



Listening Learning Leading

# **SOUTH OXFORDSHIRE DISTRICT COUNCIL**

## **STATEMENT OF ACCOUNTS 2023/24**

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# Narrative Statement

## Introduction

This narrative statement provides a commentary on South Oxfordshire District Council's (Council) performance during 2023/24. It is a guide to the Council's performance against key targets, the most significant matters reported in the accounts, an explanation in overall terms of the Council's financial position at the end of the financial year, and a commentary on the Council's future prospects. This statement does not form part of the financial statements.

To assist the reader, a glossary of financial terms is provided on **pages 85-92**

## 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 2024 and summarises the overall financial position of the Council as at 31 March 2024. It is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom ("the code"). The accounts have been compiled under International Financial Reporting Standards (IFRS).

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

# Introduction to South Oxfordshire District



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

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

Employment within South Oxfordshire is high and at the end of 2023, 84 per cent of all individuals aged between 16 and 64 were in employment<sup>3</sup>. This compares to an average for Great Britain as a whole of 75.8 per cent.

As at May 2024 only 2 per cent of working age individuals within South Oxfordshire were in receipt of out of work benefits<sup>4</sup>, compared to 3 per cent for the South East of England and 3.9 per cent for Great Britain as a whole.

In 2023 the ratio of median house prices to median gross annual workplace based earnings<sup>5</sup> was 11 – considerably above the English and Wales average of 8.14. This means that many people, especially those on lower incomes and/or the young, cannot afford to buy and may have to look outside the district for housing.

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

## **How Performance is Measured**

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

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<sup>1</sup> NOMIS – *Labour Market Profile: South Oxfordshire* (total resident population 2021)

<sup>2</sup> Office for National Statistics – *Population projections local authorities SNPP Z1* 2018 dataset

<sup>3</sup> NOMIS – *Labour Market Profile: All people economically active – In employment* (Jan 2023 – Dec 2023)

<sup>4</sup> NOMIS – *Labour Market Profile: All claimants South Oxfordshire* (May 2024)

<sup>5</sup> Office for National Statistics – *Housing affordability in England and Wales: 2023*

## The Council Corporate Priorities

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

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

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

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

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

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

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

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

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

The annual performance review for 2023/24 aims to offer a high-level evaluation of both actions done during the preceding 12 months (April 2023 to March 2024) and progress made towards the objectives specified in the Corporate Plan.

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

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

## **PROTECT AND RESTORE THE NATURAL WORLD**

South Oxfordshire is a largely rural district, including parts of two National Landscapes and the Oxford Green Belt, as well as a long stretch of the River Thames. The Council aims to respect and protect our national environment and champions the opportunity to restore our natural world to connect urban landscapes to their local green spaces and restore nature to more urban environments.

During the year the Council continued to progress a natural flood management plan at Littleworth. The Environment Agency have now approved the design condition for work to commence in the early part of 2024/25. The Economic Development Team have also worked with the Garden Communities team regarding use of the UK Shared Prosperity Funding to support small scale green infrastructure in Berinsfield and Didcot.

To help support the local visitor economy, a short-term action plan has been agreed to focus upon tangible support schemes for businesses and establish an improved digital promotional presence that can be directly managed by the Council's Economic Development team. South Oxfordshire remains a member of the OxLEP Local Enterprise Partnership steering group for development of the Oxfordshire Destination Management Plan – with the intention of ensuring the steering group's work complements the Council's own visitor economy strategy.

The Council has also continued to support work of the Food Action Working Group and the development of local action plans related to the Oxfordshire Food Strategy.

## **OPENNESS AND ACCOUNTABILITY**

The Council continues to increase the information that it provides through the data hub section of its website in order to increase public understanding of what the Council does, how it works and how decisions are made. Public meetings are livestreamed and recordings remain available on the Council's YouTube channel for a year after the meeting date.

In Quarter four, the Council publicised information on a number of key issues, including the adoption of a new Air Quality Action Plan and the introduction of Biodiversity Net Gain, among others.

The Council has also continued to develop and run surveys and consultations via its online engagement platform – Join the Conversation. It has grown its presence on social media and is exploring ways to better engage with local business and Officers are now looking into creating dedicated WhatsApp Channels for specific service areas with high demand, such as waste services.

As part of the Joint Local Plan consultation, the Council held community events for residents and community groups and the Climate and Engagement teams issued a survey to find out where town and parishes are in their climate journeys and what support they would like from the Council. Information gathered will now be reviewed to determine how best to processed.

To support voter engagement, during the year the Council has provided a variety of election communication materials to parishes, community groups and businesses to share with residents to encourage registration and raise awareness of the need for voter identification.

The Council continues to promote diversity and inclusion through the marking of events contained within the Diversity and Social Campaign Calendar. Work has also continued during 2023/24 on reviewing the Council's Constitution.

## **ACTION ON THE CLIMATE EMERGENCY**

The Climate Emergency poses a great challenge for society and on people's ability to adapt their lives and behaviours to ensure a safe and resilient future. The Council aims to show leadership by developing and implementing a climate change programme to make the Council net carbon neutral by 2025.

The Council has been awarded £1.49 million from the Public Sector Decarbonisation Scheme for specific work to decarbonise the Park Sports Centre, Wheatly and Didcot Wave Swimming Pool and £160,000 of funding was secured to install photovoltaic panels at Thame Leisure Centre.

In conjunction with the Vale of White Horse District Council, a proposal was submitted to Innovate UK to fund a research project to trial an Electric Refuse Collection Vehicle for recycling and household waste.

Oxfordshire County Council – in partnership with Oxford City Council and West Oxfordshire, Cherwell, the Vale of White Horse and South Oxfordshire District Council – have submitted a bid to receive £3.66 million in Local Electric Vehicle Infrastructure funding in order to develop charging infrastructure across the County.

In Quarter Four, the Council held a public consultation on the Joint Local Plan to seek views on preferred policy options and draft policies including those relating to sustainable design and construction, net zero carbon buildings, reducing embedded carbon, sustainable retrofitting and renewable energy. Officers are now reviewing comments received. A Net Zero Carbon Evidence study was published alongside the consultation by the sustainability consultancy, Bioregional. An additional element of this work – regarding renewable energy schemes – will be published in Autumn 2024.

The Council remains involved in shaping and participating in County-wide initiatives through the Future Oxfordshire Partnership (FOP). During the latter half of 2023/24, Officers have worked with the FOP's Environmental Advisory Group to develop an approach to Local Area Energy Planning, which is one of the five priority actions on the Oxfordshire Net Zero Route Map and Action Plan.

## **IMPROVED ECONOMIC AND COMMUNITY WELL BEING**

During 2023/24 the Council tendered for a research study on understanding the net zero challenge for Small and Medium sized Enterprises (SMEs) in the South Oxfordshire and Vale of White Horse District Council areas. The aim of the exercise was to gather information on the attitude of local businesses to the concept of net zero and their awareness of decarbonisation goals and to help inform use of 2024/25 UK Share Prosperity Fund monies.

The study was ultimately undertaken by Oxford Brookes University and the draft findings were presented to Officers of the Councils during Quarter Four. The Final report is expected to be issued in Quarter One of 2024/25.

The Council, in collaboration with Tourism South East, also commissioned a visitor research economy research project during the year. A short term action plan to support the visitor economy was finalised during Quarter Four which focused on tangible support schemes for businesses and established an improved digital promotional presence.

The Council continues to be a member of the Oxford Local Enterprise Partnership steering group for development of the Oxfordshire Destination Management Plan and remains involved in shaping and participating in County-wide initiatives through the Future Oxfordshire Partnership (FOP).

The Council has adopted three pledges from the Oxfordshire Inclusive Economic Partnership (OIEP) charter – a group which sits under the umbrella of the FOP. These include having regard to the social value that a supplier can offer the local community and the buying of goods/services from purposeful local organisations, which will have a direct affect on how the Council does business with local SMEs. Work to implement these pledges will accelerate in Quarter One of the 2024/25 financial year.

During the year, Officers have also continued to work with the voluntary and community sector in response to the cost of living crisis, particularly in relation to good initiatives and the provision of support to those most in need.

## **HOMES AND INFRASTRUCTURE THAT MEET LOCAL NEEDS**

The Council strives to ensure that new homes and infrastructure in South Oxfordshire meet local needs, are sustainable, zero carbon in build and operation and high quality in design, with new developments accessible with walking, cycling and public transport a priority.

The average price of a home in the District is many times higher than the average salary, particularly for the young and renting is also expensive.

At the end of 2023/24, the number of households in temporary accommodation was 26 – an increase from Quarter Three and a reflection on the rising number of homelessness presentations.

During the year the Council has seen a record number of homelessness approaches. This has been caused by a combination of factors, including the cost of living crisis and decline in availability of affordable private rented properties. The rolling six month average length of stay in emergency accommodation was 38 nights, below the Council's ceiling target of 42 nights.

In Quarter Four the rate of successful homelessness prevention was 73 per cent. Whilst this was below the Council's own very challenging target of 80 per cent, it remains considerably above the South East prevention rate of 51 per cent. The most likely outcome for households where homelessness is not prevented is a stay in emergency or temporary accommodation which is both disruptive for the household and expensive for the Council.

As part of the Council's commitment to safeguarding and supporting the District's vulnerable residents and is a member of the Homelessness Steering Group, Young Persons Steering Group, the Joint Management Group of Alliance Homelessness Services and the Homelessness Directors Group.

During Quarter Four an important milestone was reached in development of the Joint Local Plan, with a public consultation which ran in January and February. The consultation asked for view on our preferred policy options and draft policies. Officers are currently reviewing comments received.

A Net Zero Carbon Evidence Study, undertaken by the sustainability consultants, Bioregional was published alongside the Joint Local Plan consultation. An additional element of this work – regarding renewable energy schemes – will be published in Autumn 2024.

Towards the end of the financial year, the Didcot Wayfinding and Green Infrastructure Strategies were finalised. These will be considered for approval by Cabinet in the first Quarter of 2024/25. The Didcot Public Arts Plan has also been progressed and the final draft is expected in Quarter One.

Work has progressed on Stage One of the construction project to deliver net zero homes at a council owned site in Didcot and an application has been submitted for Brownfield Land Release Funding to unlock delivery on the site.

Officers have also continued to provide support to the County Council on the development of the Strategic Active Travel Network, which seeks to provide a network of travel routes across Oxfordshire.

## **INVESTMENT THAT REBUILDS OUR FINANCIAL VIABILITY**

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

In February, the Council agreed a balanced budget for the next financial year. To fund delivery of services, council tax will increase by 3.6 per cent from 2023/24 levels. This equates to £5 a year (just under 10p a week) for a Band D property, bringing the total charge to £146.24 a year (£2.81 per week). This is over 30 per cent lower than the national average for a Shire District authority.

An asset management plan is being developed following a Strategic Property Review which completed during the year. In February 2024, Cabinet endorsed a development action plan for the Cornerstone Arts Centre which is intended to secure the Centre's long-term sustainability by maximising its community benefit and financial efficiency.

The Council was awarded £1.49 million from the Public Sector Decarbonisation Scheme which will support work to decarbonise Park Sports Centre, Wheatley and Didcot Wave Swimming Pool. Work has also been undertaken on a bid for Low Carbon Skills Funding that would be used to develop heat decarbonisation plans.

In conjunction with the Vale of White Horse, the Council has submitted a proposal to Innovate UK to fund a research project to trial Electric Refuse Collection Vehicle for recycling and household waste.

The Council has also submitted applications to the Great Western Railway and Community Infrastructure Fund for pedestrian improvements to railway station approaches in Henley, Shiplake and Cholsey.

### **Financial Performance 2023/24**

The paragraphs below show the Council's financial performance for 2023/24 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 2023/24**

The Council's funding requirement for 2023/24, including parish precepts, was £20.0 million, after accounting for the use of reserves and investment income. Direct Service Expenditure for the year was £1.9 million below budget as shown in the table below, analysed across the Council's service areas. However, when treasury management and business rates income are taken into account the underspend increases to £3.5 million.

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

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<b>Service Expenditure</b>	<b>Budget £'000</b>	<b>Actual £'000</b>	<b>Variance £'000</b>
Strategic Management Board	872	844	(28)
Corporate Services	2,936	3,024	89
Development & Corporate Landlord	785	631	(154)
Finance	874	538	(337)
Housing & Environment	6,686	6,685	(2)
Legal Services	1,605	1,787	182
Partnership & Insight	2,276	2,283	8
Planning	431	1,464	1,033
Policy & Programmes	6,897	3,536	(3,360)
Contingency	(623)	0	623
<b>Direct Service Expenditure</b>	<b>22,739</b>	<b>20,794</b>	<b>(1,945)</b>
Interest	(5,206)	(8,584)	(3,378)
Government Grant Income	62	(2,305)	(2,366)
Transfer to / from Reserves	(4,236)	(27)	4,210
<b>Net Revenue Spend</b>	<b>13,359</b>	<b>9,878</b>	<b>(3,481)</b>
Use of Reserves to balance budget		(16)	(15)
Net Revenue Spend		3,481	3,481
Government Funding		212	212
<b>Budget Requirement set by Council</b>	<b>13,359</b>	<b>13,554</b>	<b>197</b>
Parish Precepts	6,662	6,662	0
<b>Total Funding Requirement</b>	<b>20,021</b>	<b>20,216</b>	<b>197</b>
Rural Service Delivery Grant (RSDG)	(44)	(59)	(15)
Council Tax Income	14,709	15,727	1,018
Retained Business Rates	5,356	4,548	(808)
<b>Total Funding</b>	<b>20,021</b>	<b>20,216</b>	<b>196</b>

Of the £3.4 million net revenue underspend above, £2.8 million represents slippage in one-off budgets that have been requested for carry forward to 2024/25. The largest carry forwards are in Policy & Programmes and include £0.6 million for the Berinsfield and £0.7 million for projects in Didcot.

### Capital Outturn 2023/24

Capital expenditure totalled £11.8 million in 2023/24 and was £15.9 million below the working budget. Material capital expenditure projects include £4.1 million on new housing property and £1.3 million on 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 2023/24 will be considered in an outturn report to Scrutiny Committee in September 2024

## **Treasury Management 2023/24**

In accordance with the Treasury Management Strategy, by actively managing its investments, the Council earned interest and investment income of £8.5 million against a budget of £5.2 million. Of this income, £0.8 million represents dividends accumulated on the Council's unit trust holdings, which are distributed as additional units. £3.0 million of treasury income earned in 2023/24 will be used to fund future revenue budgets.

Further details on treasury management for 2023/24 will be provided in an outturn report to be considered later in the calendar year by the Joint Audit and Governance Committee and Cabinet and by full Council meeting.

## **Comprehensive Income and Expenditure Statement (CIES) 2023/24**

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 £36.8 million, the Council had a surplus on provision of services of £6.5 million.

This position 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 £15.1 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 £204.9 million to £220.1 million at 31 March 2023, an increase of £15.2 million due mainly to the reduction in the pension deficit of £9.0 million

## **Collection Fund**

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

On Council tax, income of £141.9 million was received and £142.4 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 £5.7 million. This will be re-distributed to all major precepting authorities.

On Non-Domestic Rates (NDR), £50.9 million was received and £52.6 million was paid out to the Council, central government and Oxfordshire County Council (OCC). After taking the balance brought forward, provision for bad debts and the provision for appeals into account, the surplus on the NDR collection fund balance at the end of the year was £1.9 million. This will be shared between the Council, central government and OCC, the SODC share being £0.8 million.

## Future prospects

As part of the annual budget setting process for 2024/25, Council agreed both its Medium-Term Financial Plan (MTFP) for 2024/25 to 2028/29. 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. Considering the reserves and balances available to the Council, it can set a balanced revenue budget during the MTFP period by drawing heavily on reserves.

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

As part of budget setting for 2024/25, Council also agreed a capital programme to 2028/29 costing £113.6 million. This will be funded from a combination of the Council's usable capital receipts, borrowing and other contributions.

Richard Spraggett  
Strategic Finance Manager & Deputy S151 officer  
2 July 2024

# Statement of Responsibilities for the Statement of Accounts

## 1. The Authority's Responsibilities

The authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those arrangements. In this Council, that officer is the Head of Finance and Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

## 2. Responsibilities of the Chief Finance Officer

The Chief Finance officer's responsibilities include the preparation of the Council's Statement of Accounts, which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) is required to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2024.

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

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

The Chief Finance Officer has also:

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

I certify that this Statement of Accounts presents a true and fair view of the financial position of the authority at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

Richard Spraggett  
Strategic Finance Manager & Deputy S151 officer  
2 July 2024

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

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

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

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

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

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

## **Supplementary Financial Statements**

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

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# Comprehensive Income and Expenditure Statement

2022/23				2023/24		
Exp £'000	Inc £'000	Net £'000		Exp £'000	Inc £'000	Net £'000
1,520	(478)	1,041	Strategic Management Board	1,439	(568)	871
3,763	(1,419)	2,344	Corporate Services	4,459	(1,990)	2,469
9,467	(4,712)	4,754	Development & Corporate Landlord	10,132	(6,284)	3,848
21,403	(20,885)	519	Finance	15,014	(11,416)	3,599
13,376	(5,286)	8,090	Housing and Environment	14,999	(5,587)	9,412
4,199	(2,462)	1,737	Legal and Democratic	4,408	(2,547)	1,861
2,890	(503)	2,387	Partnership and Insight	11,226	(8,931)	2,296
12,844	(3,804)	9,040	Planning	5,435	(3,456)	1,979
6,097	(2,582)	3,515	Policy & Programme	7,093	(3,081)	4,011
<b>75,559</b>	<b>(42,131)</b>	<b>33,428</b>	<b>Cost of Services</b>	<b>74,206</b>	<b>(43,860)</b>	<b>30,346</b>
6,279	0	6,279	Parish Council Precepts and Other Grants	6,662	0	6,662
<b>6,279</b>	<b>0</b>	<b>6,279</b>	<b>Other Operating Expenditure</b>	<b>6,662</b>	<b>0</b>	<b>6,662</b>
0	(3,098)	(3,098)	Interest Receivable and Similar Income	0	(7,789)	(7,789)
0	(692)	(692)	Other Investment Income (Dividends)	0	(795)	(795)
0	(642)	(642)	Other Investment Income (Long Leases)	0	(496)	(496)
1,378	0	1,378	(Surplus) / Deficit on Financial Instruments valued through P&L	245	(569)	(324)
0	(855)	(855)	Income & Expenditure in Relation to Investment Properties	77	0	77
1,168	0	1,168	Net Interest on Defined Benefit Liability	431	0	431
<b>2,546</b>	<b>(5,287)</b>	<b>(2,741)</b>	<b>Financing and Investment Income &amp; Expenditure</b>	<b>753</b>	<b>(9,649)</b>	<b>(8,896)</b>
0	(4,993)	(4,993)	Recognised Capital Grants and Contributions	0	(11,739)	(11,739)
0	(321)	(321)	Lower Tier Services Grant	0	(212)	(212)
0	(15,311)	(15,311)	Council Tax	0	(15,727)	(15,727)
0	(22,100)	(22,100)	Retained Business Rates	0	(22,666)	(22,666)
16,390	0	16,390	Business Rates Tariff	18,118	0	18,118
0	(44)	(44)	Rural Services Delivery Grant	0	(59)	(59)
0	(2,003)	(2,003)	Non-ringfenced Government Grants	0	(2,305)	(2,305)
<b>16,390</b>	<b>(44,772)</b>	<b>(28,382)</b>	<b>Taxation and Non-specific Grant Income</b>	<b>18,118</b>	<b>(52,708)</b>	<b>(34,589)</b>
<b>Continued...</b>						

<b>100,775</b>	<b>(92,190)</b>	<b>8,585</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>99,740</b>	<b>(106,217)</b>	<b>(6,477)</b>
0	(2,979)	(2,979)	Total (Gain)/ Loss on Revaluation of Non-current Assets	681	0	681
0	(37,166)	(37,166)	Remeasurement of Net Defined Benefit Liability	0	(9,297)	(9,297)
<b>0</b>	<b>(40,145)</b>	<b>(40,145)</b>	<b>Total Other Comprehensive Income &amp; Expenditure</b>	<b>681</b>	<b>(9,297)</b>	<b>(8,616)</b>
<b>100,775</b>	<b>(132,335)</b>	<b>(31,560)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>	<b>100,421</b>	<b>(115,514)</b>	<b>(15,093)</b>

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## Movement in Reserves Statement

For the year ended 31 March 2024

	General Fund Balance Restated	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance – 31 March 2023</b>	<b>(56,973)</b>	<b>(27,315)</b>	<b>(44,586)</b>	<b>(128,875)</b>	<b>(76,118)</b>	<b>(204,993)</b>
<b>Total comprehensive income and expenditure</b>	<b>(6,477)</b>	<b>0</b>	<b>0</b>	<b>(6,477)</b>	<b>(8,616)</b>	<b>(15,093)</b>
Adjustments between accounting basis and funding basis under regulations (note 5)	719	3,273	(2,759)	1,233	(1,233)	0
<b>Net increase/decrease before transfers to other reserves</b>	<b>(5,758)</b>	<b>3,273</b>	<b>(2,759)</b>	<b>(5,244)</b>	<b>(9,849)</b>	<b>(15,093)</b>
Transfers to/from other reserves	0	0	0	0	0	0
<b>Increase/decrease (movement) in year</b>	<b>(5,758)</b>	<b>3,273</b>	<b>(2,759)</b>	<b>(5,244)</b>	<b>(9,849)</b>	<b>(15,093)</b>
<b>Balance – 31 March 2024</b>	<b>(62,732)</b>	<b>(24,042)</b>	<b>(47,345)</b>	<b>(134,120)</b>	<b>(85,967)</b>	<b>(220,087)</b>

For the year ended 31 March 2023

	General Fund Balance Restated	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance – 31 March 2022</b>	<b>(57,882)</b>	<b>(28,549)</b>	<b>(48,395)</b>	<b>(134,826)</b>	<b>(38,607)</b>	<b>(173,432)</b>
<b>Total comprehensive income and expenditure</b>	<b>8,585</b>	<b>0</b>	<b>0</b>	<b>8,585</b>	<b>(40,145)</b>	<b>(31,560)</b>
Adjustments between accounting basis and funding basis under regulations (note 5)	(7,677)	1,234	3,809	(2,634)	2,634	0
<b>Net increase/decrease before transfers to other reserves</b>	<b>909</b>	<b>1,234</b>	<b>3,809</b>	<b>5,951</b>	<b>(37,511)</b>	<b>(31,560)</b>
Transfers to/from other reserves	0	0	0	0	0	0
<b>Increase/decrease (movement) in year</b>	<b>909</b>	<b>1,234</b>	<b>3,809</b>	<b>5,951</b>	<b>(37,511)</b>	<b>(31,560)</b>
<b>Balance – 31 March 2023</b>	<b>(56,973)</b>	<b>(27,315)</b>	<b>(44,586)</b>	<b>(128,875)</b>	<b>(76,118)</b>	<b>(204,993)</b>

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

## Balance Sheet

31 March 2023		31 March 2024		
£'000		£'000	£'000	Notes
35,077	Property, plant & equipment		38,770	6
8,557	Investment Property		8,053	7
104	Intangible assets		44	
30,149	Long term investments		38,112	8
25,494	Long term debtors		25,024	9
<b>99,381</b>	<b>Long term assets</b>		<b>110,003</b>	
123,755	Short term investments	112,686		8
27	Inventories	16		
18,288	Short term debtors	22,175		9
18,863	Cash and cash equivalents	17,404		10
<b>160,933</b>	<b>Current assets</b>		<b>152,281</b>	
(31,084)	Short term creditors	(24,498)		11
(1,591)	Provisions	(2,228)		12
(16)	Accumulated absence provision	(345)		
(332)	Capital grants - receipts in advance	0		
(13,145)	Capital grants receipts in advance	(14,987)		
<b>(46,168)</b>	<b>Current liabilities</b>		<b>(42,058)</b>	
<b>(9,153)</b>	<b>Long term Liabilities</b>		<b>(140)</b>	17f
<b>204,993</b>	<b>Net assets</b>		<b>220,086</b>	
(45,675)	Non-earmarked revenue reserves	(51,169)		5
(11,298)	Earmarked revenue reserves	(11,563)		5
(27,315)	Usable capital receipts reserve	(24,042)		
(44,587)	Capital grants unapplied	(47,345)		
<b>(128,875)</b>	<b>Usable reserves</b>		<b>(134,119)</b>	See MiRS
(14,164)	Revaluation reserve	(13,366)		13a
(2,846)	Financial instrument revaluation reserve	(3,170)		13b
(39,574)	Capital adjustment account	(43,500)		13c
9,153	Pensions reserve	140		13d
(25,586)	Deferred capital receipts reserve	(25,116)		13e
(3,409)	Collection Fund Adjustment Account	(1,300)		13f
308	Short-term accumulating compensated absences	345		13g
<b>(76,118)</b>	<b>Unusable reserves</b>		<b>(85,967)</b>	
<b>(204,993)</b>	<b>Total reserves</b>		<b>(220,086)</b>	

## Cash Flow Statement

2022/23 £'000		2023/24 £'000	Notes
<b>(8,585)</b>	<b>Net Surplus / (Deficit) on the Provision of Services</b>	<b>6,477</b>	
(13,057)	Adjust net surplus or (deficit) on the provision of services for non-cash movements	(4,980)	
(4,993)	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	(11,739)	
<b>(26,634)</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(10,242)</b>	
	<b>Investing Activities</b>		
(983)	Purchase of property, plant and equipment, investment property and intangible assets	(5,757)	
(131,051)	Purchase of short-term and long-term investments	206,659	
36	Other payments for investing activities	(10)	
146,620	Proceeds from short-term and long-term investments	(201,132)	
8,660	Other receipts from investing activities	13,714	
<b>23,282</b>	<b>Total Investing Activities</b>	<b>13,474</b>	
	<b>Financing Activities</b>		
(3,419)	Billing authorities - council tax and NDR adjustments	(4,692)	
<b>(3,419)</b>	<b>Total Financing Activities</b>	<b>(4,692)</b>	
<b>(6,770)</b>	<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(1,460)</b>	
25,634	Cash and cash equivalents at the beginning of the reporting period	18,863	
<b>18,863</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>17,404</b>	10

# Notes to the Accounts 2023/24

## 1. Statement of Accounting Policies

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

## 2. Expenditure and Funding Analysis

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

2022/23				2023/24		
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
839	202	1,041	Strategic Management Board	844	27	871
2,424	(80)	2,344	Corporate Services	3,024	(554)	2,469
3,140	1,614	4,754	Development & Corporate Landlord	1,532	2,316	3,848
205	315	519	Finance	852	2,747	3,599
6,163	1,927	8,090	Housing and Environment	6,675	2,737	9,412
1,308	430	1,737	Legal and Democratic	1,788	73	1,861
2,298	89	2,387	Partnership and insight	2,283	12	2,296
1,662	7,378	9,040	Planning	1,886	93	1,979
2,523	992	3,515	Policy & Programmes	3,536	475	4,011
<b>20,562</b>	<b>12,867</b>	<b>33,428</b>	<b>Net Cost of Services</b>	<b>22,420</b>	<b>7,926</b>	<b>30,346</b>
<b>(19,654)</b>	<b>(5,190)</b>	<b>(24,844)</b>	<b>Other Income and Expenditure</b>	<b>(28,178)</b>	<b>(8,645)</b>	<b>(36,823)</b>
<b>908</b>	<b>7,677</b>	<b>8,584</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(5,758)</b>	<b>(719)</b>	<b>(6,477)</b>
(57,881)			Opening General Fund Balance	(56,973)		
908			(Surplus) or Deficit on General Fund Balance in Year	(5,758)		
			Transfers to / from Non-general Fund Balance Reserves	0		
<b>(56,973)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(62,731)</b>		

### 3. Note to the Expenditure and Funding Analysis

2022/23					2023/24			
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
1	201	0	202	Strategic Management Board	2	25	0	27
27	(107)	0	(80)	Corporate Services	44	(599)	0	(554)
959	655	0	1,614	Development & Corporate Landlord	2,242	74	0	2,316
49	266	0	315	Finance	2,714	33	0	2,747
1,267	660	0	1,927	Housing and Environment	2,660	77	0	2,737
19	411	0	430	Legal and Democratic	26	48	0	73
0	88	0	89	Partnership and insight	1	11	0	12
6,528	850	0	7,378	Planning	7	86	0	93
336	656	0	992	Policy & Programmes	377	98	0	475
<b>9,186</b>	<b>3,681</b>	<b>0</b>	<b>12,867</b>	<b>Net Cost of Services</b>	<b>8,073</b>	<b>(147)</b>	<b>0</b>	<b>7,926</b>
<b>(2,524)</b>	<b>1,168</b>	<b>(3,834)</b>	<b>(5,190)</b>	<b>Other Income and Expenditure from the Expenditure and Funding Analysis</b>	<b>(11,185)</b>	<b>431</b>	<b>2,109</b>	<b>(8,645)</b>
<b>6,662</b>	<b>4,849</b>	<b>(3,834)</b>	<b>7,677</b>	<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(3,112)</b>	<b>284</b>	<b>2,109</b>	<b>(719)</b>

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 2023					31 March 2024			
Usable Reserves			Movement in Unusable Reserves		Usable Reserves			Movement in unusable reserves
Gen Fund Bal & Earmarked	Capital receipts Reserve	Capital Grants Unapplied			Gen fund bal & earmarked	Capital receipts reserve	Capital grants unapplied	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
				<b>Adjustments primarily involving the capital adjustment account:</b>				
(452)	0	0	452	Charges for depreciation and impairment of non-current assets	(483)	0	0	483
(614)	0	0	614	Revaluation gains on property, plant and equipment	(897)	0	0	897
(489)	0	0	489	Movements in fair value of long-term leases	(465)	0	0	465
470	0	0	(470)	Movement of Fair Value or Investment Properties	(505)	0	0	505
(52)	0	0	52	Amortisation of intangible assets	(63)	0	0	63
(8,521)	0	0	8,521	Revenue expenditure funded from capital under statute	(6,088)	0	0	6,088
				<b>Adjustments primarily involving the capital grants unapplied account:</b>				
4,701	0	(4,701)	0	Capital grants and contributions unapplied credited to the CIES	5,764	0	(5,764)	0
(930)	0	930	0	Expenditure funded by developers' contributions	(235)	0	235	0
				<b>Adjustments primarily involving the capital receipts reserve:</b>				
624	1,249	7,580	(9,453)	Use of the capital receipts reserve to finance new capital expenditure	5,789	3,287	2,770	(11,846)
				<b>Adjustments primarily involving the deferred capital receipts reserve:</b>				
(4)	(15)	0	19	Repayment of loans	10	(15)	0	5
(1,378)	0	0	1,378	Reversal of Surplus on Financial Instruments valued through the profit and loss	324	0	0	(324)
				<b>Adjustments primarily involving the pensions reserve:</b>				
(4,850)	0	0	4,850	Reversal of items relating to retirement benefits debited or credited to the CIES	(284)	0	0	284
				<b>Adjustments primarily involving the Collection fund adjustment account:</b>				
3,834	0	0	(3,834)	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	(2,109)	0	0	2,109
				<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
(16)	0	0	16	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.	(37)	0	0	37
<b>(7,677)</b>	<b>1,234</b>	<b>3,809</b>	<b>2,634</b>	<b>Total Adjustments</b>	<b>721</b>	<b>3,272</b>	<b>(2,759)</b>	<b>(1,234)</b>

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

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

1 April 2022 to 31 March 2023					1 April 2023 to 31 March 2024			
Balance brought forward	Transfers in	Transfers out	Balance carried forward		Balance brought forward	Transfers in	Transfers out	Balance carried forward
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				<b>General Fund Balances</b>				
(750)	0	457	(293)	General Fund (a)	(293)	0	0	(293)
(37,931)	(4,038)	7,195	(34,774)	Enabling Fund (b)	(34,773)	(11,711)	6,217	(40,266)
(10,609)	0	0	(10,609)	Interest Allocated as Principal (c)	(10,609)	0	0	(10,609)
<b>(49,290)</b>	<b>(4,038)</b>	<b>7,652</b>	<b>(45,676)</b>	<b>Total General Fund Balance</b>	<b>(45,675)</b>	<b>(11,711)</b>	<b>6,217</b>	<b>(51,169)</b>
				<b>Earmarked Reserves</b>				
(1,266)	(3,376)	1,266	(3,376)	Revenue Funding (d)	(3,376)	0	0	(3,376)
(536)	0	0	(536)	Building Control (e)	(536)	0	0	(536)
(2,675)	(45)	23	(2,697)	Revenue Grants Reserve (f)	(2,697)	(175)	640	(2,233)
(1,732)	(2,093)	2,003	(1,822)	New Homes Bonus (g)	(1,822)	(62)	0	(1,884)
(803)	(414)	0	(1,217)	Unit Trust Dividend Reinvested Reserve (h)	(1,217)	(475)	0	(1,692)
(1,580)	(70)	0	(1,650)	Didcot Reserve (i)	(1,650)	(192)	0	(1,842)
<b>(8,591)</b>	<b>(5,998)</b>	<b>3,292</b>	<b>(11,298)</b>	<b>Total Earmarked Reserves</b>	<b>(11,298)</b>	<b>(904)</b>	<b>640</b>	<b>(11,563)</b>

### The purpose of each reserve is as follows:

(a)	Accumulated surpluses in previous years, which have not yet been earmarked. Enabling fund balances and movements shown for 2023/24 include carry forwards.
(b)	To hold sums received from the sale of capital assets and which have now been recycled into the equivalent amount of interest and thus could be used to meet any future costs.
(c)	To hold interest distributed on balances for capital expenditure.
(d)	By departments from underspends to cover future specific costs.
(e)	From ring fencing the building control trading account.
(f)	To fund revenue expenditure from grants received in advance.
(g)	To hold receipts of new homes bonus funding.
(h)	To hold the dividends re-invested in the Council's unit trust investments.
(i)	To hold rental income received from land in Didcot for future investment in Didcot.

## 6. Property, Plant and Equipment

<b>Table 6a Movements in property, plant and equipment 2023/24</b>						
	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Assets under Construction</b>	<b>Total PP&amp;E</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>						
<b>At 1 April 2023</b>	<b>33,012</b>	<b>3,053</b>	<b>930</b>	<b>1,301</b>	<b>1,409</b>	<b>39,705</b>
Additions	5,545	126	0	0	83	<b>5,754</b>
Revaluation Increases / (Decreases) to RR	(681)	0	0	0	0	<b>(681)</b>
Revaluation Increases / (Decreases) to SDPS	(897)	0	0	0	0	<b>(897)</b>
Depreciation Written Back on Revaluation	(1,386)	0	0	0	0	<b>(1,386)</b>
Reclassification	0	0	0	0	0	<b>0</b>
Disposals	0	(930)	0	0	0	<b>(930)</b>
Other Movements	0	0	0	0	0	<b>0</b>
<b>At 31 March 2024</b>	<b>35,592</b>	<b>2,249</b>	<b>930</b>	<b>1,301</b>	<b>1,492</b>	<b>41,564</b>
<b>At 1 April 2023</b>	<b>(1,042)</b>	<b>(2,795)</b>	<b>(790)</b>	<b>0</b>	<b>0</b>	<b>(4,627)</b>
Depreciation Charge for 2023/24	(407)	(76)	0	0	0	<b>(483)</b>
Depreciation Written Back on Revaluation	1,386	0	0	0	0	<b>1,386</b>
Disposals	0	930	0	0	0	<b>930</b>
Impairment Losses / Reversals to SDPS	0	0	0	0	0	<b>0</b>
<b>At 31 March 2024</b>	<b>(63)</b>	<b>(1,941)</b>	<b>(790)</b>	<b>0</b>	<b>0</b>	<b>(2,794)</b>
<b>Balance Sheet at 31 March 2024</b>	<b>35,529</b>	<b>308</b>	<b>140</b>	<b>1,301</b>	<b>1,492</b>	<b>38,770</b>
<b>Balance Sheet at 31 March 2023</b>	<b>31,970</b>	<b>258</b>	<b>140</b>	<b>1,301</b>	<b>1,409</b>	<b>35,078</b>
<b>Notes</b>						
<b>RR = Revaluation Reserve</b>						
<b>SDPS = Surplus or Deficit on Provision of Services</b>						

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

## Depreciation

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

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

## Capital Commitments

As at the end of March 2024 the Council had capital commitments on a number of contracts in 2023/24 and future years, budgeted to cost £0.4 million. The commitments are:

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

## Revaluations

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

The Council's operational assets have been valued as at 31 January 2024 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 2023/24 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,

	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Carried at Historical Cost</b>	0	2,249	930	79	1,492	<b>4,750</b>
<b>Valued at:</b>						
31 January 2024	35,073	0	0	0	0	<b>35,073</b>
31 January 2023	0	0	0	1,177	0	<b>1,177</b>
31 January 2022	519	0	0	0	0	<b>519</b>
31 January 2021	0	0	0	45	0	<b>45</b>
31 January 2020	0	0	0	0	0	<b>0</b>
<b>Total value</b>	<b>35,592</b>	<b>2,249</b>	<b>930</b>	<b>1,301</b>	<b>1,492</b>	<b>41,564</b>

- 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:

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
<b>8,008</b>	<b>Balance at 1 April</b>	<b>8,557</b>
549	Changes in fair value	(504)
<b>8,557</b>	<b>Balance at 31 March</b>	<b>8,053</b>

### Fair Value Hierarchy

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

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

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

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

### Highest and Best Use

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

### Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 March 2024 by Lambert Smith Hampton in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Lambert Smith Hampton has confirmed that there has been no material change in the value of properties from 31 January 2024 to 31 March 2024.

## 8. Financial Instruments

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

<b>Table 8a Categories of Financial Instrument</b>				
	<b>Long Term</b>		<b>Current</b>	
	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
<b>Investments</b>				
Amortised Costs	11,016	18,168	142,619	129,928
Fair Value through Profit and Loss	19,133	19,943	0	0
<b>Total Financial Assets (Investments)</b>	<b>30,149</b>	<b>38,111</b>	<b>142,619</b>	<b>129,928</b>
<b>Debtors</b>				
Financial Assets carried at Contract Amount	25,494	25,024	16,103	18,352
<b>Total Financial Assets</b>	<b>25,494</b>	<b>25,024</b>	<b>16,103</b>	<b>18,352</b>
<b>Creditors</b>				
Financial Liabilities carried at Contract Amount	0	0	13,217	11,295
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>13,217</b>	<b>11,295</b>

- (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 £13.7 million in unit trusts with Legal & General and £6.2 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:

<b>Table 8b Financial Instrument Gains and Losses 2023/24</b>			
	<b>Financial Assets</b>		
	<b>Amortised Costs</b>	<b>Fair Value through Profit and Loss</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest Receivable and Similar Income	7,789	0	7,789
Other Investment Income (Dividends)	0	795	795
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>7,789</b>	<b>795</b>	<b>8,584</b>
Gain / (Loss) on Revaluation	0	324	324
<b>Surplus Arising on Revaluation of Financial Assets</b>	<b>0</b>	<b>324</b>	<b>324</b>
<b>Net Gain / (Loss) for the Year</b>	<b>7,789</b>	<b>1,119</b>	<b>8,908</b>

<b>Table 8c Financial Instrument Gains and Losses 2022/23</b>			
	<b>Financial Assets</b>		
	<b>Amortised Costs</b>	<b>Fair Value through Profit and Loss</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest Receivable and Similar Income	3,099	0	3,099
Other Investment Income (Dividends)	0	692	692
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>3,099</b>	<b>692</b>	<b>3,791</b>
Gain / (Loss) on Revaluation	0	(1,378)	(1,378)
<b>Surplus Arising on Revaluation of Financial Assets</b>	<b>0</b>	<b>(1,378)</b>	<b>(1,378)</b>
<b>Net Gain / (Loss) for the Year</b>	<b>3,099</b>	<b>(686)</b>	<b>2,413</b>

## 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:

<b>Table 8d Fair Value of Assets and Liabilities carried at Amortised Cost</b>				
<b>31 March 23</b>			<b>31 March 24</b>	
<b>Carrying Amount £'000</b>	<b>Fair Value £'000</b>		<b>Carrying Amount £'000</b>	<b>Fair Value £'000</b>
142,619	142,619	Short Term Investments	130,090	130,090
30,132	30,149	Long Term Investments	37,948	38,112
16,103	16,103	Short Term Debtors	18,352	18,352
25,494	25,494	Long Term Debtors	25,024	25,024
<b>214,348</b>	<b>214,364</b>	<b>Total Financial Assets</b>	<b>211,415</b>	<b>211,578</b>
(13,127)	(13,127)	Short Term Creditors	(11,295)	(11,295)
<b>(13,127)</b>	<b>(13,127)</b>	<b>Total Financial Liabilities</b>	<b>(11,295)</b>	<b>(11,295)</b>

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

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

The fair values for loans and receivables include accrued interest.

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

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

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

## 9. Debtors

31 March 23			31 March 24	
Long Term £'000	Short Term £'000		Long Term £'000	Short Term £'000
0	327	Central Government Bodies	0	1,961
0	7,041	Other Local Authorities	0	10,985
25,494	10,920	Other Entities and Individuals	25,024	9,229
<b>25,494</b>	<b>18,288</b>	<b>Total Debtors</b>	<b>25,024</b>	<b>22,175</b>

## 10. Cash and Cash Equivalents

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

31 March 23 £'000		31 March 24 £'000
3	Cash Held by the Council	4
(100)	Bank Current and Instant Access Accounts	(719)
18,960	Money Market Funds	18,120
<b>18,863</b>	<b>Total Cash and Cash Equivalents</b>	<b>17,405</b>

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

## 11. Short-term Creditors

31 March 23 £'000		31 March 24 £'000
(11,212)	Central Government Bodies	(6,677)
(12,109)	Other Local Authorities	(8,431)
(7,764)	Other Entities and Individuals	(9,390)
<b>(31,085)</b>		<b>(24,498)</b>

## 12. Provisions

The provision in 2023/24 represents amounts set aside to meet future potential business rate appeals liabilities.

31 March 23 £'000	Provisions	31 March 24 £'000
(1,834)	Balance at 1 April 23	(1,592)
242	Movement in Year	(636)
<b>(1,592)</b>	<b>Balance at 31 March 24</b>	<b>(2,228)</b>

### 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.

<b>Table 13a Revaluation Reserve</b>		
<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
<b>(11,287)</b>	<b>Balance at 1 April 23</b>	<b>(14,164)</b>
(2,982)	Upward Revaluation of Assets	(2,955)
3	Downward Revaluation of Assets and Impairment Losses not Charged to the Surplus / Deficit on the Provision of Services	3,636
<b>(2,979)</b>	<b>Surplus or Deficit on Revaluation of Non-current Assets not Posted to the Surplus or Deficit on the Provision of Services</b>	<b>681</b>
102	Difference between Fair Value Depreciation and Historical Cost Depreciation	117
0	Other	0
<b>(14,164)</b>	<b>Balance at 31 March 24</b>	<b>13,366</b>

#### 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.

<b>Table 13b Financial Instruments Revaluation Reserve</b>		
<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
<b>(4,225)</b>	<b>Balance at 1 April</b>	<b>(2,846)</b>
1,379	Revaluation of Investments	(324)
<b>(2,846)</b>	<b>Balance at 31 March</b>	<b>(3,170)</b>

### 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.

<b>Table 13c Capital Adjustment Account</b>		
<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
<b>(39,188)</b>	<b>Balance at 1 April</b>	<b>(39,574)</b>
	<b>Reversal of Items Relating to Capital Expenditure Debited or Credited to the CIES:</b>	
479	Charges for Depreciation and Impairment of Non-current Assets	366
614	Revaluations (Gains) / Losses on Property, Plant and Equipment	897
53	Amortisation of Intangible Assets	63
8,521	Revenue Expenditure Funded from Capital under Statute	6,088
(550)	Movement in the Fair Value of Investment Properties	505
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
	<b>Capital Financing Applied in the Year:</b>	
(1,631)	Use of the Capital Receipts Reserve to Finance New Capital Expenditure	(3,287)
(7,872)	Capital Grants and Contributions Credited to the CIES that have been Applied to Capital Financing	(8,558)
0	Capital Expenditure Charged Against Earmarked Reserves	0
0	Other Adjustments	0
<b>(39,574)</b>	<b>Balance at 31 March</b>	<b>(43,500)</b>

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.

<b>Table 13d Pensions Reserve</b>		
<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
<b>41,469</b>	<b>Balance at 1 April</b>	<b>9,153</b>
(37,166)	Remeasurement of the Net Defined Benefit Liability / (Asset) Actuarial Gain/ (Loss)	(9,297)
7,710	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	3,739
(2,860)	Employer's Pension Contributions and Direct Payments to Pensioners Payable in the Year	(3,455)
<b>9,153</b>	<b>Balance at 31 March</b>	<b>140</b>

## 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.

<b>Table 13e Deferred Capital Receipts Reserve</b>		
<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
<b>(26,094)</b>	<b>Balance at 1 April</b>	<b>(25,586)</b>
0	New Deferred Capital Receipts Raised in Year	0
508	Transfer to the Capital Receipts Reserve Upon Receipt of Cash	470
<b>(25,586)</b>	<b>Balance at 31 March</b>	<b>(25,116)</b>

## 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.

<b>Table 13f Collection Fund Adjustment Account</b>		
<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
<b>426</b>	<b>Balance at 1 April</b>	<b>(3,409)</b>
0	Adjust b/fwd balance for amounts over accrued in 2021/22	(77)
(3,835)	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	2,186
<b>(3,409)</b>	<b>Balance at 31 March</b>	<b>(1,300)</b>

## 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.

<b>Table 13g Accumulated Absences Account</b>		
<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
<b>292</b>	<b>Balance at 1 April</b>	<b>308</b>
0	Settlement or Cancellation of Accrual made at the End of the Preceding Year	0
16	Amounts Accrued at the End of the Current Year	37
<b>308</b>	<b>Balance at 31 March</b>	<b>345</b>

## 14. Interest Received, Interest Paid and Dividends Received

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

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
3,099	Interest Received	7,789
692	Dividends Received	795
<b>3,791</b>	<b>Total Interest Received, Interest Paid and Dividends Received</b>	<b>8,584</b>

## 15. Expenditure and Income Analysed by Nature

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

2022/23 £'000		2023/24 £'000
	<b>Expenditure</b>	
24,118	Employee Benefits Expenses	14,476
52,234	Other Services Expenses	59,506
584	Depreciation and Amortisation	546
16,390	Business Rates Tariff	18,118
6,279	Precepts and Levies	6,662
1,168	Net Interest on Net Defined Benefit Liability or Asset	431
<b>100,773</b>	<b>Total Expenditure</b>	<b>99,739</b>
	<b>Income</b>	
(42,131)	Fees, Charges and Other Service Income	(43,937)
(5,287)	Interest, Investment Income and Income from Investment Property	(9,572)
(37,411)	Income from Council Tax and Non-domestic Rates	(38,393)
(2,368)	Government Grants and Contributions	(2,575)
(4,992)	Recognised Capital Grants and Contributions	(11,739)
<b>(92,189)</b>	<b>Total Income</b>	<b>(106,216)</b>
<b>8,584</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>(6,477)</b>

## 16. Members' Allowances

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

2022/23 £'000		2023/24 £'000
201	Basic Allowance	212
139	Special Responsibility Allowance	144
4	Expenses	4
<b>344</b>		<b>360</b>

## 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	2023/24	183,328	0	183,328	31,820	215,149
	2022/23	169,447	0	169,447	27,620	197,067
Chief Finance Officer (Section 151 Officer)	2023/24	114,400	1,218	115,618	20,470	136,088
	2022/23	102,486	563	103,049	16,656	119,705
Monitoring Officer (up to 27/11/23)	2023/24	76,067	877	76,944	13,647	90,590
	2022/23	102,486	451	102,937	16,657	119,593
Monitoring Officer (from 27/11/23)	2023/24	39,367	343	39,710	7,068	46,778
	2022/23	0	0	0	0	0

The current Chief Finance Officer and Monitoring Officer are a Head of Services in addition there are also two Deputy Chief Executives and five Heads of Service.

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

**Table 17b Spot Pay Point - Heads of Service**

Deputy Chief Executive	3	131,060
Heads of Service	5	107,806
Heads of Service to 27 November 2023	1	76,067
Heads of Service from 27 November 2023	1	39,367
Head of Service from 2 May 2023	1	92,963
Consultants		
Interim Head of Service from 1 April to 26 May 2023	1	36,532

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). 79 employee's total remuneration, excluding employer's pension contributions, was £50,000 or more.

<b>Table 17c Employee Remuneration over £50,000</b>		
<b>Number of SODC / VOWH Employees</b>		
<b>2022/23</b>	<b>Remuneration Band £</b>	<b>2023/24</b>
25	50,000-54,999	29
14	55,000-59,999	25
4	60,000-64,999	11
7	65,000-69,999	4
4	70,000-74,999	7
0	75,000-79,999	3

Under the shared working arrangements, the Council recharged a total of £9,796,570 of its salary costs to Vale of White Horse District Council, who in turn recharged £4,536,510 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:

<b>Table 17d Exit Packages Agreed</b>								
<b>Exit Package Cost Band (Including Special Payments)</b>	<b>Number of Compulsory Redundancies</b>		<b>Number of Other Departures Agreed</b>		<b>Total Number of Exit Packages by Cost Band</b>		<b>Total Cost of Exit Packages in Each Band £</b>	
	<b>2022/23</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2023/24</b>
£0 - £20,000	0	2	1	1	1	1	4,110	26,044
<b>Total</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4,110</b>	<b>26,044</b>

The total value of exit packages paid in 2023/24 was £26,044

### **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 had 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 must 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 several 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 the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- **Longevity Risk:** In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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

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

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

<b>Table 17e Transactions Relating to Retirement Benefits</b>		
<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(6,542)	<b>Cost of Services:</b>	
0	Current Service Cost	(3,308)
	Past Service Cost	0
	<b>Financing and Investment Income and Expenditure</b>	
(1,168)	Net Interest Expense	(431)
<b>(7,710)</b>	<b>Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>(3,739)</b>
	<b>Other Post-employment Benefit Charged to the CIES</b>	
(6,965)	Remeasurement of the Net Defined Benefit Liability Comprising:	
	Return on Plan Assets (excluding the Amount Included in the Net Interest Expense)	6,887
919	Actual (Gains) and Losses Arising on Changes in Demographic Assumptions	640
51,651	Actual (Gains) and Losses Arising on Changes in Financial Assumptions	5,236
(8,439)	Other	(3,466)
<b>37,166</b>	<b>Total Post-employment Benefit Charges to the Comprehensive Income and Expenditure Statement</b>	<b>9,297</b>
	<b>Movement in Reserves Statement</b>	
(7,710)	Reversal of Net Charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in Accordance with the Code	3,739
	Actual Amount Charged against the General Fund Balance for Pensions in the Year:	
2,860	Employers' Contributions Payable to Scheme	3,455

### 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:

<b>17f Pension Assets and Liabilities Recognised in the Balance Sheet</b>		
<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
104,278	Fair Value of Employer Assets	115,067
(110,375)	Present Value of Funded Liabilities	(112,457)
(3,056)	Present Value of Unfunded Liabilities	(2,750)
<b>(9,153)</b>	<b>Net Liability Arising from Defined Benefit Obligation</b>	<b>(140)</b>

<b>17g Reconciliation of the Movements in the Fair Value of the Scheme Assets</b>		
<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
<b>109,078</b>	Opening Balance at 1 April	<b>104,278</b>
2,933	Interest on Assets	4,929
(6,965)	Return on Assets less Interest	6,887
2,860	Employer Contributions	3,455
973	Contributions by Scheme Participants	1,116
(4,601)	Benefits Paid	(5,598)
0	Remeasurement - Other Experience	0
<b>104,278</b>	<b>Closing Present Value of Scheme Assets</b>	<b>115,067</b>

<b>17h Reconciliation of the Movements in the Fair Value of the Scheme Liabilities</b>		
<b>Funded and Unfunded liabilities 2022/23</b>		<b>Funded and Unfunded liabilities 2023/24</b>
<b>£'000</b>		<b>£'000</b>
<b>(150,547)</b>	Opening Balance at 1 April	<b>(113,431)</b>
(6,542)	Current Service Cost	(3,308)
(4,101)	Interest Cost	(5,360)
(973)	Contributions by Scheme Participants	(1,116)
919	Actual (Gains) and Losses Arising on Changes in Demographic Assumptions	640
51,651	Actual (Gains) and Losses Arising on Changes in Financial Assumptions	5,236
(8,439)	Other	(3,466)
0	Past Service Costs	0
4,601	Benefits Paid	5,598
<b>(113,431)</b>	<b>Closing Present Value of Liabilities</b>	<b>(115,207)</b>

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

<b>Table 17i Breakdown of Fund Assets at Fair Value</b>								
<b>2022/23</b>					<b>2023/24</b>			
<b>Quoted £'000</b>	<b>Non- quoted £'000</b>	<b>Total £'000</b>	<b>%</b>		<b>Quoted £'000</b>	<b>Non- quoted £'000</b>	<b>Total £'000</b>	<b>%</b>
				Equities				
				Bonds:				
1,344	0	1,344	1	Government Bonds	1,483	0	1,483	1
549	0	549	0	Other	606	0	606	0
4,893	1	4,894	5	Private Equity	5,400	1	5,401	5
0	95,911	95,911	92	Other Investment Funds	0	105,834	105,834	92
5	0	5	0	Foreign Exchange	5	0	5	0
1,575	0	1,575	2	Cash and Cash Equivalents	1,738	0	1,738	2
<b>8,366</b>	<b>95,912</b>	<b>104,278</b>	<b>100</b>	<b>Total</b>	<b>9,232</b>	<b>105,835</b>	<b>115,067</b>	<b>100</b>

### **Basis for Estimating Assets and Liabilities**

In order to assess the value of the Council's liabilities in the Fund as at 31 March 2024, it has rolled forward the value of the Council's liabilities calculated at the latest formal valuation date of 31 March 2020, allowing for the different financial assumptions required under the Accounting Standard at the reporting date.

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

In preparing the balance sheet at 31 March 2024 and the revenue account to 31 March 2024 no allowance is made for the effect of changes in the membership profile since the last formal valuation date. The principal reason for this is that insufficient information is available to allow for any such adjustment. However, the effect is likely to be immaterial in actual terms.

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

It is not possible to assess the accuracy of the estimated rolled-forward liability without conducting a full valuation using updated individual member data. Such a valuation is generally not practical in the time available to meet the Council's reporting requirements. The estimated rolled-forward liability as at 31 March 2024 will therefore not reflect differences in demographic experience from that assumed (e.g. pensioner longevity) or the impact of differences between aggregate changes in salary / pension or changes for specific individuals.

It has no reason to believe that the approximations used in rolling forward the valuation to 31 March 2024 will introduce any undue distortion in the results.

The Employer currently participates in the South Oxfordshire District Council pool with other employers in order to share experience of risks they are exposed to in the Fund. At the 2020 valuation, the deficit for the whole pool was calculated and allocated to each employer in proportion to their value of liabilities. The next reallocation will be carried out at the 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 2020. The post-retirement mortality tables adopted are the S2PA tables with a multiplier of 90 per cent. These base tables are then projected using the CMI 2015 Model, allowing for a long-term rate of improvement of 1.5 per cent per annum.

<b>Table 17j Principal Actuarial Assumptions</b>		
<b>2022/23</b>		<b>2023/24</b>
	<b>Long-term Expected Rate of Return on Assets in the Scheme</b>	
	<b>Mortality Assumptions</b>	
	Longevity at 65 for Current Pensioners:	
20.4yrs	Men	21.9yrs
21.9yrs	Women	24.5yrs
	Longevity at 65 for Future Pensioners:	
24.1yrs	Men	22.5yrs
27yrs	Women	25.8yrs
	<b>Other Assumptions</b>	
3.00%	Inflation - CPI	2.80%
3.00%	Rate of Increase to Pensions	2.80%
4.75%	Discount Rate	4.80%

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.

<b>Table 17k Sensitivity Analysis</b>		
<b>Change in Assumption at 31 March 2024</b>	<b>Approximate Increase in Employer Liability</b>	
	<b>%</b>	<b>£'000</b>
0.1% decrease in real discount rate	2	2,038
1 year increase in member life expectancy	4	4,608
0.1% increase in the salary increase rate	0	71
0.1% increase in the pension increase rate	2	2,004

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 2024 on varying bases. The approach taken is consistent with that adopted to derive the IAS 19 figures provided.

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

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

### **Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible, at a reasonable cost to the scheme employers and taxpayers, whilst ensuring the overall solvency of the fund. There are no minimum funding requirements, but contributions are generally set to target a funding level of 100 per cent. Funding levels are monitored regularly, and the latest triennial valuation was completed at the end 31 March 2024.

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 15 years. The Council anticipates paying £2.79 million in contributions to the scheme in 2024/25.

### **McCloud 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 2024.

## 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 2023/24 external audit services were provided by Ernst & Young LLP.

2022/23 £'000		2023/24 £'000
38	Fees Payable regarding External Audit Services Carried Out by the Appointed Auditor for the Year	175
11	Fees Payable to External Auditor for the Certification of Grant Claims and Returns for the Year	59
<b>49</b>	<b>Total</b>	<b>234</b>

## 19. Grant Income

The Council credited the following grants, contributions and donations to the CIES in 2023/24.

2022/23 £'000		2023/24 £'000
	<b>Credited to Taxation and Non-specific Grant Income</b>	
22,100	Retained Business Rates	22,666
(16,390)	Business Rates Tariff	(18,118)
26	Council Tax Family Annexe	0
15,284	Council Tax Income	15,727
3,372	Developers and Other Contributions	10,189
321	Lower Tier Service Grant	212
44	Rural Services Delivery Grant	59
1,621	Disabled Facilities Grant	1,550
2,003	New Homes Bonus	1,280
0	Covid Grant	1,024
<b>28,381</b>	<b>Total</b>	<b>34,589</b>
	<b>Credited to Services</b>	
0	Didcot Garden Town	105
0	Berinsfield Regeneration	57
421	Homelessness Support Grant	570
220	Housing benefit - admin	216
17,675	Housing benefit - subsidy	17,669
(12)	Leader	0
180	Neighbourhood planning	90
382	New burdens revenue and other grants	612
189	NNDR collection allowance	204
52	Partnership & community safety	26
182	Community Hub (Covid Grants)	87
369	Homes for Ukraine	821
<b>19,658</b>	<b>Total</b>	<b>20,458</b>

## 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 the Thames Valley and the various Town and Parish Councils, are shown within a note to the collection fund.

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

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. No relevant transactions were identified.

**Other organisations:** The Council awards grants to support several 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.

<b>Table 21a Capital Expenditure and Financing</b>		
<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
	<b>Capital Investment:</b>	
932	Property, Plant and Equipment	5,754
51	Intangible Assets	3
8,470	Revenue Expenditure Funded from Capital Under Statute	6,088
<b>9,453</b>	<b>Total Capital Investment</b>	<b>11,845</b>
	<b>Sources of Finance:</b>	
(1,581)	Capital Receipts	3,287
(7,872)	Government Grants and Other Contributions	8,558
<b>(9,453)</b>	<b>Total Financing</b>	<b>11,846</b>

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

<b>Table 21b Capital Financing Requirement</b>		
<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
<b>(100)</b>	<b>Opening CFR</b>	<b>(100)</b>
35,077	Property, Plant and Equipment	38,770
8,557	Investment Properties	8,052
104	Intangible Assets	44
12,714	Long Term Investments (see note 1 below)	13,758
(39,574)	Capital Adjustment Account	(43,500)
(14,164)	Revaluation Reserve	(13,366)
(1,497)	Financial Instrument Revaluation Reserve (see note 1 below)	(2,066)
(1,217)	Unit Trust Dividend Reinvested Reserve (see note 2 below)	(1,692)
<b>(100)</b>	<b>Closing CFR</b>	<b>(100)</b>

### Notes:

- 1) Investments in unit trusts only, excluding accrued interest.
- 2) Unit trust dividend reinvested reserve included to show full financing of unit trust investments.

## 22. Leases

### Council as Lessee

Finance Leases – the Council has no finance leases.

Operating Leases – The Council has no material operating leases.

### Council as Lessor

**Finance Leases** – The Council recognised several 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 22)
- 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.

<b>Table 22a Interest in Finance Lease</b>		
	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Finance Lease Debtor (Net Present Value of Minimum Lease Payments):		
Unearned Finance Income	12,959	13,716
Unguaranteed Residual Value of Property	12,155	12,155
<b>Gross Investment in the Lease</b>	<b>25,114</b>	<b>25,872</b>

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

<b>Table 22b Minimum Finance Lease Payments</b>				
	<b>Gross Investment in the Lease</b>		<b>Minimum Lease Payments</b>	
	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Not Later Than 1 year	710	754	710	754
Later Than 1 Year and Not Later Than 5 Years	2,447	2,598	2,447	2,598
Later Than 5 Years	21,958	22,519	9,803	10,364
<b>Total</b>	<b>25,114</b>	<b>25,872</b>	<b>12,959</b>	<b>13,716</b>

**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:

<b>Table 22c Future Minimum Lease Payments Receivable</b>		
	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Not Later Than 1 Year	710	754
Later Than One Year and Not Later Than 5 Years	2,447	2,598
Later Than 5 Years	9,803	10,364

### **23. Contingent Liabilities**

At 31 March 2024, the Council had the following contingent liabilities:

- **Compensation Claims for Injury and or Damage:** Most 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 2024, 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:

<b>Table 25a Credit Criteria</b>				
<b>Deposits with banks and other financial institutions</b>	<b>Min. Rating / Other Criteria</b>	<b>Counter-party Limit</b>	<b>Amount at 31 March 2024</b>	<b>Maturity Limit</b>
		<b>£000</b>	<b>£000</b>	
<b>Banks</b>				
Goldman Sachs International	F1	15,000	5,500	2 years
Lloyds Bank	F1	15,000	5,000	2 years
Santander	F1	15,000	156	2 years
<b>Building Societies</b>				
National Counties	assets > £2,000m	9,000	2,000	12 months
Nottingham	assets > £2,000m	9,000	7,000	12 months
<b>Money Market Funds</b>				
Goldman Sachs	AAA	30,000	17,905	Liquid
Blackrock	AAA	30,000	215	Liquid
<b>Local Authorities</b>				
Aberdeen City Council		20,000	6,000	25 years
Bath & North East Somerset		20,000	5,000	25 years
Cheltenham Borough Council		20,000	1,000	25 years
City of Stoke on Trent		20,000	5,000	25 years
Gravesham Borough Council		20,000	6,000	25 years
Great Yarmouth Borough Council		20,000	5,000	25 years
Highland Council		20,000	4,000	25 years
Lancashire County Council		20,000	8,000	25 years
LB Barking & Dagenham		20,000	5,000	25 years
LB Haringey		20,000	10,000	25 years
LB Waltham Forest		20,000	10,000	25 years
Manchester City Council		20,000	5,000	25 years
North Lanarkshire Council		20,000	3,000	25 years
PCC for Merseyside		20,000	2,000	25 years
Plymouth City Council		20,000	5,000	25 years
Rushmoor Borough Council		20,000	5,000	25 years
Suffolk County Council		20,000	5,000	25 years
Uttlesford District Council		20,000	11,000	25 years
Walsall Metropolitan		20,000	5,000	25 years
Wokingham Borough Council		20,000	3,000	25 years
<b>Property Funds</b>				
CCLA Property Fund		10,000	6,104	Variable
<b>Managed Funds</b>				
Unit Trusts	F1	10,000	13,758	Variable
<b>Total</b>			<b>165,638</b>	

The full annual investment strategy for 2023/24 was approved by full Council on 16 February 2023 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 £166 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 2024 that this was likely to crystallise.

Customers for goods and services are assessed, considering 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:

<b>Table 25b Short-term Debtors Aged Debt Analysis</b>	<b>Total £'000</b>
Less than 3 Months	16,597
3 Months to 6 Months	314
6 Months to 1 Year	233
Over 1 Year	5,032
<b>Total</b>	<b>22,176</b>

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 a comprehensive cash management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council can 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:

<b>Table 25c Refinancing and Maturity Risk</b>		
<b>31 March 23</b>		<b>31 March 24</b>
<b>£'000</b>		<b>£'000</b>
143,058	Less than 1 Year	130,963
3,002	Between 1 and 2 Years	10,138
5,015	Between 2 and 3 Years	3,023
22,138	More than 3 Years	24,951
<b>173,212</b>	<b>Total</b>	<b>169,074</b>

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 several 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 2024, if interest rates had been one per cent higher with all other variables held constant, the financial effect would be:

<b>Table 25d Interest Rate Risk</b>		
<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(60)	Increase in Interest Receivable on Variable Rate Investments	(181)
<b>(60)</b>	<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(181)</b>

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 £13.7 million and an investment in a pooled property fund to the value of £6.2 million. Whilst these investments are primarily held for interest earning potential, the Council is exposed to losses and gains arising from the movement in prices of the shares held.

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

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

## **26. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out on pages 69-84 the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

### **Leases**

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

### **Funding**

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

### **Investment Properties**

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

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

### **Business Rates**

Since the introduction of the business rates retention scheme effective from 1 April 2013, Councils are liable for successful appeals against business rates charged to businesses in 2023/24 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 2023. 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 2024. The Council's share of the balance of business rate appeals provision at this date amounted to £2.2 million. This has increased by £0.6 million from the previous year.

## **Property, Plant and Equipment**

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

## **Debt Impairment**

At 31 March 2024 the Council had a balance on short term debtors of £26.9 million. A review of significant balances suggested that an impairment of doubtful debts of £4.7 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 several complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries (Hymans Robertson LLP) is engaged (through Oxfordshire County Pension Fund) to provide the Council with expert advice about the assumptions to be applied. Details of the pension liabilities are in note 17.

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

## **28. Accounting Standards Issued but Not Yet Adopted**

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

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

## **29. Post Balance Sheet Events**

There were no material events after the balance sheet date.

### 30. Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2023/24) in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate.

A cash flow forecast has been produced to March 2026 that indicates Strong cash balances throughout and closing cash and equivalents of £75.7 million. As at the 31 March 2023, the Council had General Reserves of £56.9 million which subsequently increased to £62.7 million by the 31 March 2024. Both figures are significantly above the Council's minimum recommended prudent balance of £4.5 million. The Council prepared a five-year medium term financial plan in February 2024 which forecast General Reserves of £33.6 million by March 2026.

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

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

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## Collection Fund Account

2022/23		2023/24			Notes
Total		Council Tax	NNDR	Total	
£'000	Income	£'000	£'000	£'000	
(133,000)	Council Taxpayers	(141,881)	0	(141,881)	
(44,653)	Transfers from General Fund: - Income from Business Ratepayers	0	(50,992)	(50,992)	
<b>(177,653)</b>		<b>(141,881)</b>	<b>(50,992)</b>	<b>(192,874)</b>	
	<b>Expenditure</b>				
	Precepts and Demands:				
101,342	Oxfordshire County Council	110,136		110,136	
14,806	Police and Crime Commissioner	16,343		16,343	
14,776	South Oxfordshire DC	15,945		15,945	
	Business Rates:				
18,433	Payments to Government		26,207	26,207	
14,746	Payments to Oxfordshire County Council		5,241	5,241	
3,687	Payments to South Oxfordshire DC		20,965	20,965	
178	Cost of Collection		181	181	
(1,711)	Write-Ons credited to the Collection Fund	0	0	0	
	Provisions:				
(297)	Provision for Bad Debts	913	1,301	2,214	3
(605)	Provision for Appeals		1,589	1,589	3
<b>165,355</b>		<b>143,337</b>	<b>55,485</b>	<b>198,822</b>	
<b>(12,298)</b>	<b>(Surplus) / Deficit for the Year</b>	<b>1,456</b>	<b>4,493</b>	<b>5,949</b>	
	<b>Collection Fund Balance</b>				
(1,294)	Balance Brought Forward at 1 April	(7,117)	(6,475)	(13,592)	
(12,298)	(Surplus) / Deficit for the Year, as Above	1,456	4,492	5,948	
<b>(13,592)</b>	<b>Balance Carried Forward at 31 March</b>	<b>(5,662)</b>	<b>(1,983)</b>	<b>(7,644)</b>	
	<b>Allocated to:</b>				
(3,237)	Central Government		(991)	(991)	
(6,156)	Oxfordshire County Council	(4,494)	(198)	(4,692)	
(814)	Police and Crime Commissioner	(591)		(591)	
(3,384)	South Oxfordshire District Council	(576)	(794)	(1,370)	
<b>(13,592)</b>		<b>(5,661)</b>	<b>(1,983)</b>	<b>(7,644)</b>	

# Notes to the Collection Fund Account

## 1. Business Rates (Non-Domestic Rates)

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

NNDR Rateable Value as at 1 April 2023	£ 120,328,172
NNDR Rateable Value as at 31 March 2024	121,715,640

National Multipliers (Pence):	2022/23	2023/24
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	2,117	6/9	1,410
B	5,752	7/9	4,545
C	17,564	8/9	15,840
D	14,632	9/9	14,828
E	10,418	11/9	12,934
F	6,484	13/9	9,509
G	6,062	15/9	10,302
H	911	18/9	1,856
	<b>63,940</b>		<b>71,223</b>
		Discounts and Exemptions	(7,966)
		Class O Exempt Properties	(668)
		<b>Sub Total</b>	<b>62,589</b>
		Assumed Losses on Collection	(1,238)
		<b>Council Tax Base</b>	<b>61,351</b>

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

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

<b>2022/23 £'000</b>	<b>Council Tax</b>	<b>2023/24 £'000</b>
(6,584)	Balance at 1 April	(6,289)
0	Write Off of Debt During Year	80
286	(Increase) / Decrease in Provisions During Year	(913)
<b>(6,298)</b>	<b>Balance at 31 March</b>	<b>(7,132)</b>

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

<b>2022/23 £'000</b>	<b>Council Tax</b>	<b>2023/24 £'000</b>
(742)	Balance at 1 April	(703)
0	Write Off of Debt During Year	9
39	(Increase) / Decrease in Provisions During Year	(113)
<b>(703)</b>	<b>Balance at 31 March</b>	<b>(807)</b>

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

<b>2022/23 £'000</b>	<b>NDR</b>	<b>2023/24 £'000</b>
(5,269)	Balance at 1 April	(5,258)
0	Write Off of Debt During Year	0
11	(Increase) / Decrease in Provisions During Year	(1,302)
<b>(5,258)</b>	<b>Balance at 31 March</b>	<b>(6,560)</b>

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

<b>2022/23 £'000</b>	<b>NDR</b>	<b>2023/24 £'000</b>
(2,108)	Balance at 1 April	(2,104)
0	Write Off of Debt During Year	0
4	(Increase) / Decrease in Provisions During Year	(520)
<b>(2,104)</b>	<b>Balance at 31 March</b>	<b>(2,624)</b>

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 2024.

<b>2022/23 £'000</b>	<b>NDR</b>	<b>2023/24 £'000</b>
(4,586)	Balance at 1 April	(3,981)
1,571	(Write back)/write off of debt during year	6,683
(966)	(Increase) / Decrease in Provisions During Year	(8,273)
<b>(3,981)</b>	<b>Balance at 31 March</b>	<b>2,702</b>

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

<b>2022/23 £'000</b>	<b>NDR</b>	<b>2023/24 £'000</b>
(1,834)	Balance at 1 April	(1,592)
628	(Write back)/write off of debt during year	2,673
(386)	(Increase) / Decrease in Provisions During Year	(3,309)
<b>(1,592)</b>	<b>Balance at 31 March</b>	<b>(2,228)</b>

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# Statement of Accounting Policies

## (i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by 31 May 2024 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 2023/24, 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 based on 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 2024 this Council has no borrowing requirement, so this contribution is not required. Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS.

#### **(vi) Employee Benefits**

##### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees. They are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and additional hours earned by employees but not taken as time off before the year-end which employees can carry forward into the next financial year. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the MiRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

## Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

## Post-employment Benefits

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

## The Local Government Pension Scheme (LGPS)

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Oxfordshire County Council pension fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method - i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the yield at the 18-year point on the Merrill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Council's liabilities. This is consistent with the approach used at the last accounting date.
- The assets of Oxfordshire County Council pension fund attributable to the Council are included in the balance sheet at their fair value:
  - Quoted Securities: current bid price
  - Unquoted Securities: professional estimate
  - Unitised Securities: current bid price
  - Property: market value.
- The change in the net pension 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 based on cash flows rather than as benefits as earned by employees.

### **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

### **(vii) Events after the Balance Sheet Date**

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

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

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

## **(viii) Financial Instruments**

### **Financial Liabilities**

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

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

### **Financial Assets**

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

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

The Council has no investments measured at FVOCI.

### **Financial Instruments Measured at Amortised Cost**

Financial instruments 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 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 based on 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 or 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 few 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 several 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 based on 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, revaluation or 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, revaluation or impairment losses are therefore substituted by a revenue contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS for the difference between the two.

### **Operating Leases:**

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

### **The Council as Lessor**

#### **Finance Leases:**

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

Lease rentals receivable are apportioned between:

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

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

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

## **Operating Leases:**

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

### **(xvi) Overheads and Support Services**

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

### **(xvii) Property, Plant and Equipment**

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

## **Recognition**

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

## **Measurement**

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

- Surplus Assets: fair value, estimated at highest and best use from a market participant's perspective.
- All Other Assets: current value, determined as the amount that would be paid for the asset in its existing use.

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

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

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

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where the balance on the revaluation reserve is less than the decrease in value the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES.
- where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

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

## **Impairment**

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

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

- Where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where the balance on the revaluation reserve is less than the impairment the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES.
- Where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

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

## **Depreciation**

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

Depreciation is calculated on the following bases:

- Buildings and Infrastructure Assets: straight line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, Plant, Furniture and Equipment: on a straight-line basis, generally over the useful life of the asset.

More detail on depreciation rates for asset categories is included in note 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, considering 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 His 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 CIES 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 CIES 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 MiRS. 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, 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.

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## 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 or balance sheet accounts.

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

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

Accounting policies do not include estimation techniques.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Consistency** – the principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

**Contingency** - money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

**Contingent Asset** – a potential asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future event/s not wholly within the Council's control.

**Contingent Liability** – a contingent liability is either:

- a possible obligation arising from past event/s 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 event/s where it is not possible to measure the amount of obligation with sufficient reliability.

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

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

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

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

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

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

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

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

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

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

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

**Depreciation** – the measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passage of time or

obsolescence through either change in technology, legislation or demand for goods and service produced by the asset.

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

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

**Events after the Balance Sheet Date** – events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date (normally 31 March) and the date when the Statement of Accounts is authorised for issue, also referred to as:

**Post Balance Sheet Events (PBSE).** These may be classed as ‘adjusting’ or ‘non-adjusting’.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Intangible Fixed Assets** – some capital expenditure does not give rise to a physical asset, but the benefits last several 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 from 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 always inhibited from pursuing its own separate interests: or
- d) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

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

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

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

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

- Expenditure is charged to capital but there is no tangible asset e.g., improvement grants, compensatory payments. When the expenditure is incurred, it is charged to the income and expenditure account with a compensating entry in the statement of movement on the general fund balance to ensure that there is no impact on the Council Tax; and
- Assets are transferred to another organisation and the associated transferred debt is being repaid over time. These charges are written down by the loan repayments so that the total equates to the relevant loan debt outstanding.

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

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

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

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

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

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

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## 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/>

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