VALE OF WHITE HORSE DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2023/24

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

Narrative Statement

Introduction

This narrative statement provides a commentary on Vale of White Horse District Council's (Council) performance during 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 81-88.

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 Vale of White Horse District

The Vale of White Horse is located between the larger urban centres of Oxford and Swindon and is largely rural in nature with its largest settlements being the historic market towns of Abingdon-on-Thames, Faringdon and Wantage. The population[1] in 2021 was 139,400; of this figure 61.2 per cent (around 85,300 people) were aged between 16 and 64.

The Office for National Statistics has forecast[2] that by 2033 the population of the District will grow to just over 156,330 (an increase of 12.1% from 2021 levels).

Employment within the Vale of White Horse is high and as at 2023, 81.4 per cent of all individuals aged between 16 and 64 were in employment[3]. This compares favourably to the average for the South East of England (79.3 per cent) and for Great Britain (75.8 per cent).

As at May 2024, only 2.3 per cent of working age individuals within the Vale of White Horse were in receipt of out of work benefits[4], compared to 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[5] in the District was 9.64 – considerably above the English and Wales average of 8.14. This means that

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[1] NOMIS – *Labour Market Profile: Vale of White Horse* (total resident population 2021)

[2] Office for National Statistics – *Population projections local authorities SNPP Z1* 2018 dataset

[3] NOMIS – *Labour Market Profile: All people economically active – In employment* (Jan 2023 – Dec 2023)

[4] NOMIS – *Labour Market Profile: All claimants Vale of White Horse* (May 2024)

[5] Office for National Statistics – *Housing affordability in England and Wales: 2023*

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.

Corporate Priorities

The Council's Corporate Plan 2020–24 contains strategic objectives and corporate priorities for the period, the focus is:

- Providing the Homes People Need
- Tackling the Climate Emergency
- Building Healthy Communities
- Building Stable Finances
- Working in Partnership
- Working in an Open and Inclusive Way.

How Performance is Measured

The Council's activities are 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 key contractors are monitored through separate annual reviews and reported to the Council's Joint (with South Oxfordshire 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 act 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 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 Vale of White Horse District Council Corporate Plan for 2020-24, sets out what we hope to achieve for residents 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.

Providing the Homes People Need

As part of its commitment to help deliver more affordable homes, the Council continues to have discussions with a range of landowners and promoters to progress housing and residential-led, mixed use schemes. A Housing Delivery Strategy Action Plan is due to go to Cabinet Committee in the first Quarter of 2024/25 which contains a wide range of measures to support more affordable and sustainable homes.

The Council has continued to help deliver more community-led housing and support a rural homes project designed to provide new affordable housing schemes. These activities included completing the occupation of 24 properties from the Ministry of Defence and purchase of homes under the Government's Local Authority Housing Fund scheme.

The Council wants to ensure homes can be delivered in a way that supports the environment and people living healthy lives. In February 2024, Officers and Members gave evidence to the Housing Infrastructure Fund (HIF1) public inquiry in respect of planned infrastructure to connect strategic housing sites with employment land. Officers have also continued to provide support to Oxfordshire County Council on the development of the Strategic Active Travel Network across the County.

During Quarter Four of 2023/24, an important milestone was reached in the development of the Joint Local Plan with the holding of a public consultation in January and February which sought views on preferred policy options and draft policies. Officers are now reviewing the comments which were received.

Tackling the Climate Emergency

The recent public consultation on the Joint Local Plan sought views on the Council's preferred policy options and draft policies including those relating to sustainable design and construction, net zero carbon buildings, reducing embodied carbon, sustainable retrofitting and renewable energy. It also set out objectives and proposals in relation to sustainable growth and the environment.

A Net Zero Carbon Evidence study was issued alongside the Joint Local Plan by the sustainability consultancy, Bioregional. An additional element of that work – regarding renewable energy schemes – will be published alongside the outcomes of the Joint Local Plan consultation in the autumn of 2024.

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

In conjunction with South Oxfordshire District Council, the Vale submitted a proposal to Innovate UK to fund a research project to trial an electric refuse collection vehicle for waste and recycling collections. There was also progress on the Local Electric Vehicle Infrastructure Funding grant with the County Council now expecting to receive the first tranche of funds in Quarter One of 2024/25 to triple the number of electric vehicle chargers in the County.

The Council's Climate and Biodiversity and Planning teams worked together to publish a new webpage explaining planning requirements for retrofitting measures and a leaflet was published setting out support and funding available for energy saving home improvements.

The Vale's new Air Quality Action Plan was also approved during 2023/24 and in February it was confirmed that the Council has the third highest recycling rates in the country.

Building Healthy Communities

During 2023/24 the Council has seen a record number of homelessness approaches, caused by a combination of factors including the cost of living crisis and the decline in availability of affordable private rented properties.

During Quarter Four, the rate of successful homelessness prevention in the Vale was 71 per cent. Whilst this was below the Council's own 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 its commitments to safeguard and support the District's vulnerable residents, the Council continues to activity participate in numerous countywide partnerships to tackle homelessness in Oxfordshire. The Council is a member of the Homelessness Steering Group, the Young Persons Streeting Group, the Joint Management Group of Alliance Homelessness Services and the Homelessness Directors Group.

The Council has awarded over £80,000 across 18 organisations through its Food and Warmth Grant scheme and Partnership Grant awards totalling £760,000 over the forthcoming five year period (2024/25 to 2028/29) have been approved to Citizens Advice and Vale Community Impact organisations.

The emerging policy framework being created through development of the Joint Local Plan will cover issues specifically relating to infrastructure and the location of homes/jobs. The spatial strategy within the emerging Plan will collectively deliver a new land use approach for the Vale.

With the intention of promoting healthy place shaping and active communities, the Council continues to collaborate with Active Oxfordshire to improve the health and wellbeing of residents, especially those in the most deprived areas.

Work on installing 'Nature Trails' in South Abingdon will complete later in 2024 and Officers have started project planning to update and expand the existing tree planting policy. The Council's new Air Quality Action Plan has also been approved by the Licensing Committee and Officers are now reviewing how and when the annual update should be reported.

Building Stable Finances

The Vale of White Horse is a lean and efficient Council which uses its resources to provide value for money to all its residents. Through sound financial management it has consistently kept costs low, while continuing to provide high quality services.

The Council's 2024/25 budget was approved in February 2024, with a Band D council tax charge over 25 per cent lower than the national average for a Shire District authority. Furthermore, the 2024/25 budget makes a contribution to the Council's reserves rather than drawing upon them.

The Council will be developing an asset management plan consistent with the findings of a Strategic Property Review which was presented to Cabinet Committee during the year to support sustainability and efficiency of the Council's property assets.

Officers have also been developing a bid for approximately £500,000 to the Football Association to fund an Astroturf Pitch at Faringdon Leisure Centre and work has been undertaken on a bid for Low Carbon Skills Funding that would be used to develop heat decarbonisation plans.

Working in Partnership

The Council's Economic Development team has led the Council's adoption of three pledges from the Oxfordshire Inclusive Economic Partnership's Charter. These include having regard to the social value that a supplier can offer to the local community and the buying of goods/services from purposeful local organisations which will directly affect how the Council does business with local Small and Medium sized Enterprises (SMEs).

The draft findings of a research study undertaken by Oxford Brookes University on understanding the net zero challenge for SMEs in the Vale of White Horse and South Oxfordshire have been presented to Officers. The final report, expected in the first Quarter of 2024/25, will help inform the solutions to be commissioned by the Council via UK Shared Prosperity Funding.

A short-term action plan to support the visitor economy of the District has also been finalised. This focused upon tangible support schemes for businesses operating in the sector and established an improved digital promotional presence.

As part of the Council's efforts to support residents and organisations to effect and drive change in the community, there has been a continuation of the pilot project on a simpler approach to neighbourhood planning. Officers meet regularly with pilot groups, providing one-to-one support and bring them together to collaborate and share experiences.

The Economic Development team have maintained their connection to the working group overseeing development of the emerging Strategic Economic Plan (SEP) for Oxfordshire. Following endorsement of the SEP by the Oxfordshire Local Enterprise Partnership's board, work has now started on creation of an action plan.

Officers have continued to contribute to the Oxfordshire Asylum Support system. The Council is currently working with the Ministry of Defence and the Home Office to deliver transitional accommodation for Afghan Relocation and Assistance Programme residents, following the closure of bringing hotels and it is now providing housing and community integration support for over 30 Afghan families in Ministry of Defence housing. Officers have also contributed to discussions at the South East Migration Partnership aimed at coordinating approaches with the Home Office across the asylum system.

Working in an Open and Inclusive Way

As part of its commitment to working openly and transparently, the Council continues to increase the amount of information provided through the data hub section of its website.

All public meetings were livestreamed during Quarter four of 2023/24 (with in the exception of Full Council, due to logistical/IT issues). Recordings of the meetings will remain publicly accessible via the Council's YouTube channel for 12 months.

The Council has continued to develop and run surveys/consultations using the council's new online engagement platform – Join the Conversation – making it easier for residents to respond, and to allow Officers to upload relevant supporting information and background documents.

The Council has rolled out WhatsApp Channels to provide a direct news service to subscribers and Officers continued to test the 'report it' functionality of the Customer Relationship Management System (CRM) to automate reports of environmental crimes, such as fly tipping.

In order to increase meaningful engagement with all stakeholders, work has started on drafting the latest Annual Consultation and Engagement Report. This will include comparison data on the number of responses which the Council has received to surveys and consultations, as well as provide a breakdown of respondent types to highlight any gaps/challenges that may exist.

As part of the recent Joint Local Plan consultation, ten community drop in events were held to take the consultation out to residents of the District. A special 'by-invitation' gathering for community groups that the Council has traditionally failed to reach also took place in February.

The Climate and Engagement teams launched a survey to find out where towns and parishes were in their climate journeys and also what support they would like from the Council. As part of this exercise, respondents were asked for their preferences in relation to the type/manner of interactions they have with the Council. The information obtained will be used to determine how best to proceed.

The Council has provided a variety of election communications materials to parishes, community groups and businesses to share with residents with the aim to encourage voter registration and to remind people of the need for voter identification.

With the intention of delivering on the Vale's commitment to increasing accountability and strengthening its governance framework, work has continued on reviewing the Council's constitution.

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, before parish precepts, was £21.5 million, after accounting for the use of reserves and investment income. Direct service expenditure for the year was £1 million above budget as shown in the table below, analysed across the Council's service areas, although this was offset by a favourable variance of £2.2 million on treasury management income, due to increased interest rates.

Service Expenditure	Budget £'000	Actual £'000	Variance £'000
Corporate Management Team	797	800	3
Corporate Services	3223	3,295	72
Development & Corporate Landlord	916	1,145	228
Finance	889	795	(94)
Housing & Environment	6,032	6,028	(4)
Legal & Democratic	1,770	1,948	178
Partnerships	2,113	2,503	390
Planning	312	689	377
Policy & Programmes	3,417	2,443	(974)
Contingency	(668)	0	668
Direct Service Expenditure	**18,801**	**19,645**	**844**
Interest Income	(3,329)	(5,527)	(2,198)
Transfer to/from reserves	(1,422)	3,961	
Net Revenue Spend	**14,050**	**18,079**	**(1,354)**
Transfer of Surplus / (Deficit) to Reserves:	2,484	1,729	(755)
Government grant income	(102)	(232)	(130)
Net Revenue Spend	**16,432**	**19,576**	**3,144**
Budget Requirement set by Council	**16,432**	**19,576**	**905**
Parish Precepts	5,021	5,021	0
Total Funding Requirement	**21,453**	**24,597**	**3,144**
Council Tax Income	14,248	14,104	(144)
Retained Business Rates	5,355	8,644	3,289
Government Funding	1,849	1,849	0
Total Funding	**21,452**	**24,597**	**3,145**

Services have collectively requested to carry forward £0.8 million of budget into the 2024/25 financial year.

Capital Outturn 2023/24

Capital expenditure was budgeted at £18.2 million in 2023/24 (including adjustments for carry forwards, external funding and slippage). Actual spend for the year was £11.9 million with key items of expenditure including £1.3 million spent on disabled facilities grants.

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

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 £5.6 million against a budget of £3.3 million. In accordance with the Council's Medium-Term Financial Plan (MTFP) income from interest on investments is applied in year to support the revenue account.

Further details on treasury management for 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 may be different to the accounting cost. These adjustments are detailed in notes 2 to 4. After the total financing from government grants and local taxpayers of £31.6 million the Council's deficit on provision of services was £0.8 million.

This deficit is then adjusted for items that are not expected to materialise for many years due to their nature, produce the total comprehensive income and expenditure figure for the year which is a surplus of £1.9 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 £121.6 million to £123.5 million at 31 March 2024, an increase of £1.9 million. This is primarily due to the reduction in defined benefit pension liability of £7.7 million offset by a £5.0 million downward revaluation of property assets.

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

At the balance sheet date, the Council had usable reserves of £56.7 million, made up of £35.7 million general fund balance (including earmarked reserves), £12.5 million in capital receipts and £8.5 million in unapplied capital grants.

Collection Fund

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

On Council tax, income of £130.6 million was received and £132.2 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 £4.9 million. This will be re-distributed to all major precepting authorities.

On NDR, £73.6 million was received and £72.0 million was paid out to the Council, Central Government and Oxfordshire County Council (OCC). After taking the balance brought forward, provision for bad debts and the provision for appeals into account, the deficit on the NDR Collection Fund balance at the end of the year was £4.7 million. This will be shared between the Council, Central Government and OCC.

The Council is acting as the accountable body for the Oxfordshire Local Enterprise Partnership (OxLEP) and is retaining additional business rates collected from within the Science Vale, Didcot Growth Accelerator and Milton Park Extension Enterprise Zones on their behalf. As at 31 March 2024, the amount of business rates retained by the Council on behalf of OxLEP was in the region of £28 million.

Future Prospects

As part of the annual budget setting process for 2024/25, Council agreed 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 identifies challenges for the Council. Based on current assumptions and estimates, the Council can set a balanced budget for the five-year period of the MTFP period by drawing on reserves. Releasing revenue reserves to balance the budget is not sustainable in the long term as the reserves become depleted. The MTFP is based on current estimates of government funding, which are themselves subject to uncertainty pending further information on the outcome of the fair funding review, the review of New Homes Bonus, and the spending review. Although this is not an immediate problem, based on current projections the budget is not sustainable over the long term.

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

As part of budget setting for 2024/25, Council also agreed a capital programme to 2028/29 costing £59.8 million. This will be funded from a combination of the Council’s usable capital reserves, borrowing and other contributions. It is anticipated that by 31 March 2029 the Council’s capital receipts balance will be £1.8 million.

Simon Hewings

Head of Finance & S151 officer

20 February 2025

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 then applied them consistently,
- made judgements and estimates that were reasonable and prudent,
- complied with the local authority code,

  The Chief Finance Officer has also:

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

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

Simon Hewings

Head of Finance & S151 officer

20 February 2025

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

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

Report on the Audit of the Financial Statements

Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Vale of White Horse District Council (the 'Authority') for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet and the Cash Flow Statement, the Collection Fund Account, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

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

Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Authority to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').

The Authority's 2022/23 financial statements were disclaimed and therefore we have been unable to obtain sufficient appropriate audit evidence over the opening balances for 2023/24. In addition, the audit of the 2022/23 financial statements was not completed until 9 December 2024. As a result of this, there has been insufficient time to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2023/24 financial statements before the 28 February 2025 backstop date.

Other information

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section, we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Head of Finance and S151 officer

As explained more fully in the Statement of 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 affairs. In this authority, that officer is the Head of Finance and S151 officer. The Head of Finance and S151 officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24, for being satisfied that they give a true and fair view, and for such internal control as the Head of Finance and S151 officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Finance and S151 officer is responsible for assessing the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor’s responsibilities for the audit of the financial statements

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

However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud Irregularities, including fraud, are instances of non-compliance with laws and regulations.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our planned procedures were considered capable of detecting irregularities, including fraud is detailed below:

- We considered the nature of the sector, control environment and financial performance;
- We considered the results of enquiries with management, internal audit and the Joint Audit and Governance Committee in relation to their own identification and assessment of the risk of irregularities within the entity, and whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
- We reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation;
- Any matters identified having obtained and reviewed the Authority's documentation of their policies and procedures relating to:
    - Identifying, evaluation and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- We considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK) we are required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Authority operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 (as amended by the Accounts and Audit (Amendment) Regulations 2024), the Local Government Act 2003, Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012)).

In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Authority's ability to operate or avoid a material penalty. These include data protection regulations, health and safety regulations, employment legislation, and money laundering legislation.

Our planned procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing Committee meeting minutes;
- Enquiring of management in relation to actual and potential claims or litigations;
- Challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of land and buildings, valuations of investment property and defined benefit pensions liability valuations; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

Our planned audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures we have been able to perform and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory matters

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024 and related statutory guidance. We considered whether the Authority has proper arrangements in place to ensure financial sustainability, proper governance and the use of information about costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Vale of White Horse District Council for the year ended 31 March 2024 in accordance with the requirements of Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have:

- confirmation from the NAO that no additional work (beyond submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and Authority's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Alex Walling, Key Audit Partner
for and on behalf of Bishop Fleming LLP
Chartered Accountants and Statutory Auditors

Bristol

27 February 2025

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 is "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 to 62). The core statements are supported by comprehensive notes to the accounts.

Accounting Policies (pages 68 to 83). 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 63 to 66.

Comprehensive Income and Expenditure Statement

2022/23				2023/24		
Exp £'000	**Inc £'000**	**Net £'000**		**Exp £'000**	**Inc £'000**	**Net £'000**
1,153	(272)	881	Corporate Management Team	1,131	(316)	816
2,422	(446)	1,976	Corporate Services	2,925	(476)	2,449
8,139	(3,042)	5,098	Development & Corporate Landlord	9,842	(4,064)	5,778
22,402	(19,771)	2,630	Finance	22,644	(20,028)	2,616
11,051	(4,496)	6,555	Housing and Environment	13,105	(4,788)	8,317
2,945	(1,255)	1,691	Legal and Democratic	3,255	(1,340)	1,915
4,740	(196)	4,544	Partnership and Insight	3,399	(890)	2,509
6,092	(2,116)	3,976	Planning	6,518	(2,546)	3,972
5,261	(1,447)	3,814	Policy & Programmes	5,537	(1,668)	3,869
64,206	**(33,040)**	**31,166**	**Cost of Services**	**68,357**	**(36,116)**	**32,241**
4,688	0	4,688	Parish Council Precepts and Other Grants	5,021	**0**	**5,021**
4,688	**0**	**4,688**	**Other Operating Expenditure**	**5,021**	**0**	**5,021**
0	(1,982)	(1,982)	Interest Receivable and similar Income	0	(5,399)	(5,399)
0	(110)	(110)	Other Investment Income (Dividends)	0	(128)	(128)
	(546)	(546)	Other Investment Income (Long leases)		(208)	(208)
501	0	501	Deficit \ (Surplus) on Financial Instruments valued through P&L	99	0	99
0	(296)	(296)	Changes in Fair Values of Investment Properties	460	0	460
0	(192)	(192)	Income and Expenditure in relation to Investment Properties	0	(201)	(201)
1,194	0	1,194	Net Interest on Net Defined Benefit Liability or Asset	513	0	513
1,695	**(3,126)**	**(1,431)**	**Financing and Investment Income and Expenditure**	**1,072**	**(5,936)**	**(4,864)**
0	(6,811)	(6,811)	Recognised Capital Grants and Contributions	0	(6,788)	(6,788)
0	(13,433)	(13,433)	Council Tax	0	(14,104)	(14,104)
0	(25,497)	(25,497)	Retained Business Rates	0	(34,490)	(34,490)
20,773	0	20,773	Business Rates Tariff	25,846	0	25,846
0	(895)	(895)	Lower Tier Service Grant	0	(232)	(232)
0	(3,381)	(3,381)	Non-ringfenced Government Grants	0	(1,849)	(1,849)
20,773	**(50,016)**	**(29,243)**	**Taxation and Non-specific Grant Income**	**25,846**	**(57,463)**	**(31,617)**
91,361	**(86,181)**	**5,180**	**(Surplus) or Deficit on Provision of Services**	**100,295**	**(99,515)**	**781**
0	(11,844)	(11,844)	Surplus or Deficit on Revaluation of Non-current Assets	5,037	0	5,037

0	(34,873)	(34,873)	Remeasurement of Net Defined Benefit Liability	0	(7,704)	(7,704)
0	**0**	**(46,717)**	**Other Comprehensive Income and Expenditure**	**0**	**0**	**(2,667)**
0	**0**	**(41,537)**	**Total Comprehensive Income and Expenditure**	**0**	**0**	**(1,886)**

Movement in Reserves Statement

For the year ended 31 March 2024

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance: 31 March 2023	**(25,835)**	**(13,264)**	**(16,069)**	**(55,168)**	**(66,399)**	**(121,566)**
Total Comprehensive Income and Expenditure	**780**	**0**	**0**	**780**	**(2,667)**	**(1,887)**
Adjustments between accounting basis and funding basis under regulations (note 4)	(10,608)	4,778	3,533	(2,297)	2,297	0
Net Increase / Decrease before Transfers to Other Reserves	**(9,828)**	**4,778**	**3,533**	**(1,517)**	**(370)**	**(1,887)**
Transfers to / from other reserves	0	0	0	0	0	0
Increase / Decrease (Movement) in Year	**(9,828)**	**4,778**	**3,533**	**(1,517)**	**(370)**	**(1,887)**
Balance: 31 March 2024	**(35,663)**	**(8,486)**	**(12,536)**	**(56,685)**	**(66,769)**	**(123,454)**

For the year ended 31 March 2023

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
Balance: 31 March 2022	**(21,096)**	**(13,434)**	**(19,856)**	**(54,386)**	**(25,644)**	**(80,030)**
Total Comprehensive Income and Expenditure	**5,179**	**0**	**0**	**5,179**	**(46,717)**	**(41,537)**
Adjustments between accounting basis and funding basis under regulations (note 4)	(9,918)	170	3,787	(5,962)	5,962	0
Net Increase / Decrease before Transfers to Other Reserves	**(4,739)**	**170**	**3,787**	**(782)**	**(40,755)**	**(41,537)**
Transfers to / from other reserves	0	0	0	0	0	0
Increase / Decrease (Movement) in Year	**(4,739)**	**170**	**3,787**	**(782)**	**(40,755)**	**(41,537)**
Balance: 31 March 2023	**(25,835)**	**(13,264)**	**(16,069)**	**(55,168)**	**(66,399)**	**(121,566)**

Balance Sheet

31 March 2023		31 March 2024		
£'000		£'000	£'000	Notes
66,388	Property, Plant & Equipment		63,495	*6*
5,167	Investment Property		4,708	*7*
145	Intangible Assets		68	
23,540	Long-term Investments		20,441	*8*
1,883	Long-term Debtors		1,885	*9*
97,123	**Long-term Assets**		**90,596**	
106,500	Short-term Investments	125,497		*8*
3	Inventories	0		
16,076	Short-term Debtors	13,137		*9*
8,553	Cash and Cash Equivalents	1,559		*10*
131,132	**Current Assets**		**140,193**	
(45,316)	Short-term Creditors	(45,905)		*11*
(1,737)	Provisions	(4,663)		*12*
(48,514)	Capital Grants and Receipts in Advance	(53,509)		
(95,567)	**Current Liabilities**		**(104,077)**	
(11,122)	Other Long-term Liabilities	(3,259)		*18e*
(11,122)	**Long-term Liabilities**		**(3,259)**	
121,566	**Net Assets**		**123,453**	
(15,791)	Non-earmarked Revenue Reserves	(25,721)		
(10,043)	Earmarked Revenue Reserves	(9,943)		
(13,264)	Usable Capital Receipts Reserve	(8,486)		
(16,069)	Capital Grants Unapplied	(12,535)		
(55,167)	**Usable Reserves**		**(56,685)**	*MiRS*
(38,767)	Revaluation Reserve	(32,518)		*14a*
(540)	Financial Instrument Revaluation Reserve	(441)		*14b*
(32,948)	Capital Adjustment Account	(35,767)		*14c*
11,122	Pensions Reserve	3,259		*14d*
(1,818)	Deferred Capital Receipts Reserve	(1,817)		*14e*
(3,718)	Collection Fund Adjustment Account	216		*14f*
270	Short-term Accumulating Compensated Absences	300		*14g*
(66,399)	**Unusable Reserves**		**(66,768)**	
(121,566)	**Total Reserves**		**(123,453)**	

Cash Flow Statement

31 March 2023 £'000		31 March 2024 £'000	Notes
(5,180)	**Net Surplus or (Deficit) on the Provision of Services**	**(781)**	
0	Adjust net surplus for profit on disposal	0	
(36,632)	Adjust net surplus or deficit on the provision of services for non-cash movements	10,550	
(6,811)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(6,788)	
(48,623)	**Net Cash Flows from Operating Activities**	**2,981**	
	Investing Activities		
368	Purchase of property, plant and equipment, investment property and intangible assets	(3,983)	
(111,000)	Purchase of short- and long-term investments	(175,500)	
0	Other payments for investing activities	0	
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2)	
111,500	Proceeds from short-term and long-term investments	162,500	
13,242	Other Receipts from investing activities	11,784	
14,110	**Total Investing Activities**	**(5,201)**	
	Financing Activities		
0	Cash receipts of short and long-term borrowing	0	
18,509	Billing Authorities - Council tax and NDR adjustments	(4,776)	
0	Other receipts from financing activities	0	
18,509	**Total Financing Activities**	**(4,776)**	
(16,004)	**Net Increase / (Decrease) in Cash and Cash Equivalents**	**(6,996)**	
24,561	Cash and cash equivalents at the beginning of the reporting period	8,557	
8,557	**Cash and Cash Equivalents at the End of the Reporting Period**	**1,560**	*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 66 to 83.

2. Expenditure and Funding Analysis

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

2022/23				2023/24		
Net Expenditure Chargeable to the General Fund Balance	Adjustments between the funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments between the funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
759	123	882	Corporate Management Team	800	16	816
2,670	(694)	1,976	Corporate Services	3,295	(846)	2,449
2,203	2,895	5,098	Development & Corporate Landlord	1,551	4,227	5,778
356	2,274	2,630	Finance	592	2,025	2,617
5,604	952	6,555	Housing & Environment	6,032	2,286	8,317
1,506	185	1,691	Legal & Democratic	1,948	(33)	1,915
2,176	2,369	4,544	Partnership & Insight	2,503	6	2,509
3,629	347	3,976	Planning	3,933	39	3,972
1,757	2,057	3,814	Policy & Programmes	2,443	1,426	3,869
20,660	**10,509**	**31,166**	**Net Cost of Services**	**23,097**	**9,146**	**32,243**
(25,398)	**(588)**	**(25,986)**	**Other Income and Expenditure**	**(32,923)**	**1,462**	**(31,461)**
(4,740)	**9,922**	**5,180**	**(Surplus) or Deficit on Provision of Services**	**(9,828)**	**10,608**	**779**
(21,095)			Opening General Fund Balance	(25,835)		
(4,740)			(Surplus) or Deficit on General Fund Balance in year	(9,828)		
(25,835)			**Closing General Fund Balance at 31 March**	**(35,664)**		

3. Note to the Expenditure and Funding Analysis

2022/23					2023/24			
Adjustments for Capital Purposes (note 1)	**Net change for the Pensions Adjustments (Note 2)**	**Other Differences (Note 3)**	**Total Adjustments**		**Adjustments for Capital Purposes (note 1)**	**Net change for the Pensions Adjustments (Note 2)**	**Other Differences (Note 3)**	**Total Adjustments**
£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
1	122	0	**123**	Corporate Management Team	2	14	0	**16**
14	(708)	0	**(694)**	Corporate Services	28	(874)	0	**(846)**
2,612	284	0	**2,895**	Development & Corporate Landlord	4,195	32	0	**4,227**
2,011	264	0	**2,274**	Finance	1,997	29	0	**2,025**
591	361	0	**952**	Housing & Environment	2,252	33	0	**2,286**
7	178	0	**185**	Legal & Democratic	(53)	20	0	**(33)**
2,330	38	0	**2,368**	Partnership & Insight	1	5	0	**6**
8	340	0	**348**	Planning	4	35	0	**39**
1,795	263	0	**2,058**	Policy & Programmes	1,392	34	0	**1,426**
9,369	**1,142**	**0**	**10,509**	**Net Cost of Services**	**9,818**	**(672)**	**0**	**9,146**
(3,775)	**1,194**	**1,993**	**(588)**	**Other Income and Expenditure from the Expenditure and Funding Analysis**	**(2,984)**	**513**	**3,933**	**1,462**
5,592	**2,336**	**1,993**	**9,921**	**Difference between general fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of Services**	**6,834**	**(159)**	**3,933**	**10,608**

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

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

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

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

4. Adjustments between Accounting Basis and Funding Basis under regulations

31 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
				Adjustments primarily involving the capital adjustment account:				
				Reversal of items debited or credited to the CIES:				
(1,746)	0	0	1,746	Charges for depreciation and impairment of non-current assets	(2,787)	0	0	2,787
(558)	0	0	558	Revaluation gains on property, plant and equipment	(498)	0	0	498
455	0	0	(455)	Movement in the fair value of investment properties	(460)	0	0	460
(1)	0	0	1	Movements in fair value of long-term leases	(1)	0	0	1
(7,206)	0	0	7,206	Revenue expenditure funded from capital under statute	(6,255)	0	0	6,255
0	0	0	0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(248)	0	0	248
				Adjustments primarily involving the capital grants unapplied account:				
6,812	(582)	(2,559)	(3,671)	Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	6,788	0	(6,148)	(641)
(2,832)		2,832	0	Expenditure funded by developers contributions	(3,245)	0	3,245	0
				Adjustments primarily involving the capital receipts reserve:				
0	752	3	(755)	Use of capital receipts reserve to finance new capital expenditure	0	4,778	0	(4,778)
				Use of capital grants unapplied to finance capital expenditure	0	0	6,436	(6,436)
				Adjustments primarily involving the financial instruments revaluation reserve				
(501)	0	0	501	Reversal of surplus on Financial Instruments valued through Profit and Loss)	(99)	0	0	99
				Adjustments primarily involving the pensions reserve:				
(2,336)	0	0	2,336	Pensions costs (transferred to (or from) the Pensions Reserve)	159	0	0	(159)
				Adjustments primarily involving the collection fund adjustment account:				
(1,993)	0	0	1,993	Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(3,933)	0	0	3,933
				Adjustment primarily involving the accumulated absences account:				
(14)	0	0	14	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(30)	0	0	30
9,920	**170**	**276**	**9,474**	**Total adjustments**	**(10,608)**	**4,778**	**3,533**	**2,297**

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

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

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

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
(11,289)	(16,516)	12,014	(15,791)	**General Fund Balance**	(15,791)	(11,521)	1,591	(25,721)
(11,289)	**(16,516)**	**12,014**	**(15,791)**	**Total General Fund Balance**	**(15,791)**	**(11,521)**	**1,591**	**(25,721)**
				Earmarked Reserves				
(14)	0	0	(14)	*(a)* Building regulations	(14)	0	0	(14)
(8,943)	(1,269)	1,032	(9,180)	*(b)* Service & infrastructure grants	(9,180)	0	0	(9,180)
(850)	0	0	(850)	*(c)* Revenue grants reserve	(850)	(37)	137	(750)
(9,807)	**(1,269)**	**1,032**	**(10,044)**	**Total Earmarked Reserves**	**(10,044)**	**(37)**	**137**	**(9,943)**

The purpose of each reserve is as follows:	
(a)	The building control trading account
(b)	Fund to provide revenue support to service and infrastructure projects
(c)	To fund revenue expenditure from grants received in advance

6. Property, Plant and Equipment

Table 6a Movements in Property, Plant & Equipment 2023/24	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total PP&E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2023	**65,558**	**7,068**	**211**	**940**	**0**	**0**	**73,777**
Additions	5,399	183	18	0	0	0	**5,600**
Revaluation Increases / (Decreases) to RR	(5,037)	0	0	0	0	0	**(5,037)**
Revaluation increases / (Decreases) to SDPS	(498)	0	0	0	0	0	**(498)**
Disposals	(238)	(180)	0	0	0	0	**(418)**
Depreciation written back on revaluation	(1,143)	0	0	0	0	0	**(1,443)**
Write out balances on revalued assets	(2,445)	0	0	0	0	0	**(2,445)**
Reclassifications	0	0	0	0	0	0	**0**
At 31 March 2024	**61,596**	**7,071**	**229**	**940**	**0**	**0**	**69,836**
At 1 April 2023	**(1,316)**	**(5,924)**	**(148)**	**0**	**0**	**0**	**(7,388)**
Depreciation charge	(2,418)	(284)	(8)	0	0	0	**(2,710)**
Disposals	0	169	0	0	0	0	**169**
Depreciation written back on revaluation	1,143	0	0	0	0	0	**1,143**
Write out balances on revalued assets	2,445	0	0	0	0	0	**2,445**
At 31 March 2024	**(146)**	**(6,039)**	**(156)**	**0**	**0**	**0**	**(6,341)**
Balance Sheet at 31 March 2024	**61,450**	**1,032**	**73**	**940**	**0**	**0**	**63,495**
Balance Sheet at 31 March 2023	**64,242**	**1,144**	**63**	**940**	**0**	**0**	**66,389**
Notes							
RR = Revaluation Reserve							
SDPS = Surplus or Deficit on Provision of Services							

Table 6b Movements in Property, Plant, & Equipment 2022/23	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total PP&E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2022	**55,659**	**6,681**	**211**	**906**	**0**	**0**	**63,457**
Additions	251	387	0	0	0	0	**638**
Revaluation Increases / (Decreases) to RR	11,840	0	0	4	0	0	**11,844**
Revaluation Increases / (Decreases) to SDPS	(504)	0	0	(53)	0	0	**(557)**
Write out balances on revalued assets	(1,688)	0	0	83	0	0	**(1,605)**
Reclassifications	0	0	0	0	0	0	**0**
At 31 March 2023	**65,558**	**7,068**	**211**	**940**	**0**	**0**	**73,777**
Depreciation and Impairments							
At 1 April 2022	**(1,629)**	**(5,697)**	**(140)**	**0**	**0**	**0**	**(7,466)**
Depreciation charge	2,019	(227)	(8)	0	0	0	**1,784**
Write out balances on revalued assets	(1,706)	0	0	0	0	0	**(1,706)**
At 31 Mar 2023	**(1,316)**	**(5,924)**	**(148)**	**0**	**0**	**0**	**(7,388)**
Balance Sheet at 31 March 2023	**64,242**	**1,144**	**63**	**940**	**0**	**0**	**66,389**
Balance Sheet at 31 March 2022	**54,030**	**984**	**71**	**906**	**0**	**0**	**55,991**
Notes							
RR = Revaluation Reserve							
SDPS = Surplus or Deficit on Provision of Services							

Depreciation

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

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

Capital Commitments

At the end of March 2024, the Council had capital commitments on several contracts in 2024/25 and future years, budgeted at £1.1 million relating to Leisure contracts.

Revaluations

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

The Council's operational assets have been valued 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,
- There will be an adequate level of expenditure on repairs and maintenance.

Table 6c Revaluations Property, Plant & Equipment

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	7,072	228	0	0	**7,300**
Valued at:						
31 January 2024	61,594	0	0	0	0	**61,594**
31 January 2023	0	0	0	856	0	**856**
31 January 2022	0	0	0	0	0	**0**
31 January 2021	0	0	0	85	0	**85**
31 January 2020	0	0	0	0	0	**0**
Total cost or valuation	**61,594**	**7,072**	**228**	**941**	**0**	**69,835**

The Council has no surplus assets.

7. Investment Properties

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

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

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

2022/23		2023/24
£’000		£’000
4,872	**Balance at 1 April**	**5,168**
296	Changes in Fair Value	(460)
5,168	**Balance at 31 March**	**4,708**

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

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

Highest and Best Use

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

Valuation Process for Investment Properties

The Council’s investment property has been valued at 31 March 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.

8. Financial Instruments

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

Table 8a Categories of Financial Instrument				
	Long term		Current	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Investments				
Amortised costs	21,000	18,000	115,056	128,597
Fair value through profit and loss	2,540	2,441	0	0
Total financial assets (investments)	**23,540**	**20,441**	**115,056**	**128,597**
Debtors				
Financial assets carried at contract amount	1,883	1,820	13,535	9,443
Total financial assets	**1,883**	**1,820**	**13,535**	**9,443**
Creditors				
Financial liabilities carried at contract amount	0	0	6,478	6,073
Total financial liabilities	**0**	**0**	**6,478**	**6,073**

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

(2) Financial assets at fair value through profit and loss: the Council holds £2.44 million in the CCLA pooled property fund. The Council has applied a statutory override to this fund which results in the charge to the CIES being reversed out, via the MiRS and into the Financial Instruments Revaluation Reserve.

Financial Instrument Gains / Losses

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

Table 8b Financial Instrument Gains / Losses 2023/24		
2022/23 £'000		2023/24 £'000
2,092	Investment income (interest, dividends, gains/loss on disposal)	5,527
(501)	Net increase/(decrease) in fair value	(99)
1,591	**Net Gain/(Loss) for the Year**	**5,428**

Fair Values of Assets and Liabilities

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

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

The fair values calculated are as follows:

Table 8c Fair Value of Assets & Liabilities Carried at Amortised Cost				
31 March 23			31 March 24	
Carrying amount £'000	Fair value £'000		Carrying amount £'000	Fair value £'000
115,200	129,691	Short term investments	125,600	129,691
23,540	26,126	Long term investments	20,441	26,126
13,535	13,535	Short term debtors	13,104	9,443
1,883	1,883	Long term debtors	1,820	1,820
154,158	**171,235**	**Total Financial Assets**	**160,965**	**167,080**
6,478	(13,895)	Short term creditors	6,073	6,073
6,478	**(13,895)**	**Total Financial Liabilities**	**6,073**	**6,073**

The fair values for loans and receivables include accrued interest.

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

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

Table 8d Financial Assets Fair Value Hierarchy-Fair value through profit and loss	Fair Value Hierarchy	Amount £'000
CCLA Pooled Funds	Level 1	2,441

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

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

- Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs for the asset.

The fair values for Financial Assets held at Amortised Cost include accrued interest.
The comparator market rates prevailing have been taken from indicative investment rates at the balance sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures and the difference is likely to be immaterial.

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

9. Debtors

31 March 23			31 March 24	
Long Term £'000	**Short Term £'000**		**Long Term £'000**	**Short Term £'000**
0	385	Central Government Bodies	0	1,471
0	4,165	Other Local Authorities	0	2,709
1,883	11,525	Other Entities and Individuals	1,884	8,951
1,883	**16,075**	**Total Debtors**	**1,884**	**13,137**

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
9	Cash held by the Council	2
(156)	Bank Current and Instant Access Accounts	(1,543)
8,700	Money Market Funds	3,100
8,553	**Total Cash and Cash Equivalents**	**1,559**

11. Short–term Creditors

31 March 23 £'000		31 March 24 £'000
(7,703)	Central Government Bodies	(4,971)
(29,492)	Other Local Authorities	(35,733
(8,122)	Other Entities and Individuals	(5,201)
(45,317)	**Total Short-term Creditors**	**(45,905)**

12. Provisions

Provisions are made up of the following items set aside to meet possible future liabilities:

	Accumulated absences £'000	Business rate appeals £'000	Total £'000
Balance at 1 April 23	**(14)**	**(1,723)**	**(1,737)**
Movement in year	(285)	(2,641)	(2,926)
Balance at 31 March 24	**(299)**	**(4,364)**	**(4,663)**

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 (including intangible assets). The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation.
- Disposed of and the gains are realised.

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

Table 14a Revaluation Reserve		
2022/23 £'000		**2023/24 £'000**
(27,471)	**Balance at 1 April**	**(38,766)**
(12,026)	Upward revaluation of assets	(1,865)
182	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	6,902
0	Transfer to Capital Adjustment Account	0
0	Disposals	0
(11,844)	**Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services**	**5,037**
549	Difference between fair value depreciation and historical cost depreciation	1,212
549	**Amount written off to the capital adjustment account**	**1,212**
0	Other	0
(38,766)	**Balance at 31 March**	**(32,517)**

Financial Instrument Revaluation Reserve

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

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

Table 14b Financial Instrument Revaluation Reserve

2022/23 £'000		2023/24 £'000
(1,041)	**Balance at 1 April Financial Instrument Revaluation Reserve**	**(540)**
501	Revaluation of investments	99
(540)	**Balance at 31 March Available For Sale Financial Instruments Reserve**	**(441)**

Capital Adjustment Account

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

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on property, plant, and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains. Note 4 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2022/23 £'000	Table 14c Capital Adjustment Account	2023/24 £'000
(33,517)	**Balance at 1 April**	**(32,947)**
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
1,138	Charges for depreciation and impairment of non-current assets	1,499
558	Revaluations (gains)/losses on property, plant and equipment	498
60	Amortisation of intangible assets	76
7,206	Revenue expenditure funded from capital under statute	6,255
(455)	Movement in the fair value of investment properties	460
0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	248
0	Adjusting amounts written out to the revaluation reserve	
	Capital financing applied in the year:	
(754)	Use of the capital receipts reserve to finance new capital expenditure	(4,778)
(7,183)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(7,077)
0	Other adjustments	0
(32,947)	**Balance at 31 March**	**(35,766)**

Pensions Reserve

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

Table 14d Pensions Reserve		
2022/23 £'000		**2023/24 £'000**
43,659	**Balance at 1 April**	**11,122**
(34,873)	Remeasurement of the net defined benefit liability/(asset)	(7,704)
0	Actuarial gain/loss	
4,258	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	2,017
(1,922)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,176)
11,122	**Balance at 31 March**	**3,259**

Deferred Capital Receipts Reserve

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

Table 14e Deferred Capital Receipts Reserve		
2022/23 £'000		**2023/24 £'000**
(1,819)	**Balance at 1 April**	**(1,818)**
0	New deferred capital receipts raised in year	
1	Movement in valuation of property	1
(1,818)	**Balance at 31 March**	**(1,817)**

Collection Fund Adjustment Account

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

Table 14f Collection Fund Adjustment Account		
2022/23 £'000		**2023/24 £'000**
(5,231)	**Balance at 1 April**	**(3,717)**
1,514	Amount by which Council tax and non-domestic rates income credited to the CIES is different from Council tax income and non-domestic rates calculated for the year in accordance with statutory requirements	3,933
(3,717)	**Balance at 31 March**	**216**

Accumulated Absences Account

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

Table 14g Accumulated Absences Account

2022/23 £'000		2023/24 £'000
256	**Balance at 1 April**	**270**
0	Settlement or Cancellation of Accrual made at the End of the Preceding Year	0
14	Amounts Accrued at the End of the Current Year	30
270	**Balance at 31 March**	**300**

15. Interest Received and Interest Paid

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

2022/23 £'000		2023/24 £'000
1,982	Interest Received	5,522
110	Dividends Received	128
2,092	**Total Interest Received, Interest Paid, and Dividends Received**	**5,650**

16. Expenditure and Income Analysed by Nature

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

2022/23 £'000		2023/24 £'000
	Expenditure	
10,958	Employee Benefits Expenses	10,175
51,502	Other Services Expenses	55,395
1,746	Depreciation and Amortisation	2,787
20,773	Business Rates Tariff	25,846
4,688	Precepts and Levies	5,021
1,194	Net Interest on Net Defined Benefit Liability or Asset	513
0	Loss on Disposal of Assets	0
501	Loss on Revaluation of Assets	559
91,361	**Total expenditure**	**100,295**
	Income	
(33,038)	Fees, Charges and Other Service Income	(36,117)
(3,126)	Interest, Investment Income, and Income from Investment Property	(5,936)
(38,930)	Income from Council Tax and Non-domestic Rates	(48,594)
(4,276)	Government Grants and Contributions	(2,081)
(6,811)	Recognised Capital Grants and Contributions	(6,788)
0	Gain on the Disposal of Assets	0
(86,181)	**Total Income**	**(99,515)**
5,180	**(Surplus) / Deficit on the Provision of Services**	**780**

17. Members' Allowances

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

2022/23 £'000	Members' allowance	2023/24 £'000
212	Basic Allowance	224
131	Special Responsibility Allowance	158
1	Expenses	1
344		**383**

18. Employee Benefits

Officers' Remuneration

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

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

Table 18a Senior Officers' Emoluments Statutory						
Post Title	**Financial Year**	**Salary (Inc. Fees & Allowances)** **£**	**Expenses** **£**	**Total Remuneration (Excl. Pension Contributions)** **£**	**Pension Contribution** **£**	**Total Remuneration Inc Pension Contributions** **£**
Chief Executive – Mark Stone	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	16,656	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 Chief Finance Officer and Monitoring Officer are also Heads of Service.

Employees whose remuneration, excluding employer's pension contributions, was £50,000 or more are as follows:

Table 18b Employee Remuneration over £50,000 Number of SODC / VOWH Employees		
2022/23	**Remuneration Band** **£**	**2023/24**
16	50,000-54,999	13
3	55,000-59,999	11
2	60,000-64,999	3
7	65,000-69,999	3
1	70,000-74,999	4

Under the shared working arrangements, the Council recharged a total of £4,536,510 of its salary costs to South Oxfordshire District Council, which in turn recharged £9,557,252 of its salary costs to this Council.

Termination Benefits

Table 18c Exit packages agreed

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
up to £20,000	0	0	1	2	1	2	17,014	3,205
Total	**0**	**0**	**1**	**2**	**1**	**2**	**17,014**	**3,205**

Post-employment Benefits – Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

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

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The actuarial valuation of the Fund has been carried out at 31 March 2023 and sets contributions for the period 1 April 2023 to 31 March 2024. There are no minimum funding requirements in the LGPS, but the contributions are generally set to target a funding level of 100 per cent using the actuarial valuation assumptions.

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

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

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

In general, participating in a defined benefit pension scheme means that the Employer is exposed to 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 cash flows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.

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

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

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

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

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

Transactions Relating to Retirement Benefits

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

Table 18d Transactions Relating to Retirement Benefits		
2022/23 £'000		**2023/24 £'000**
	Cost of Services:	
(3,064)	Service Cost	(1,504)
	Financing and investment income and expenditure	
(1,194)	Net interest expense	(513)
(4,258)	**Total post-employment benefit charged to the surplus or deficit on the provision of services**	**(2,017)**
	Other post-employment benefit charged to the CIES	
	Remeasurement of the net defined benefit liability comprising:	
(5,737)	Return on plan assets (excluding the amount included in the net interest expense)	(5,635)
758	Actual (gain) and losses arising on changes in demographic assumptions	(526)
47,293	Actual (gain) and losses arising on changes in financial assumptions	(4,583)
(7,441)	Actual (gain) and losses arising from other experience	3,040
34,873	**Total post-employment benefit charges to the comprehensive income and expenditure statement**	**(7,704)**
	Movement in Reserves Statement	
(4,258)	Reversal of net charges made to the surplus or deficit for the Provision of Services for post-employment benefits in accordance with the code	2,017
	Actual amount charged against the general fund balance for pensions in the year:	2,176
1,922	Employers' contributions payable to scheme	

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:

18e Pension Assets and Liabilities Recognised in the Balance Sheet		
2022/23 £'000		**2023/24 £'000**
85,709	Fair value of employer assets	93,713
(95,458)	Present value of funded liabilities	(95,670)
(1,373)	Present value of unfunded liabilities	(1,302)
(11,122)	**Net Liability Arising from Defined Benefit Obligation**	**(3,259)**

18f Reconciliation of the Movements in the Fair Value of the Scheme Assets		
LGPS 2022/23 £'000		**LGPS 2023/24 £'000**
90,068	**Opening Balance at 1 April**	**85,709**
2,416	Interest on Assets	4,032
(5,737)	Return on Assets less Interest	5,635
1,922	Employer Contributions	2,176
453	Contributions by Scheme Participants	509
(3,413)	Benefits Paid	(4,348)
0	Remeasurement - Other Experience	0
85,709	**Closing Present Value of Scheme Assets**	**93,713**

18g Reconciliation of the Movements in the Fair Value of the Scheme Liabilities		
Funded & Unfunded Liabilities 2022/23 £'000		**Funded & Unfunded Liabilities 2023/24 £'000**
(133,727)	**Opening Balance at 1 April**	**(96,831)**
(3,064)	Current Service Cost	(1,504)
(3,610)	Interest Cost	(4,545)
(453)	Contributions by Scheme Participants	(509)
47,293	Actual (Gains) and Losses Arising on Changes in Financial Assumptions	4,583
758	Actual (Gain) and Losses Arising on Changes in Demographic Assumptions	526
(7,441)	Other	(3,040)
3,413	Benefits Paid	4,348
(96,831)	**Closing Present Value of Liabilities**	**(96,972)**

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

Table 18h Breakdown of Fund Assets at Fair Value								
2022/23					**2023/24**			
Quoted £'000	**Non-quoted £'000**	**Total £'000**	**%**		**Quoted £'000**	**Non-quoted £'000**	**Total £'000**	**%**
				Equities				
				Property				
				Bonds:				
1,104	0	1,104	1	Government Bonds	1,208	0	1,208	1
451	0	451	0	Other	493	0	493	0
4,022	1	4,023	5	Private Equity	4,398	1	4,399	5
0	78,832	78,832	92	Other Investment Funds	0	86,193	86,193	92
4	0	4	0	Foreign Exchange	4	0	4	0
1,295	0	1,295	2	Cash & Cash Equivalents	1,416	0	1,416	2
6,876	**78,833**	**85,709**	**100**	**Total**	**7,519**	**86,194**	**93,713**	**100**

Basis for Estimating Assets and Liabilities

In order to assess the value of the Council's liabilities in the Fund at 31 March 2024, we have rolled forward the value of the Council's liabilities calculated at the latest formal valuation date of 31 March 2023, allowing for the different financial assumptions required under the Accounting Standard at the reporting date.

In calculating the current service cost, we have allowed for changes in the Council's pensionable payroll as estimated from the contribution information provided. In calculating the asset share, we have 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 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.

We have 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 Vale of White Horse District Council pool with other employers in order to share experience of risks they are exposed to in the Fund. At the 2019 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.

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out at 31 March 2023. The post-retirement mortality tables adopted are the S2PA tables with a multiplier of 90 per cent. These base tables are then projected using the CMI 2015 Model, allowing for a long-term rate of improvement of 1.5 per cent per annum.

Table 18i Principal Actuarial Assumptions		
2022/23		**2023/24**
	Long-term expected rate of return on assets in the scheme	
	Mortality Assumptions	
	Longevity at 65 for current pensioners – retiring today:	
19.6	Men	21.9
21.0	Women	24.5
	Longevity at 65 for future pensioners:	
24.1	Men	22.5
27.0	Women	25.8
	Other Assumptions	
3.00%	Inflation - CPI	2.80%
3.00%	Rate of general increase in salaries	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 the scheme, i.e., on an actuarial basis using the projected unit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Other assumptions are that:

- Members will exchange half of their commutable pension for cash at retirement.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age: and
- The proportion of members that had taken up the 50:50 option at the previous valuation date will remain the same.

Table 18j Sensitivity Analysis		
Change in Assumption at 31 March 2024	**Approximate Increase in Employer Liability**	
	%	**£0**
0.1% decrease in real discount rate	2	1,778
1 year increase in member life expectancy	4	3,879
0.1% increase in the salary increase rate	0	70
0.1% increase in the pension increase rate *	2	1,739

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

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

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

Impact on the Council’s Cash Flows

The objectives of the scheme are to keep employers’ contributions at as constant a rate as possible, at a reasonable cost to the scheme employers and taxpayers, whilst ensuring the overall solvency of the fund. There are no minimum funding requirements, but contributions are generally set to target a funding level of 100 per cent. Funding levels are monitored regularly, and the next triennial valuation was due to be completed on 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 re-valued earnings schemes to pay pensions and other benefits.

The actuarial estimate of the duration of the Council’s liabilities is 17 years. The Council paid £2.2 million in contributions to the scheme in 2023/24.

19. External Audit Costs

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

In 2023/24 external audit services were provided by Bishop Fleming.

2022/23 £'000		2023/24 £'000
122	Fees payable regarding external audit services carried out by the appointed auditor for the year[1]	175
11	Fees payable to external auditor for the certification of grant claims and returns for the year[2]	62
133		**237**

[1]*Total shown includes £31,600 of fees relating to prior year audit work undertaken by Ernst & Young LLP*
[2]*Fees shown represent amounts payable to Ernst & Young LLP and KPMG for grant certification work*

20. Grant Income

2022/23 £'000		2023/24 £'000
	Credited to Taxation and Non-specific Grant Income	
4,724	Retained Business Rates	8,644
13,433	Council Tax Income	14,104
5,172	Developers and Other Capital Contributions	5,006
1,639	Disabled Facilities Grant	1,782
894	Lower Tier Services Grant	232
3,381	New Homes Bonus	1,849
29,243	**Total**	**31,617**
	Credited to Services	
182	Business Rates Collection Allowance	205
24	Electoral Reform	22
168	Homelessness Support	416
251	Homes for Ukraine	289
310	Housing Benefit - Admin	233
16,921	Housing Benefit - Subsidy	17,521
38	Partnerships & Community Safety	3
303	New Burdens Revenue and Other Grants	527
43	Neighbourhood Planning	40
187	Covid Support Grants	0
18,427	**Total**	**19,255**

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

21. Related Parties

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

Central Government: Central Government has effective control over the general operations of the Council, it is responsible for providing the statutory framework, within which the Council operates, provides a large proportion of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g., housing benefits). Grants received from government are shown in note 20 above.

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

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

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

Officers of the Council: The Senior Officers of the Council have control over the day-to-day management of the Council and all Heads of Service and Management Team members have been asked to declare any related party transactions. For 2023/24 nothing was declared.

Other Organisations: The Council awards grants to support several voluntary or charitable bodies and individuals. It does not attempt to exert control through this.

22. Capital Expenditure and Capital Financing

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

Table 22 Capital Expenditure and Financing

2022/23 £'000		2023/24 £'000
0	**Opening Capital Financing Requirement**	**0**
	Capital Investment	
638	Property, Plant and Equipment	5,600
0	Other	0
93	Intangible Assets	0
7,206	Revenue Expenditure Funded from Capital Under Statute	6,255
	Sources of Finance	
(752)	Capital Receipts	(4,778)
(7,185)	Government Grants and Other Contributions	(7,077)
0	**Closing Capital Financing Requirement**	**0**
0	**Increase / (Decrease) in Capital Financing Requirement**	**0**

23. Leases

Council as Lessee:

Finance Leases – the Council has no finance leases.

Operating Leases – The Council has no material operating leases.

Council as Lessor:

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

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

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

Table 23a Interest in Finance Lease		
	2022/23 £'000	2023/24 £'000
Finance Lease Debtor (net present value of minimum lease payments):		
Non-current	0	0
Unearned Finance Income	5,892	5,892
Unguaranteed Residual Value of Property	5,718	5,718
Gross Investment in the Lease	**11,610**	**11,610**

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

Table 23b Minimum Finance Lease Payments				
	Gross Investment in the Lease		Minimum Lease Payments	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Not later than 1 year	175	175	175	175
Later than 1 year and not later than 5 years	613	613	613	613
Later than 5 years	10,822	10,708	5,104	4,990
Total	**11,610**	**11,496**	**5,892**	**5,778**

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

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

- For the provision of community services, such as sports facilities and community centres.

The future minimum lease payments receivable under non-cancellable leases in future years are:

Table 23c Future Minimum Lease Payments Receivable		
31 March 23 £'000		31 March 24 £'000
618	Not later than one year	513
309	Later than one year and not later than five years	212
35	Later than five years	739

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023/24, no contingent rents were receivable by the Council (2022/23 nil also).

24. Contingent Liabilities

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

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

25. Contingent Assets

At 31 March 2024, the Council had no contingent assets.

26. Nature and extent of risks arising from Financial Instruments

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

- **Credit Risk** - the possibility that other parties might fail to pay amounts due to the Council.
- **Liquidity Risk** - the possibility that the Council might not have funds available to meet its commitments to make payments.
- **Re-financing Risk** - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market Risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

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

The Treasury team carry out the procedures for risk management which are set out in the approved policies which cover specific areas such as interest rate risk, credit risk and the investment of surplus cash. The procedures are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act.

Credit Risk

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

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

The credit criteria in respect of financial assets held by the authority at 31 March 2024 are as detailed as follows:

Table 26a Credit Criteria							
Deposits with Banks and Other Financial Institutions	Min. Rating			Other Criteria	Counterparty Limit	Amount at 31 March 2023	Maturity Limit
	Fitch	Moodys	S & P		£000	£000	
Banks: Specified Investments							
Goldman Sachs International	F1	P-1	A-1		15,000	10,000	1 year
Lloyds Bank Corporate Markets	F1	P-1	A-1		15,000	5,000	1 year
Standard Chartered	F1	P-1	A-1		15,000	5,000	1 year
Banks: Non-Specified Investments							
Close Brothers Ltd	F2	P-1			5,000	5,000	1 year
Building Societies							
National Counties				assets > £2,000m	6,000	3,000	12 months
Newcastle				assets > £2,000m	6,000	3,000	12 months
Nottingham				assets > £2,000m	6,000	6,000	12 months
Money Market Funds							
Goldman Sachs				AAA	30,000	1,100	Liquid
LGIM				AAA	30,000	2,000	Liquid
Local Authorities							
Aberdeen					20,000	10,000	25 years
Blackpool Borough Council					20,000	10,000	25 years
Central Bedfordshire Council					20,000	5,000	25 years
Gravesham Borough Council					20,000	6,000	25 years
Kirklees Council					20,000	5,000	25 years
LB Barking & Dagenham					20,000	10,000	25 years
LB Haringey					20,000	5,000	25 years
Manchester City Council					20,000	5,000	25 years
Merthyr Tydfil County Borough Council					20,000	5,000	25 years
Moray Council					20,000	5,000	25 years
North Ayrshire Council					20,000	5,000	25 years
Rotherham Metropolitan Council					20,000	5,000	25 years
Rushmoor Borough Council					20,000	7,500	25 years
Suffolk County Council					20,000	5,000	25 years
Walsall Metropolitan Borough Council					20,000	5,000	25 years
Worcestershire County Council					20,000	5,000	25 years
Wrexham County Borough Council					20,000	5,000	25 years
Property Funds							
CCLA Property Fund					7,000	2,441	Variable
Total						**146,041**	

The full Annual Investment Strategy for 2023/24 was approved by full Council on 15 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 cannot be assessed generally as the risk of any institution failing to repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all the Councils' deposits but there was no evidence at 31 March 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 debt based on the debtors' information at the year end. The 'past due' amount is analysed below. During the reporting period the Council held no collateral as security.

Table 26b below analyses the short-term debt figure by age.

Table 26b Short-term Debtors Aged Debt Analysis	**Total £'000**
Less than Three Months	12,892
Three Months to Six Months	284
Six Months to One Year	209
Over One Year	(204)
Total	**13,137**

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

Liquidity Risk

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

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

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

Refinancing and Maturity Risk

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

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

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

Table 26c Refinancing and Maturity Risk		
31 March 23 £'000		**31 March 24 £'000**
115,200	Less than One Year	125,600
13,000	Between One and Two Years	10,000
5,000	Between Two and Three Years	0
5,540	More than Three Years	10,442
138,740	**Total**	**146,042**

Market Risk

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

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

Changes in interest receivable on variable rate investments will be posted to the surplus or deficit on the provision of services and affect the general fund balance.

The Council has 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:

Table 26d Interest Rate Risk		
2022/23 £'000		**2023/24 £'000**
(87)	Increase in interest receivable on variable rate investments	(31)
(87)	**Impact on Surplus or Deficit on the Provision of Services**	**(31)**

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

b) Price Risk: The Council holds an investment in a pooled Property Fund with shares to the value of £2.4 million. Whilst this investment holding is generally for interest earning potential, the Council is exposed to losses and gains arising from the movement in prices of the shares held.

The shares are classified as available-for-sale financial assets. This means that all movements in price will impact on gains and losses recognised in the available-for-sale financial instruments reserve.

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

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

27. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out on pages 68 – 83, 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.

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

Business Rates

Since introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 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 2024. 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 rates appeals provision at this date amounted to £4.4 million.

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 gross balance on short-term debtors of £17.3 million. A review of significant balances suggested that an impairment of doubtful debts of £4.2 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) is engaged (through Oxfordshire County Pension Fund) to provide the Council with expert advice about the assumptions to be applied. Details of the pension liabilities are in note 18.

29. Material items of Income and Expenditure

The Council's accounts include no material items.

30. Post Balance Sheet Events

There are no material events after the balance sheet date.

31. Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2023/24) in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

A cash flow forecast has been produced to March 2026 that indicates Strong cash balances throughout and closing cash and equivalents of £110.4 million. As at the 31 March 2024, the Council had General Reserves of £25.8 million significantly above the Council's minimum recommended prudent balance of £4.5million. Forecasts for the financial years 2024/25 and 2025/26 are for a net increase in general reserves of £0.1 million. There are also significant earmarked reserves (£31.0 million as of 31 March 2024). The Council prepared a five-year medium term financial plan in February 2024 which forecast General Reserves of £20.8 million by March 2029 Overall, the Council is therefore in a relatively strong position in terms of managing its medium-term financial position.

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

32. Accounting Standards Issued but not yet Adopted.

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

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

Collection Fund Account

2022/23 £'000		2023/24 £'000	2023/24 £'000	2023/24 £'000	Notes
Total		**Council Tax**	**NDR**	**Total**	
	Income:				
(122,069)	Council Taxpayers	(130,675)		(130,675)	
	Transfers from General Fund:				
(56,088)	- Income from Business Ratepayers		(73,685)	(73,685)	
(178,157)		**(130,675)**	**(73,685)**	**(204,359)**	
	Expenditure:				
	Precepts and Demands:				
94,086	- Oxfordshire County Council	102,772		102,772	
13,747	- Police and Crime Commissioner	15,181		15,181	
13,186	- Vale of White Horse District Council	14,248		14,248	
	Business Rates:				
32,176	- Payments to Government		35,910	35,910	
6,435	- Payments to Oxfordshire County Council		7,182	7,182	
25,741	- Payments to VWHDC		28,728	28,728	
172	- Cost of Collection		183	183	
	Bad and Doubtful Debts:				
(1,195)	- Write ons applied to the collection fund	0	0	0	
1,494	- Provision for Bad Debts	1,061	(278)	783	*3*
788	- Provision for Appeals		6,602	6,602	*3*
186,630		**133,262**	**78,326**	**211,588**	
8,473	**(Surplus) / Deficit for the Year**	**2,588**	**4,641**	**7,229**	
	Collection Fund Balance:				
(15,980)	Balance Brought Forward at 1 April	(7,569)	64	(7,506)	
8,474	(Surplus) / Deficit for the Year, as above	2,588	4,642	7,230	
(7,506)	**Balance Carried Forward 31 March**	**(4,982)**	**4,706**	**(275)**	
	Allocated to:				
(9)	- Government		2,523	2,523	
(5,878)	- Oxfordshire County Council	(3,873)	471	(3,402)	
(870)	- Police and Crime Commissioner	(572)		(572)	
(749)	- Vale of White Horse District Council	(537)	1,712	1,175	
(7,506)		**(4,982)**	**4,706**	**(276)**	

Notes to the Collection Fund Account

1. Business Rates (Non-Domestic Rates)

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

		£
NNDR rateable value at 1 April 2023		155,970,332
NNDR rateable value at 31 March 2024		157,131,019
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 as follows:

Band	Number of Properties	Band Multiplier	Band D Equivalent
A	1,895	6/9	1,263
B	6,474	7/9	5,035
C	18,467	8/9	16,415
D	13,549	9/9	13,549
E	10,065	11/9	12,302
F	6,214	13/9	8,976
G	4,667	15/9	7,778
H	480	18/9	960
	61,811		**66,279**
		Discounts and Exemptions	(7,423)
		Class O Exempt Properties	(1,056)
		Sub Total	**57,800**
		Assumed Losses on Collection	(1,135)
		Council Tax Base	**56,665**

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

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

2022/23 £'000	Council Tax	2023/24 £'000
(4,272)	Balance at 1 April	(4,923)
(1,195)	(Write Back) / Write Off of debt during year	97
545	(Increase) / Decrease in provisions during year	(1,061)
(4,922)	**Balance at 31 March**	**(5,887)**

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

2022/23 £'000	Council Tax	2023/24 £'000
(465)	Balance at 1 April	(530)
0	(Write Back) / Write Off of debt during year	10
(65)	Net (Increase) / Decrease in provisions during year	(113)
(531)	**Balance at 31 March**	**(633)**

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

2022/23 £'000	NDR	2023/24 £'000
(4,323)	Balance at 1 April	(5,166)
0	(Write Back) / Write Off of debt offs during year	0
(843)	Net (Increase) / Decrease in provisions during year	278
(5,166)	**Balance at 31 March**	**(4,888)**

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

2022/23 £'000	NDR	2023/24 £'000
(1,729)	Balance at 1 April	(2,066)
0	(Write Back) / Write Off of debt offs during year	0
(337)	(Increase) / Decrease in provisions during year	111
(2,066)	**Balance at 31 March**	**(1,955)**

The collection fund account also provides for provision for appeals against the rateable valuation set by the Valuation Office Agency not settled at 31 March 2024.

2022/23 £'000	NDR	2023/24 £'000
(3,519)	Balance at 1 April	(4,307)
0	(Write Back) / Write Off during year	1,465
(788)	(Increase) / Decrease in provisions during year	(8,067)
(4,307)	**Balance at 31 March**	**(10,909)**

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

2022/23 £'000	NDR	2023/24 £'000
(1,408)	Balance at 1 April	(1,723)
0	(Write Back) / Write Off during year	586
(315)	(Increase) / Decrease in provisions during year	(3,227)
(1,723)	**Balance at 31 March**	**(4,364)**

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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 30 days i.e., money market funds, call accounts and deposit accounts with a notice period of 30 days or less.

Equity investments are excluded from the definition.

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

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

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

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

(v) Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing required. At 31 March 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 because 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 the 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's liability is analysed into the following components:
- Service cost comprising:
    - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the CIES to the services for which the employees worked.
    - Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the CIES.
    - net interest on the Net Defined Benefit Liability (NDBL), i.e. net interest for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability

at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

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

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

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MiRS this means that there are appropriations to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

(vii) Events after the Balance Sheet Date

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

- Those that provide evidence of conditions that existed at the end of the reporting period: the statement of accounts is adjusted to reflect such events; and

- Those that are indicative of conditions that arose after the reporting period: the statement of accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

(viii) Financial Instruments

Financial Liabilities:

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

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

Financial Assets:

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

- amortised cost.
- Fair Value Through Profit and Loss (FVPL).
- Fair Value Through Other Comprehensive Income (FVOCI).

The Council has no investments measured at FVOCI.

Financial Instruments Measured at Amortised Cost:

Financial instruments measured at amortised cost are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the balance sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

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

Expected Credit Loss

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

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

Financial Assets Measured at Fair Value through Profit and Loss

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

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

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

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

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

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

Level 3 Inputs – unobservable inputs for the asset.

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

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

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

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

(ix) Foreign Currency Translation

The Council makes a 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 because of variances in the exchange rate required to be recorded.

(x) Government Grants and Contributions

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

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

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

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

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

Business Improvement Districts

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

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund 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 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 or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS for the difference between the two.

Operating Leases:

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

The Council as Lessor

Finance Leases:

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

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received); and

- Finance income (credited to the financing and investment income and expenditure line in the CIES).

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

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

Operating Leases:

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

(xvi) Overheads and Support Services

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

(xvii) Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the balance sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

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

- Where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where the balance on the revaluation reserve is less than the impairment the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES.

- Where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Depreciation is calculated on the following bases:

- Buildings and infrastructure assets: straight line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture, and equipment: on a straight-line basis, generally over the useful life of the asset.

More detail on depreciation rates for asset categories is included in note 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 Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

(xxii) Fair Value Measurement

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

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

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

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

Accounting for Council Tax and NDR

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

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

Glossary of Terms

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

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

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

Accounting policies do not include estimation techniques.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contingent Liability – a contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or
- a present obligation arising from past events where it is not possible to measure the amount of obligation with sufficient reliability.

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

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

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

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

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

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

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

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

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

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

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

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

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

Earmarked Reserves - The Council holds 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 of transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Two or more parties are related parties when at any time during the financial period:

(a) one party has direct or indirect control of the other: or

(b) the parties are subject to common control from the same source; or

(c) one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from always 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 money value of any other benefits received other than cash. Pension contributions payable by the employer are excluded.

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

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

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

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

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

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

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

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

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

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

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

Annual Governance Statement

The Annual Governance Statement forms part of the audited accounts and can be found on the Vale of White Horse District Council website at:

[Statement of Accounts - Vale of White Horse District Council (whitehorsedc.gov.uk)]