivery Grant	44
1,640	Disabled facilities grant	1,551
2,747	New homes bonus	2,549
2,589	Covid grant	1,236
31,092	**Total**	**26,392**
	Credited to services	
125	Didcot Garden Town	(1)
150	Berinsfield Regeneration	50
360	Homelessness Support Grant	502
361	Housing benefit - admin	367
19,636	Housing benefit - subsidy	18,366
31	Leader	23
80	Neighbourhood planning	40
185	New burdens revenue and other grants	36
187	NNDR collection allowance	178
69	Partnership & community safety	204
30	Universal Credit	3
386	Community Hub (Covid Grants)	262
21,598	**Total**	**20,030**

20. Related parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Related parties include:

Central Government: Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Grants received from government are shown in note 19 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: Members have direct control over the Council's financial and operating policies. During the year no members have undertaken any declarable, material transactions with the Council. Details of any transactions would be recorded in the register of members' interests, open to public inspection at the Council's offices. This is in addition to a specific declaration obtained from all Councillors in respect of related party transactions. Members have declared an interest in one of the following organisations:

- Chiltern Conservation Board
- SOFEA
- Henley YMCA

As at publication, the below elected member had yet to return their declarations:

Councillor Lorraine Hillier

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

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

Officers of the Council: The senior officers of the Council have control over the day to day management of the Council and all heads of service and management team members have been asked to declare any related party transactions. Officers have declared an interest in the following organisation:

- Great Western Society (Didcot Railway Centre)

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

21. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

Table 21a Capital expenditure and financing		
2020/21 £000		**2021/22 £000**
	Capital investment:	
625	Property, plant and equipment	599
121	Intangible assets	27
1,514	Revenue expenditure funded from capital under statute	1,981
2,260	**Total capital investment**	**2,607**
	Sources of finance:	
(123)	Capital receipts	(1,090)
(804)	Government grants and other contributions	(1,517)
(1,333)	Earmarked revenue reserves	0
(2,260)	**Total financing**	**(2,607)**

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

Table 21b Capital financing requirement		
2020/21 £000		**2021/22 £000**
0	**Opening CFR**	**(52)**
33,808	Property, plant and equipment	32,312
8,067	Investment properties	8,008
124	Intangible assets	106
12,773	Long term investments (note 1)	12,425
(40,939)	Capital adjustment account	(39,188)
(11,110)	Revaluation reserve	(11,287)
(24)	Financial instrument revaluation reserve (note 1)	(1,622)
(2,751)	Unit trust dividend reinvested reserve (note 2)	(803)
(52)	**Closing CFR**	**(101)**

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

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

22. Leases

Council as lessee

Finance leases – the Council has no finance leases.

Operating leases – The Council has one material operating lease for the office at 135 Eastern Avenue Milton Park, which its shared with Vale of White Horse District Council

Council as lessor

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

- The Orchard Centre – 150-year lease signed in 2004
- Gym, Cattle Market, Thame – 90-year lease signed in 1976
- Industrial estate, Thame – 10 leases in excess of 76 years duration expiring between 2061 and 2096 (see note 26)
- The Orchard Centre Phase II – 150-year lease signed in 2017

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

Table 22a Interest in finance lease		
	2020/21 £000 Restated	**2021/22 £000**
Finance lease debtor (net present value of minimum lease payments):		
Current	0	0
Non-current	0	0
Unearned finance income	13,710	13,713
Unguaranteed residual value of property	12,156	12,156
Gross investment in the lease	**25,866**	**25,869**

- The 2020/21 comparative figures were found to be inaccurate due to cashflows being calculated from the lease start date rather than the balance sheets date and have been restated. In the 2020/21 financial statements the published figures were: Unearned finance income £8,641,000, Unguaranteed residual value of property £12,145,000 and Gross investment in the lease £20,786,000.

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

Table 22b Minimum finance lease payments				
	Gross investment in the lease		**Minimum lease payments**	
	2020/21 Restated £000	**2021/22 £000**	**2020/21 Restated £000**	**2021/22 £000**
Not later than 1 year	754	754	754	754
Later than 1 year and not later than 5 years	2,598	2,598	2,598	2,598
Later than 5 years	22,514	22,517	10,358	10,361
Total	**25,867**	**25,869**	**13,710**	**13,713**

- The 2020/21 comparative figures were found to be inaccurate due to cashflows being calculated from the lease start date rather than the balance sheet date and have been restated. In the 2020/21 financial statements the published figures were:

	Gross Investment in the lease £000	Minimum Lease Payment £000
Not later than one year	445	445
Later than one year and not later than five years	1,568	1,568
Later than five years	19,523	6,628
Total	21,536	8,641

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

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

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

Table 22c Future minimum lease payments receivable		
	2020/21 £000	2021/22 £000
Not later than one year	509	508
Later than one year and not later than five years	1,467	1,461
Later than five years	2,942	2,578

23. 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.

24. Contingent assets

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

25. Nature and extent of risks arising from financial instruments

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

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council;

- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;

- **Re-financing risk** - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;

- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

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

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

Credit risk

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

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

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

Table 25a Credit criteria				
Deposits with banks and other financial institutions	**Min. Rating / Other Criteria**	**Counter-party Limit** **£000**	**Amount at 31 Mar 2022** **£000**	**Maturity Limit**
Banks				
Goldman Sachs International	F1	15,000	11,000	2 years
Nat Bank of Kuwait International	F1	15,000	3,000	2 years
Royal Bank of Scotland	UK Sovereign	20,000	2,099	4 years
Santander	F1	15,000	410	2 years
Building Societies				
Cambridge	assets > £1,000m	10,000	3,000	12 months
Cumberland	assets > £1,000m	10,000	2,000	12 months
Furness	assets > £1,000m	10,000	9,000	12 months
National Counties	assets > £1,000m	10,000	8,500	12 months
Monmouthshire	assets > £1,000m	10,000	9,000	12 months
Progressive	assets > £1,000m	10,000	5,500	12 months
Saffron	assets > £1,000m	10,000	6,000	12 months
Newcastle	assets > £3,000m	12,000	4,000	12 months
Nottingham	assets > £3,000m	12,000	5,000	12 months
Principality	assets > £5,000m	15,000	10,500	12 months
Skipton	assets > £5,000m	15,000	7,000	12 months
West Bromwich	assets > £5,000m	15,000	8,000	12 months
Money Market Funds				
Goldman Sachs	AAA	20,000	20,400	Liquid
Blackrock	AAA	20,000	4,690	Liquid
Local Authorities				
Blaenau Gwent CBC		20,000	7,000	25 years
Gravesham BC		20,000	6,000	25 years
Surrey Heath		20,000	3,000	25 years
Thurrock BC		20,000	20,000	25 years
Wokinghan BC		20,000	5,000	25 years
Housing Associations				
Places for People	F1	15,000	15,000	2 years
Property Funds				
CCLA Property Fund		10,000	7,663	Variable
Managed Funds				
Unit trusts	F1	10,000	12,425	Variable
Total			**195,187**	

The full annual investment strategy for 2021/22 was approved by full Council on 11 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 of £195 million cannot be assessed generally as the risk of any institution failing to repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all the Councils’ deposits but there was no evidence at 31 March 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 debts based on the debtors' information at the year end. The 'past due' amount is analysed below. During the reporting period the Council held no collateral as security.

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

Table 25b Short term debtors aged debt analysis	**Total £000**
Less than three months	17,590
Three months to six months	206
six months to one year	161
Over one year	3,511
Total	**21,468**

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 the comprehensive cash management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council is able to access borrowing from the money markets and the Public Works Loans Board.

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

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

Refinancing and maturity risk

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

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

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

Table 25c Refinancing and maturity risk		
31 Mar 2021 £000		**31 Mar 2022 £000**
137,452	Less than one year	159,291
7,005	Between one and two years	10,091
0	Between two and three years	3,000
19,301	More than three years	23,095
163,758	**Total**	**195,477**

Difference to table 25a is accrued interest

Market risk

a) Interest rate risk

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

- investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise
- investments at fixed rates – the fair value of the assets will fall.

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

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

According to this assessment strategy, at 31 March 2022, if interest rates had been one per cent higher with all other variables held constant, the financial effect would be:

Table 25d Interest rate risk		
2020/21 £000		**2021/22 £000**
(90)	Increase in interest receivable on variable rate investments	(251)
(90)	**Impact on surplus or deficit on the provision of services**	**(251)**

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

b) Price risk

The Council holds an investment in unit trust equity shares to the value of £12million and an investment in a pooled property fund to the value of £7.6 million. Whilst these investments are primarily held for interest earning potential, the Council is exposed to losses and gains arising from the movement in prices of the shares held.

The shares are classified as financial instruments. This means that all movements in price will impact on gains and losses recognised in the financial instrument revaluation reserve.

A movement of five per cent in the price of shares (positive or negative) would result in a £1.0 million gain or loss being recognised in the financial instrument revaluation reserve.
The Council is not in a position to limit its exposure to price movements by further diversifying its portfolio.

26. Critical judgements in applying accounting policies

In applying the accounting policies set out on pages 71-86 the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are:

Leases

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

Funding

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

Investment properties

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

Operational Properties

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

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

Business rates

Since the introduction of the business rates retention scheme effective from 1 April 2013, Councils are liable for successful appeals against business rates charged to businesses in 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 rate appeals provision at this date amounted to £1.8 million. This has decreased by £1.5 million from the previous year.

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 £26.5 million. A review of significant balances suggested that an impairment of doubtful debts of £4.1 million was appropriate. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

Pensions

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

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

28. Accounting standards issued but not yet adopted

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

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

29. Post Balance Sheet Events

There are no material events after the balance sheet date.

30. Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2021/22) in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate.

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 £115.4 million. As at the 31 March 2021, the Council had General Reserves of £63.5 million which subsequently declined to £57.8 million by the 31 March 2022. Both figures are significantly above the Council's minimum recommended prudent balance of £4.5 million. The Council prepared a five-year medium term financial plan in February 2023 which forecast General Reserves of £50.7 million by March 2025

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

The Council carries out functions essential to the local community and if financial difficulties were encountered alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As this is not the case the accounts have been prepared under the Code which assumes that services will be provided for the foreseeable future, at least until March 2025

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Collection fund account

2020/21		2021/22			Notes
Total		**Council tax**	**NNDR**	**Total**	
£000	**Income**	**£000**	**£000**	**£000**	
(118,972)	Council taxpayers	(125,410)		(125,410)	
	Transfers from general fund:				
(28,918)	- Income from business ratepayers		(38,407)	(38,407)	
(147,890)		**(125,410)**	**(38,407)**	**(163,817)**	
	Expenditure				
	Precepts and demands:				
91,567	Oxfordshire County Council	96,336		96,336	
12,961	Police and Crime Commissioner	14,146		14,146	
13,290	South Oxfordshire DC	14,117		14,117	
	Business Rates:			0	
21,858	Payments to Government		11,847	11,847	
4,368	Payments to Oxfordshire County Council		2,369	2,369	
17,593	Payments to South Oxfordshire DC		9,478	9,478	
175	Cost of Collection		178	178	
	Provisions:			0	
5,808	Provision for bad debts	899	(155)	744	*3*
604	Provision for appeals		(3,817)	(3,817)	*3*
168,224		**125,498**	**19,900**	**145,398**	
20,334	**(Surplus)/deficit for the year**	**88**	**(18,507)**	**(18,419)**	
	Collection fund balance				
(3,209)	Balance brought forward at 1 April	(3,132)	20,257	17,125	
20,334	(Surplus)/deficit for the year, as above	88	(18,507)	(18,419)	
17,125	**Balance carried forward at 31 March**	**(3,044)**	**1,750**	**(1,294)**	
	Allocated to:				
10,129	Central Government		875	875	
(412)	Oxfordshire County Council	(2,353)	175	(2,178)	
(341)	Police and Crime Commissioner	(346)		(346)	
7,749	South Oxfordshire District Council	(345)	700	355	
17,125		**(3,044)**	**1,750**	**(1,294)**	

Notes to the collection fund account

1. Business rates (Non-Domestic Rates)

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

	£
NNDR rateable value as at 01 Apr 2021	117,303,501
NNDR rateable value as at 31 Mar 2022	118,467,190

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 shown below:

Band	Number of properties	Band multiplier	Band D equivalent
A	2,111	6/9	1,407
B	5,689	7/9	4,425
C	17,260	8/9	15,342
D	14,405	9/9	14,405
E	10,215	11/9	12,485
F	6,348	13/9	9,169
G	5,927	15/9	9,878
H	902	18/9	1,804
	62,857		**68,916**
		Discounts and exemptions	(7,890)
		Class O exempt properties	(661)
		Sub total	**60,365**
		Assumed losses on collection	(1,194)
		Council tax base	**59,171**

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

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

2020/21 £000	Council tax	2021/22 £000
(3,725)	Balance at 1 April	(5,690)
0	(Write back)/write off of debt during year	5
(1,965)	(Increase)/decrease in provisions during year	(899)
(5,690)	**Balance at 31 March**	**(6,585)**

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

2020/21 £000	Council tax	2021/22 £000
(420)	Balance at 1 April	(645)
0	(Write back)/write off of debt during year	1
(225)	(Increase)/decrease in provisions during year	(98)
(645)	**Balance at 31 March**	**(742)**

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

2020/21 £000	NDR	2021/22 £000
(1,483)	Balance at 1 April	(5,456)
0	(Write back)/write off of debt offs during year	31
(3,973)	(Increase)/decrease in provisions during year	156
(5,456)	**Balance at 31 March**	**(5,269)**

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

2020/21 £000	NDR	2021/22 £000
(645)	Balance at 1 April	(2,182)
0	(Write back)/write off of debt offs during year	12
(1,537)	(Increase)/decrease in provisions during year	62
(2,182)	**Balance at 31 March**	**(2,108)**

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

2020/21 £000	NDR	2021/22 £000
(7,798)	Balance at 1 April	(8,402)
(604)	(Increase)/decrease in provisions during year	3,816
(8,402)	**Balance at 31 March**	**(4,586)**

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

2020/21 £000	NDR	2021/22 £000
(3,119)	Balance at 1 April	(3,361)
(242)	(Increase)/decrease in provisions during year	1,527
(3,361)	**Balance at 31 March**	**(1,834)**

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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 3 months i.e. money market funds, call accounts and deposit accounts with a notice period of 3 months or less.

Equity investments are excluded from the definition.

(iv) Prior period adjustments, changes in accounting policies and estimates and errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(v) Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing required. As at 31 March 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 pensions liability is analysed into the following components:

- Service cost comprising:

  - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the CIES to the services for which the employees worked.

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

▪ Remeasurements comprising:

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

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

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MiRS this means that there are appropriations to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid 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 costs, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

Financial assets measured at fair value through profit and loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services except where a statutory override applies in which case, they will be recognised in an unusable financial instruments reserve.

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

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

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

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date,

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

Level 3 inputs – unobservable inputs for the asset.

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

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

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

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

(ix) Foreign currency translation

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

(x) Government grants and contributions

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

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

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

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

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

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

(xi) Intangible assets

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

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

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

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

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

(xii) Interests in companies and other entities – jointly controlled operations and jointly controlled assets

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

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

(xiii) Inventories and long-term contracts

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

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

(xiv) Investment property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants' perspective. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the general fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the MiRS and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

(xv) Leases

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

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

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

The Council as lessee

Finance leases

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

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability; and
- A finance charge (debited to the financing and investment income and expenditure line in the CIES).

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

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

Operating leases

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

The Council as lessor

Finance leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is a creditor to the other operating expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease.

(xvi) Overheads and support services

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

(xvii) Property, plant and equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

- Infrastructure, community assets and assets under construction - depreciated historical cost;

- Surplus assets – fair value, estimated at highest and best use from a market participant's perspective;

- All other assets – current value, determined as the amount that would be paid for the asset in its existing use.

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

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

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);

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

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

When assets are formally revalued, the accumulated depreciation and impairment balances are written down. The revaluation reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);

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

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

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

Depreciation

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

- Buildings and infrastructure assets – straight line allocation over the useful life of the property as estimated by the valuer;

- Vehicles, plant, furniture and equipment – on a straight-line basis, generally over the useful life of the asset.

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

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

Disposals and non-current assets held for sale

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

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

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

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

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

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

(xviii) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES when the authority has an obligation , and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent liabilities

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

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

Contingent assets

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

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

(xix) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the general fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the CIES. The reserve is then appropriated back into the general fund balance in the MiRS so that there is no net charge against Council tax for the expenditure.

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

(xx) Revenue expenditure funded from capital under statute

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

(xxi) Value Added Tax (VAT)

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

(xxii) Fair Value Measurement

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

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

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

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

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

(xxiii) Council Tax and Non-Domestic Rates (England)

Billing authorities act as agents, collecting Council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting Council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of Council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The Council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of Council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the authority's share of the end of year balances in respect of Council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the collection fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Glossary of terms

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

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

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

Accounting policies do not include estimation techniques.

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

Accounting standards - A set of rules explaining how accounts are to be kept. By law, local Councils must follow ‘proper accounting practices’, which are set out in 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 changes 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 or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give a true and fair presentation of the accounts.

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

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

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

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

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

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

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

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

Gains/losses on settlements and curtailments – the results of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. Debited to the net costs of services as part of non-distributed costs.
General fund – the main revenue account of an authority, which summarises the cost of all services provided by the Council which are paid for from amounts collected from Council taxpayers, government grants and other income.

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

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

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

IAS 19 – International Accounting Standard 19 requires the Council to account for assets and liabilities which are in held 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 of this is computer software.

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

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

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

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

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

Net current replacement cost – the cost of replacing or recreating the particular asset in its existing condition and in its existing use.

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

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

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

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

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

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

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

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

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

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

Related parties – This is defined under Financial Reporting Standard 8. The Council is required to disclose material transactions with related parties, which can include central government, subsidiary and associated companies, the Pension Fund, other Councils, and chief and senior officers. IAS24 requires attention to be drawn to the possibility that the reported financial position may have been affected by the existence of related parties and by material transactions with them.

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

Remuneration – all sums paid to or receivable by an employee and sums due by way of expenses, allowances (as far as those sums are chargeable to UK income tax) and the 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 with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

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

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

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

Annual governance statement

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

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