



ANNUAL FINANCIAL REPORT 2023/24

FOR THE YEAR ENDED 31 MARCH 2024



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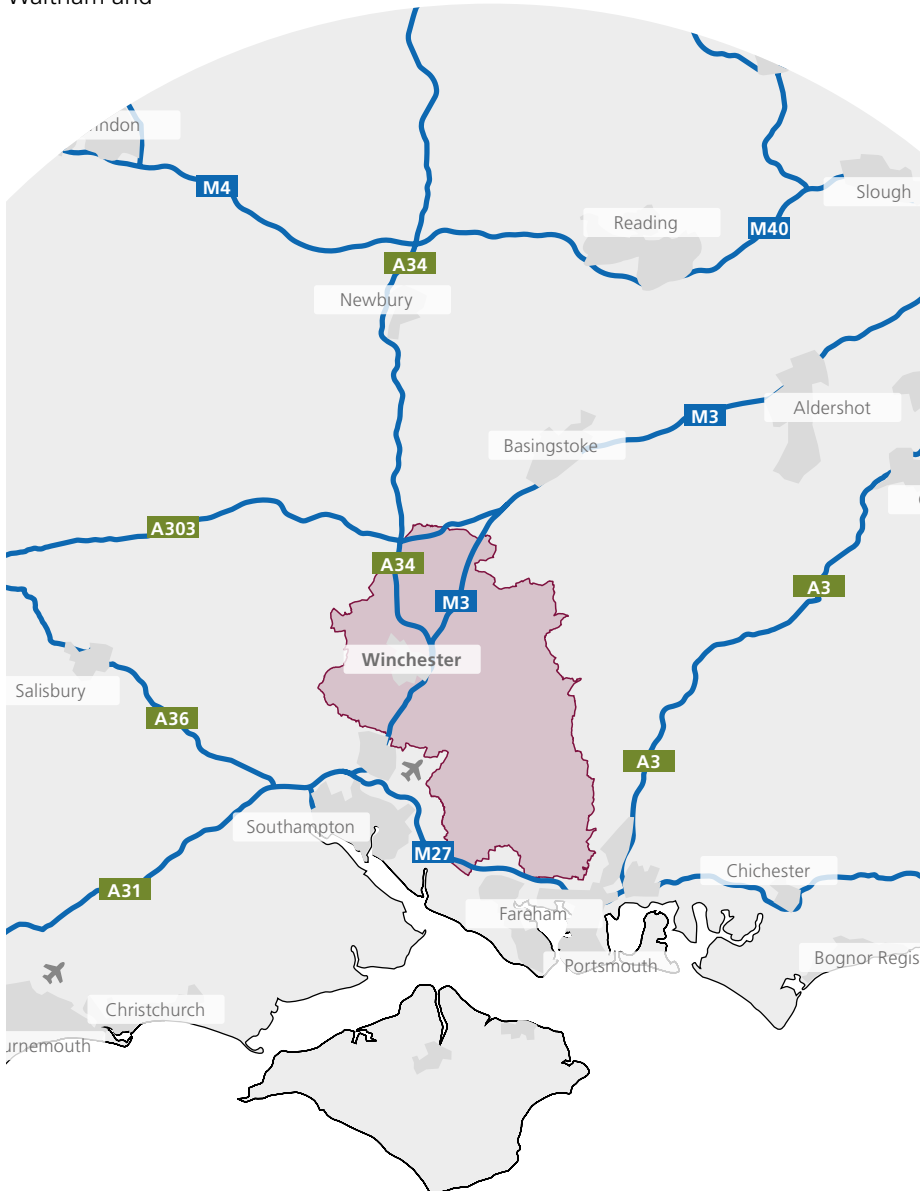
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THE WINCHESTER DISTRICT

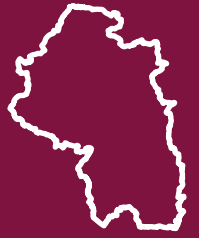
Winchester City Council is one of 11 district and borough councils in Hampshire and serves an estimated population of 136,500 residents.

Winchester is the county town of Hampshire, situated in the heart of the district; it is a designated heritage city and attracts over 5 million visitors each year. In addition to the historic county town there are the busy market towns of Bishop's Waltham and

Alresford and the flourishing business district at Whiteley. As well as the urban centres there are many miles of unspoilt countryside, the Winchester District spans 250 square miles of central Hampshire with a substantial part of the district situated within the South Downs National Park.



DISTRICT
COVERS
250
SQUARE
MILES



POPULATION
136,500
(Source HCC 2024
district population
forecast)

76.8%

OF RESIDENTS
AGED 16-64 YRS
IN EMPLOYMENT

(Source ONS Jul 22 - June 2023 figures)



44.9%

OF RESIDENTS
QUALIFIED TO
NVQ4 AND ABOVE

(Source Census 2021)

8,225
BUSINESSES
(2023 source ONS)



51,715
HOMES

ORGANISATION

The council operates a 50/50 hybrid working model, where staff spend a minimum of half their working time in the City Offices in Winchester but, where service operation can accommodate it, staff are able to work remotely for the remainder of the time. This hybrid model is supported by enhanced mobile technology to allow for seamless communication with customers.

The delivery of services is overseen by committees led by Members. The

council has adopted the Leader and Cabinet model as its political structure. This means that a councillor is appointed as leader of the executive and is then responsible for appointments to the Cabinet, allocation of portfolios and the delegation of executive functions. A Mayor is also elected by councillors each year to represent the council at civic events and to raise funds for the Mayor's nominated charities. The management of the council is led by the Chief Executive supported by three Strategic Directors.



A two tier system of local government operates in this part of the county, whereby Hampshire County Council provides services such as social care, education and highways and district councils are responsible for the provision of a number of other services such as housing, waste and recycling.

MEMBERS

(FOLLOWING MAY 2024 ELECTIONS)

45 Councillors

16 wards

The political make-up of the council is:

Liberal Democrat 33 Councillors

Conservative 8 Councillors

Green 3 Councillors

Independent 1 Councillors

EMPLOYEES

Chief Executive

Three Strategic Directors

Nine Corporate Heads/Programme Leads

446 employees (408 F/T equivalents) Just under two-thirds of the council workforce is female (figures at 31/3/24).

PARTNERSHIPS

The council has a shared Information Management and Technology (IMT) service with Test Valley Borough Council. Hampshire County Council provides internal audit and treasury management services. The council also procures insurance services from Basingstoke & Deane Borough Council.

SERVICES THE COUNCIL PROVIDES

Revenues & Benefits

Housing options and social inclusion

Housing operations & community safety

Housing property services

New Homes

Engineering & Transport

Community

Economy & Tourism

Development Management

Strategic Planning

Building Control

Environmental Health

Licensing

Parking

Household waste and recycling collections

Special Maintenance

TACKLING THE CLIMATE EMERGENCY

AT THE HEART OF WINCHESTER CITY COUNCIL'S FIVE YEAR PLAN

In 2020, the city council agreed a plan to take us through to 2025 with five priority areas:

- Tackling the climate emergency
- Living well
- Homes for all
- Vibrant local economy
- Your services, your voice

This plan sets out the main challenges faced by the Winchester district:

- The climate emergency and the pressing need to reduce the Winchester district's carbon footprint
- Economic uncertainty and the rise in the cost of living
- Continuing to improve our services while balancing a reduced council budget
- The high costs of buying and renting a home
- Poor air quality in parts of the district
- Inequality within our district and its effects on mental and physical wellbeing
- Poor provision of public transport and safe walking and cycling routes across the district
- Responding to the diverse experiences, needs and views of everyone in our community, and making sure all voices are heard.

Our Council Plan places the climate emergency as the overarching priority: focusing on the council becoming carbon neutral by 2024 and the wider district carbon neutral by 2030. We need to look at everything we do in the context of our impact on the carbon footprint. We aim to create a greener district whilst providing excellent and easy to use services for everyone.

The plan recognises the need to attract younger people to live and work in the district increasing the provision of affordable homes. In addition we aim to improve the energy efficiency of homes as well as address homelessness.

Health and well-being are also high on the council's agenda, and we aim to address health inequalities and improve participation in physical and cultural activities. This is underpinned by the opening of Winchester's new Sport and Leisure Park in 2021. The plan also focuses on ensuring that the Winchester district economy remains vibrant by finding increased opportunities for high quality, well-paid employment across the district.

The plan sets out ways in which the authority will be open and transparent, with better services for residents that are more accessible and usable. We want our residents to have the opportunity to make their voice heard and be able to see and understand how the council makes its decisions.

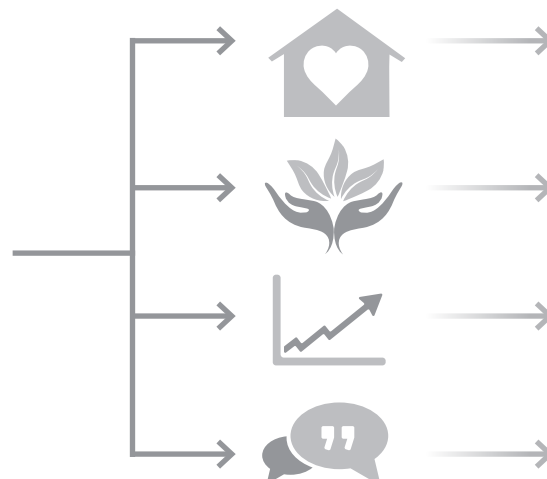
Our latest Residents' Survey shows that these remain the priorities most local people want us to focus on. The Plan was refreshed in December 2022, and there are four areas of enhanced focus for the upcoming year. These are:

- Cost of living support – pivoting our services and resources to support our residents, businesses and voluntary organisations with the cost of living crisis
- Greener faster – adding weight to our commitment to achieve our net zero targets for 2024 and 2030
- Pride in place – making a visible difference to our places to delight residents and visitors
- Listening better – being more effective at hearing the voice of residents and enabling them to influence our decision making.

OUR PRIORITIES



Tackling the climate emergency and creating a greener district



AND, ENHANCED FOCUS ON:

- COST OF LIVING**
- PRIDE IN PLACE**
- GREENER FASTER**
- LISTENING BETTER**



THE COUNCIL HAS DECLARED A

CLIMATE EMERGENCY

IT'S OUR GOAL TO BECOME
A CARBON NEUTRAL ORGANISATION BY 2024
CARBON NEUTRAL DISTRICT BY 2030

Your council agreed a comprehensive Carbon Neutrality Action Plan in December 2020 to meet these ambitious targets

COUNCIL PLAN ACHIEVEMENTS

TACKLING THE CLIMATE EMERGENCY





- The 'Retrofit Ready' programme launched to all council tenants occupying traditionally constructed houses and bungalows with an Energy Performance Certificate rating of 'D' or below. Over five hundred property assessments completed.
- Successful grant bid under the Social Housing Decarbonisation Fund
- A decarbonisation review of the council Campus buildings undertaken.
- The new King George V Pavilion constructed to achieve a BREEAM rating of Excellent and includes sustainable measures.
- Continued actions to switch council vehicles to low and zero-carbon fuels, including:
 - The Neighbourhood Services Team replaced six vehicles with electric ones.
 - The contract to operate the Park and Ride service from April 2024 will operate with Euro VI vehicles fuelled with Hydrotreated Vegetable Oil (HVO), this will reduce WCC carbon emissions by 8%.
 - Work is underway to explore using HVO to decarbonise the current waste and recycling vehicles.
- The council currently has a network of 60 Electric Vehicle charging points (EVCPs).

LIVING WELL



- £472,000 core grants awarded to key voluntary sector organisations supporting vulnerable residents.
- Cost of living support provided including:
 - Grants awarded from the Household Support Fund to Winchester organisations to support vulnerable residents with food and fuel poverty.
 - £313,000 allocated to fund households in receipt of Council Tax Reduction (CTR) with a £50 food voucher, and households in receipt of Housing Benefit (who do not receive CTR) with an £80 food voucher.
- Winchester Sport & Leisure Park membership numbers exceeded 5,500, with monthly visits exceeding 100,000.
- Community classes for people with long-term health conditions operates with about one thousand attendees per quarter.

60 
ELECTRIC VEHICLE
CHARGING POINTS
INSTALLED

REDUCED CITY COUNCIL
EMISSIONS BY
-34% 

39.7% 
ANNUAL RECYCLING RATE
AVERAGE QUARTERLY
RECYCLING RATE
SEPT 22- SEPT 23

HOMES FOR ALL



- 275 new homes completed or nearing completion, including developments at Winnall and Whiteley.
- The council has secured Local Authority Housing Funding (LAHF) to purchase accommodation to assist supporting Ukrainian and Afghan households. 27 families have been housed in LAHF properties from round 1 allocations.
- New Winchester Housing Company Venta Living Ltd set up to address the limited supply of affordable private rented housing. The company has leased a block of 41 flats in 2024 for letting to private tenants.

VIBRANT LOCAL ECONOMY



- Implemented Green Economic Development Strategy to deliver green growth.
- Jobs and Opportunities Fair in partnership with Winchester Jobcentre at Winchester Sport and Leisure Park
- £130,000 of this year's Rural England Prosperity Funding has been allocated to five rural businesses across the Winchester District.
- £96,000 of the government's UK Shared Prosperity Funding has been allocated to seven internal and external projects to support businesses and community organisations across the district.

YOUR SERVICES, YOUR VOICE



- The council continues to regularly engage and consult with residents, examples include:
 - The Neighbourhood Services and Community Safety team carried out a consultation on reducing the fear of crime and the incidence of crime and disorder.
 - Residents were consulted for their views on the options for how to generate more renewable energy in the district.
- A budget of £400,000 was approved for digital transformation to continue the drive to increase digital platforms to offer 24/7 services.

2023/24 GENERAL FUND BUDGET

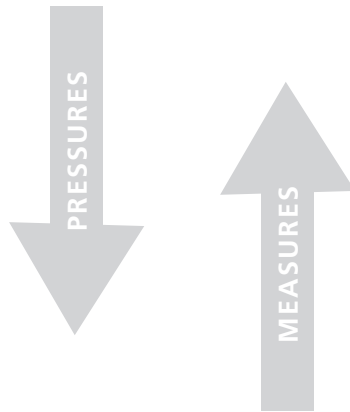
The council was able to produce a balanced budget in 2023/24, whilst supporting the delivery of the key priorities of the Council Plan.

Additional contract, pay and energy inflationary costs were forecast to total £1.1m in excess of the original base budget. Other unavoidable pressures include the continuing loss of parking

income following changes to working practices post COVID. Measures taken to balance the budget included a 2.7% Council Tax increase and a 10% increase in fees and charges. Government funding included an unexpected further one year of New Homes Bonus grant and the Funding Guarantee grant. Whilst this did not assist the council to address longer term funding pressures,

the budget was able to include £2m of "one off" reserve allocation proposals to support the delivery of the Council Plan. These included £0.5m allocated to support the transition to new food collection and other changes to waste collection and £0.4m to increase digital platforms and transform the digital customer experience.

2023/24	£m
Inflation pressures	1.1
Growth	0.7
Unavoidable pressures	0.5
Reserve allocations to support Council Plan	2.0
Total	£4.3m



2023/24	£m
Additional One-off Government grants	2.8
Council Tax 2.7% increase	0.2
Fees & Charges CPI increase	0.2
Efficiency Savings	0.1
Parking amendments to charges	0.3
Increased Revenues	0.7
Total	£4.3m



MEDIUM TERM FINANCIAL STRATEGY

The medium term financial strategy attempts to balance the resources known and estimated to be available with the ambitions of the Council Plan.

The medium-term outlook for the council's finances is dominated by two key factors; firstly the macro-economic volatility the UK is experiencing (such as recent high inflation and continued elevated interest rates); secondly, the unknown impact of the long awaited fair funding review and proposed further business rates retention proposals for 2024-25 and beyond. Higher interest rates have significantly increased returns on the council's investments during the current year. This provides a short-term benefit given current cash balances, however it does mean that when, as projected, the council moves to a net borrowing position, costs of borrowing are likely to be much higher than they would have been over the last decade. In addition, the increased cost of borrowing available to the council has a detrimental impact on the financial viability and affordability of capital schemes reliant on borrowing to fund them.

The landscape for local authority finances in England continues to be challenging. The combination of recent high inflation (baking-in high

prices in contracts); rising demand for services; and lack of freedom and certainty in funding (with council tax caps and no sign of the Fair Funding Review) are leading many councils to report overspends spiralling out of control. Council chief financial officers (CFOs) must set a balanced budget for the financial year ahead. If the council's forecast income is insufficient to meet its forecast expenditure for the next year the CFO will issue a 'section 114 notice' to publicly indicate that it cannot meet its spending commitments. Seen as a rarity until 2020, 2023 has seen multiple s114 notices issued by councils across the country; with the threat of many more to come over the next two years. Although the majority of these are from upper tier or unitary authorities, a survey published in October by the District Councils' Network (DCN) revealed that 52% of respondents did not expect to balance their budget in 2024/25 without needing to draw on reserves.

Winchester is no exception to feeling the same financial pressures as other councils. The MTFP is showing a projected annual budget shortfall of £2.87m per annum in 2027/28.

THE DISTRICT COUNCILS' NETWORK REVEALED THAT

52% of respondents **DID NOT EXPECT TO BALANCE THEIR BUDGET IN 2024/25** without needing to draw on reserves.



MEDIUM TERM FINANCIAL PROJECTIONS (£M)

	23/24	24/25	25/26	26/27	27/28
Council Tax	(9.360)	(9.830)	(10.203)	(10.546)	(10.900)
Business Rates	(6.680)	(7.459)	(7.998)	(4.671)	(4.993)
Govt Funding	(4.964)	(3.405)	(3.091)	(2.626)	(1.065)
Investment Activity	(2.968)	(2.326)	(2.012)	(1.877)	(2.234)
Baseline Resource Requirement	18.009	18.925	19.828	20.474	21.239
One Off Budgets & Reserve Related Movements	5.963	4.095	3.476	0.811	0.822
(Surplus)/ Shortfall	0	0	0	1.565	2.869

MEDIUM TERM FINANCIAL STRATEGY

TRANSFORMATION CHALLENGE 2025

It was clear this financial challenge for the council was like no other and of a completely different magnitude to previous rounds of savings since the mid-2000s. Drastic action is needed to ensure a sustainable financial future, or the council faces the same s114 fate as others in the sector.

In response, Cabinet took action and initiated a bold, organisation-wide transformation programme to seek out and to deliver transformational changes to the way we deliver services in order to save £3m a year within 3 years: 'Transformation Challenge 2025' (TC25). A comprehensive and detailed review of the operating model for the delivery of all our services is required if the transformation is to deliver the necessary savings and protect our core services for those residents and customers in the greatest need.

Drastic action -
ENSURE A SUSTAINABLE FINANCIAL FUTURE
Initiate a bold, organisation-wide transformation programme

An initial strategic budget review identified 12 themes for consideration. Work continued over the year and a selection of these 12 themes provided essential learning for the next phase of this work but not significant savings. Recognising the limited success and/or progress of the 12 pilot projects it was elevated to a tier one strategic project, sponsored by a new Transformation Board. The Board has clear terms of reference, setting out the transformation, financial, workforce and consultation principles of the

programme. A Programme Lead and Programme Manager were appointed to drive the programme and ensure success can be achieved and measured. So far the programme has already identified £0.6m of savings.



TC25 STAR CHAMBERS

In the next phase of TC25, Corporate Heads of Service worked with all staff in their teams to generate ideas for service transformation. From small efficiencies to completely changing the operating model of a service, no stone has been left unturned when seeking out the transformational changes needed to save £3m a year within 3 years.

These ideas are collated into the following five streams:

- Digital redesign
- Structural cost reduction through service change
- Contract management change
- External funding and partnerships
- Income generation

The long list of transformation ideas were presented to 'Star Chambers' by each Corporate Head and the responsible Cabinet member. Challenge in the Star Chamber came from the Executive Leadership Board, the CFO, the other Cabinet members, and the Programme Lead for TC25. The challenge process shortlisted and prioritised options taken forward to feasibility and consultation stages in 2024.



GENERAL FUND 2023/24 OUTTURN

The Funding and Other Activity outturn was £3.5m higher than originally budgeted for. This was through additional government funding and retained business rates. The additional government funding related to £2.2m of new burdens funding received during the year related to Homes for Ukraine and Preventing Homelessness. The retained business rates £1.4m favourable outturn was primarily through the release of 2017 provision for business rates appeals no longer required. The outturn surplus has enabled the council to achieve a £3.1m net transfer movement to earmarked general fund reserves.

SERVICE BUDGET (excluding depreciation)	ORIGINAL BUDGET	OUTTURN	VARIANCE
	£'000	£'000	£'000
ENVIRONMENT	6,315	6,437	122
LIVING WELL	3,917	3,721	(196)
HOMES FOR ALL	2,186	2,401	215
VIBRANT LOCAL ECONOMY	1,306	1,530	224
YOUR SERVICES, YOUR VOICE	6,556	6,305	(251)
TOTAL	20,281	20,395	114
FUNDING AND OTHER ACTIVITY	(21,887)	(25,384)	(3,497)
TRANSFER TO (FROM) EARMARKED RESERVES	1,606	4,093	(2,487)
UNDERSPEND		(896)	(896)

HRA 2023/24 OUTTURN

The HRA outturn resulted in a decrease in the HRA balance of £1.3m which is just under £0.4m higher than originally budgeted for. Significant adverse variances related to the cost of building maintenance £1.6m and depreciation £1.4m, whilst there was a favourable variance for the cost of interest payable (£1.6m), external income (£0.8m), and employees (£0.4m), and utility and cleaning costs (£0.5m).

SERVICE	ORIGINAL BUDGET	OUTTURN	VARIANCE
	£'000	£'000	£'000
RENT, SERVICE CHARGES AND OTHER INCOME	(30,821)	(31,311)	(490)
HOUSING MANAGEMENT GENERAL	6,325	6,165	(160)
HOUSING MANAGEMENT SPECIAL	2,412	1,945	(467)
REPAIRS (INCLUDING ADMINISTRATION)	7,901	9,278	1,377
EXTERNAL INTEREST PAYABLE	6,857	7,230	373
DEPRECIATION	8,821	10,214	1,393
OTHER INCOME AND EXPENDITURE	(605)	(2,358)	(1,753)
TRANSFERS TO (FROM) EARMARKED RESERVES	0	95	95
(INCREASE)/DECREASE IN HRA BALANCE	890	1,258	368

The cost of building maintenance was over budget and is largely the combination of an increase in responsive repairs demand and in prices, and higher replacement costs for the components of housing stock resulted in higher depreciation than budgeted.

Interest charges payable were lower than budgeted due to the council being in a position to internally borrow rather than externally.

GENERAL FUND MOVEMENT

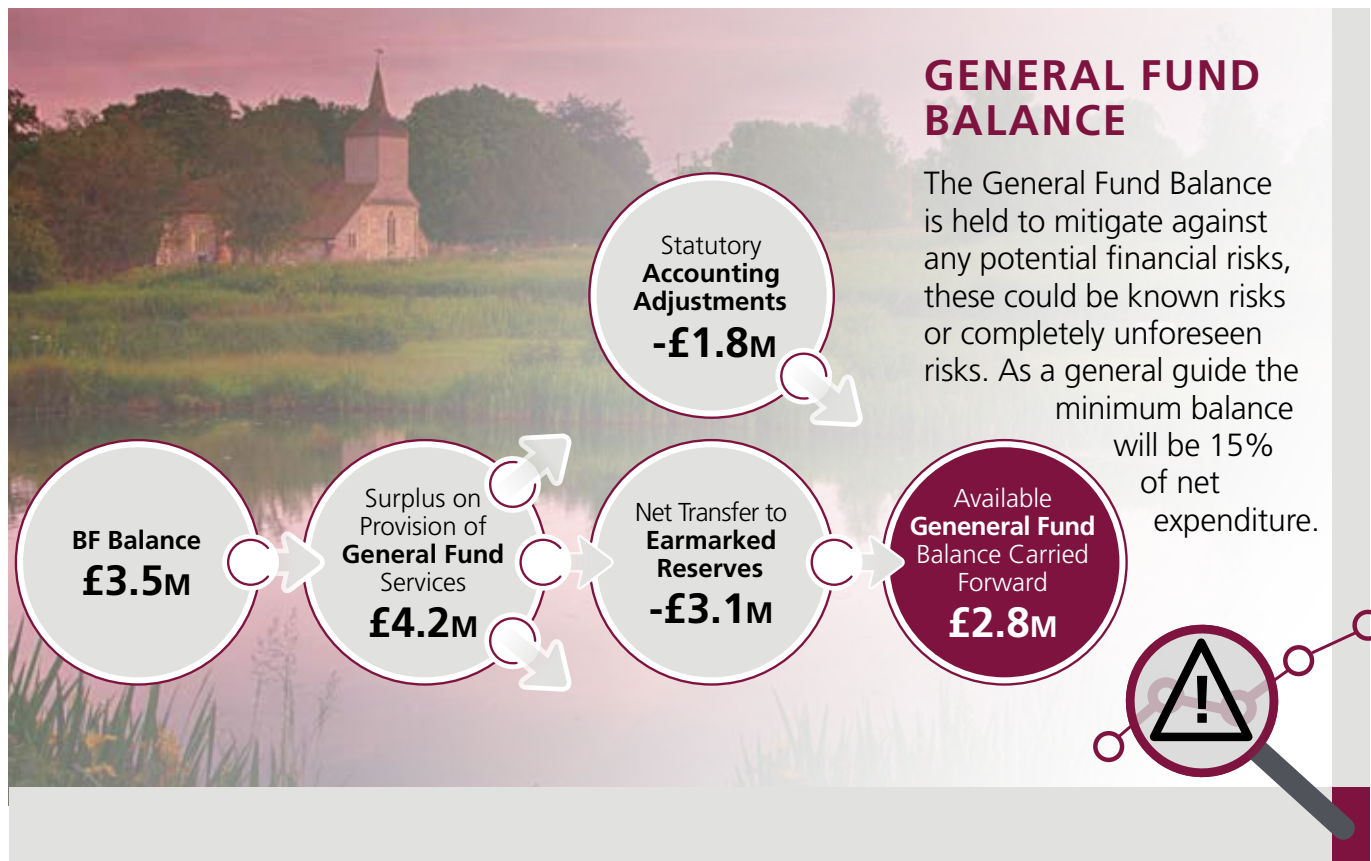
The table shows the in year movements of the General Fund balance. The Surplus on the Provision of Services (within the council's Comprehensive Income & Expenditure Statement) was £21.1m. However, once the surplus on HRA services is adjusted for there is a surplus for General Fund services of £4.2m.

We prepare the accounts in accordance with International Accounting Standards (as adopted by the CIPFA Code) but then apply adjustments required by Government regulations. These are summarised in the Movement in Reserves Statements and set out in detail in Note 8. Once these adjustments are applied the increase in the General Fund balance is £2.4m.

A further net transfer of £3.1m has been made to earmarked reserves from the General Fund.

After taking account of the Collection Fund timing adjustment the fund balance remains at the minimum approved level of £2.8m.

	£m	£m	£m
Brought Forward Balance			3.5
Surplus on provision of all services	21.1		
Adjust for HRA related surplus	(16.9)		
		4.2	
Apply Accounting Adjustments		(1.8)	
In year surplus on Provision of General Fund Services			2.4
Movements (to)/ from Earmarked Reserves			
Major Investment Reserve	1.3		
Transitional Reserve	(1.9)		
Other unrestricted reserves	(1.4)		
Net movement unrestricted reserves		(2.0)	
Net movement restricted reserves		(1.1)	
Net Earmarked Reserves transfer			(3.1)
Available General Fund Balance			2.8



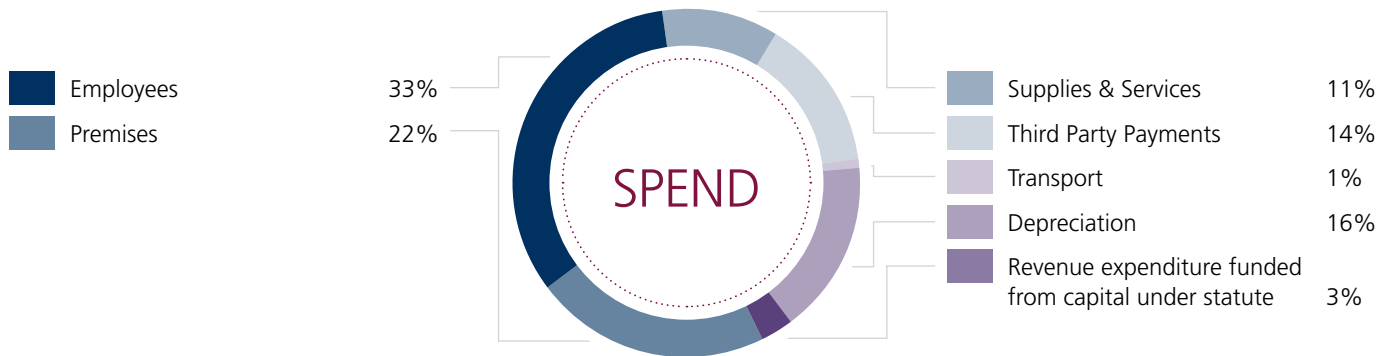
WHERE THE COUNCIL'S FUNDING CAME FROM

(excluding income related to welfare transfer payments)



HOW THE COUNCIL SPENT MONEY TO PROVIDE SERVICES

(excluding valuation adjustments and welfare transfer payments)



THE COUNCIL'S BALANCE SHEET

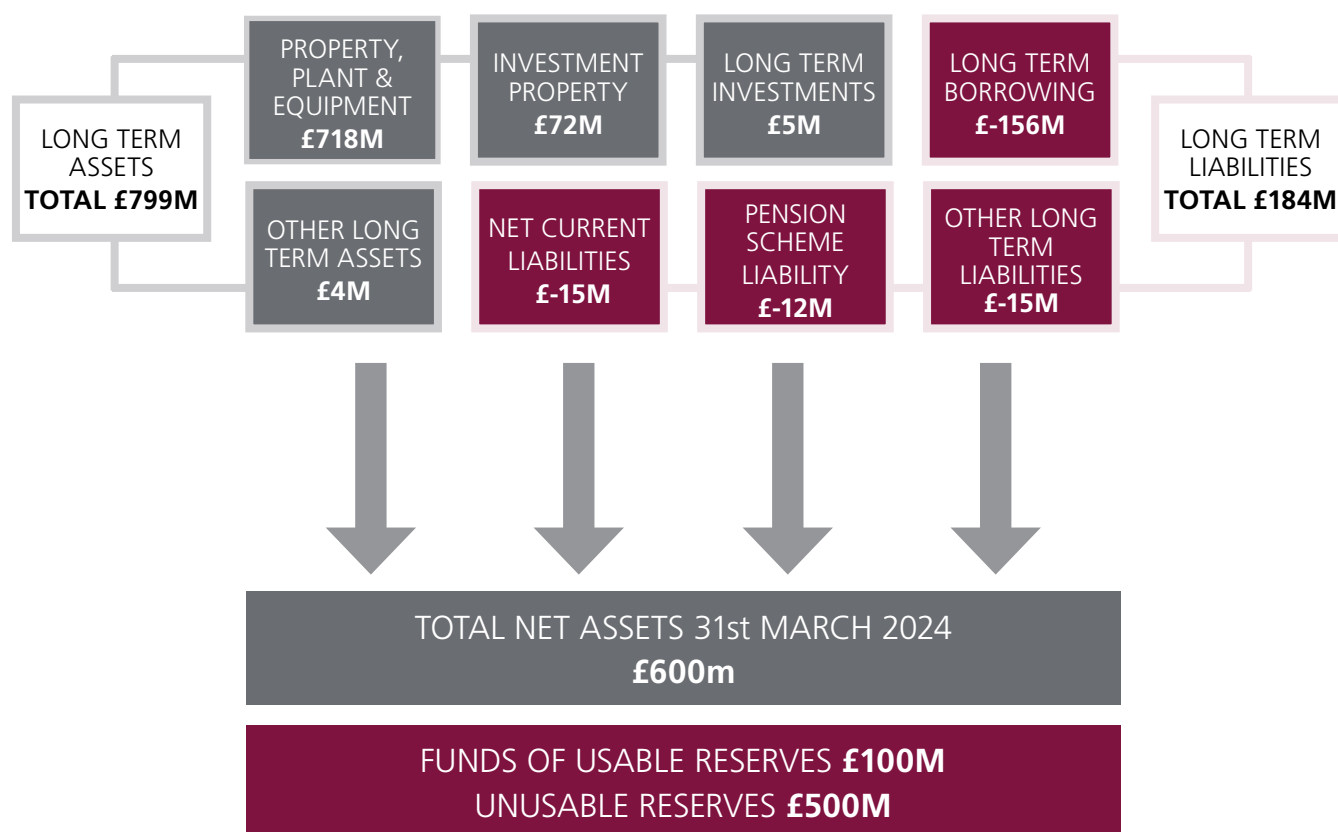
THE COUNCIL'S BALANCE SHEET SHOWS IT HAS A **NET WORTH OF £600M.**

TOTAL LONG TERM **ASSETS** OF **£799M** AT THE BALANCE SHEET DATE INCLUDE:

- Council dwellings £569m
- Other operational land and buildings £107m
- Investment property £72m.

TOTAL LONG TERM **LIABILITIES** OF **£184M** INCLUDE:

- Long term borrowing of £156m
- The pension scheme potential future liability of £12m.



The council's balance sheet includes £100m of usable reserves available to fund future spending plans and programmes.

The overall increase in the council's net worth of £34m is primarily due to increases in property values.

THE PENSION FUND DEFICIT

The Pension Fund deficit has reduced significantly since 2021/22 and as at 31 March 2024 the fund position is a deficit of £12.5m.

Pension Fund Surplus/(Deficit) £m	
31 March 2022	(60.8)
31 March 2023	(13.8)
31 March 2024	(12.5)

An actuarial valuation determines the value of all pension fund assets and liabilities as of a specific date. If the value of the fund assets is below the value of the liabilities, the fund will be in a deficit position, however if the value of the plan assets exceeds the value of the liabilities, the funded ratio will be greater than 100% and the plan will be considered to be in a “surplus” position.

In conducting an actuarial valuation, many future events must be assumed or predicted. These assumptions include life expectancy, age of retirement, general salary increases, and interest rates. In general, when calculating the present value of future assets and liabilities, actuaries discount future cash flows by using a discount rate linked to long-term interest rates. An increase

in long-term interest rates means that the liabilities, or the discounted value of future cash flows of a pension plan, decreases. Primarily it is this reduction in the value of liabilities which has led to the significant reduction in the pension fund deficit over recent periods.



EARMARKED RESERVES

Operational Reserves
are revenue reserves which can be used to support revenue or capital expenditure, for example major projects.

Asset Reserves
are used to maintain existing council assets and are supported by spending plans such as the asset management plan.



Restricted Reserves
can only be used for restricted purposes and therefore must be considered separately to other reserves which can be used for wider purposes.

Risk Reserves
are available to mitigate risks faced by the council. The overall levels are reviewed each year in line with the Medium Term Financial Plan.



General Fund reserves have all been reviewed as part of the budget process and the levels are considered to be appropriate. The overall levels are reviewed each year in line with the Medium Term Financial Plan.



EARMARKED RESERVES

The council holds strategic reserves for specific purposes which are consistent with corporate priorities. These reserves are a key source of funding, helping to support specific service strategies and plans. They are also critical to our ability to fund the transformation of services and ability to invest in order to generate the necessary savings to balance the budget over future years. This includes one-off costs in relation to service and staffing reviews as well as investing in systems to help develop digital service delivery. It is important to note that reserves are finite and can therefore only be used to fund one-off expenditure. One-off expenditure can include projects which span a number of financial years but cannot include recurring expenditure such as utilities.

In summary, reserves are used to support:

- a. Funding of the capital programme
- b. Investment in transformation
- c. Funding one-off costs associated with staffing reviews and organisational development work.
- d. Providing one-off support for service budgets (such as the Local Plan)
- e. Community infrastructure plans
- f. Council Plan support
- g. Asset management plans, IT strategy, car parking strategy
- h. Winchester Town account (notably major refurbishment and replacements of play areas.)

As at 31 March 2024 the council held £41.3m of earmarked reserves.



OPERATIONAL & ASSET RESERVES

There are significant existing budget commitments - particularly in relation to major projects such as central Winchester regeneration.

RISK RESERVES

As at 31 March 2024 the council held £9.7m within Risk Reserves. The purpose of the Transitional Reserve is to both support the significant financial risks faced by the council in relation to Government and other funding reductions and also to enable investment in the Council Plan (for example supporting the Climate Emergency). The Transitional Reserve has increased to fund the transformation programme.

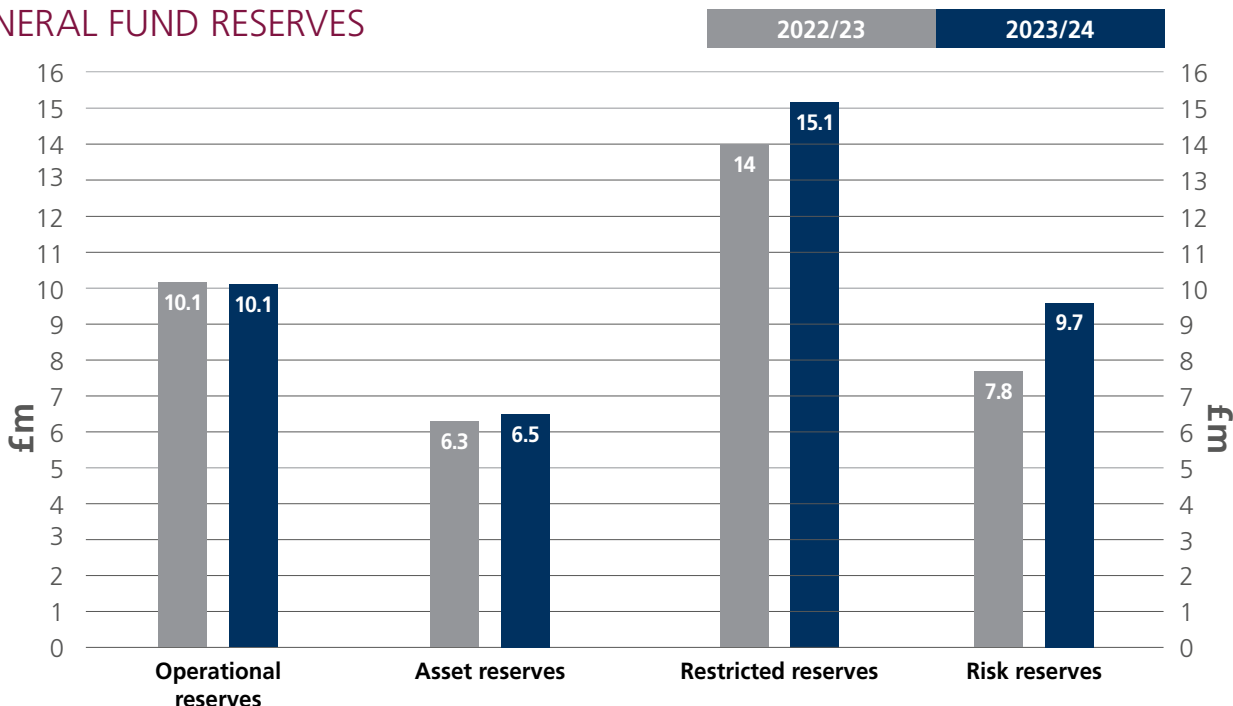
The council currently holds a balance of £2.9m to mitigate the risk of exceptional inflationary pressures.

A minimum balance of £1m is also held within the business rates retention reserve in order to provide mitigation against the short term risks of a reduction in income.

RESTRICTED RESERVES

The council also held £15.1m of restricted reserves as at 31 March 2024. Of these £12.4m are Community Infrastructure Levies which can only be used to deliver infrastructure.

GENERAL FUND RESERVES



CAPITAL STRATEGY

The Council Plan details how the council will deliver its five strategic priorities: Tackling the climate emergency and creating a greener district, Homes for all, Vibrant local economy, Living well, and Your services your voice. Several of these priorities will be delivered through capital spend and associated projects.

The Capital Strategy sets out the council's capital spending programme and the principles which underpin this to deliver the desired priorities as set out in the Council Plan. The council's capital programme incorporates both the General Fund (GF) and the Housing Revenue Account (HRA) capital requirements to support service provision and links with the Council Plan, Housing Business Plan, the Asset Management Strategy, IMT strategy and Medium Term Financial Strategy.

The Capital Strategy sets out the overall programme for the next 10 years, how this will be financed, and the impact of the programme on the Council's Medium Term Financial Strategy. The forecast capital programme over the next 10 years to 2033/34 totals £445 million of which £39 million is General Fund and £406 million is Housing Revenue Account. Within the HRA Capital Programme £261m relates to New Build Housing, £85m is for Major repairs top Housing stock, and £43m for additional investment in the council's housing stock to improve energy efficiency and help reduce carbon emissions.

The main sources of finance for capital projects are as follows:

- Capital receipts (from asset sales)
- Capital grants (e.g. Disabled Facilities Grant)
- External contributions (e.g. Section 106 developers' contributions and Community Infrastructure Levy (CIL))
- Revenue contributions, including Earmarked Reserves and the Major Repairs Reserve
- Borrowing, including internally (also known as the "Capital Financing Requirement")

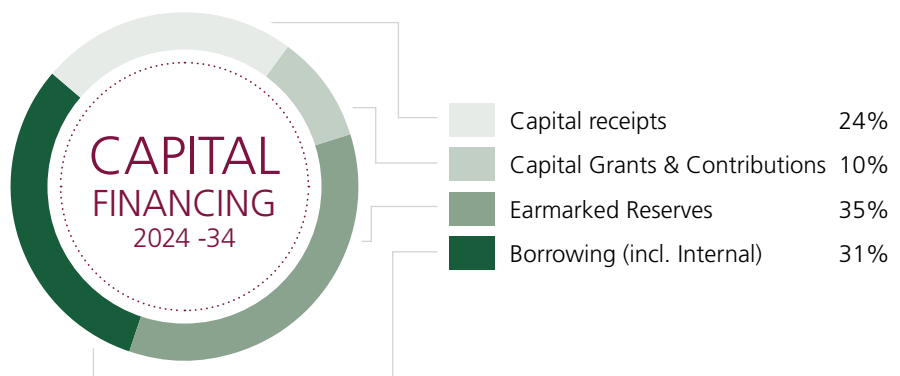


The proposed financing of the 10-year capital expenditure is made up of:

- Capital receipts £106m
- Capital grants and contributions £47m
- Revenue (including earmarked reserves and the Major Repairs Reserve) £155m
- Borrowing £137m

Borrowing (or Capital Financing Requirement) makes up a significant element of the council's proposed financing over the next 10 years.

The council currently has £159.8m in external borrowing all of which is related to the HRA. In recent years the council has had sufficient cash and investment balances to internally borrow all its increased need but may need to increase its external borrowing in the future. The amount and timing of additional external borrowing is dependent on the delivery of the capital programme and on the council's overall reserve position.



CAPITAL PROGRAMME 2023/24

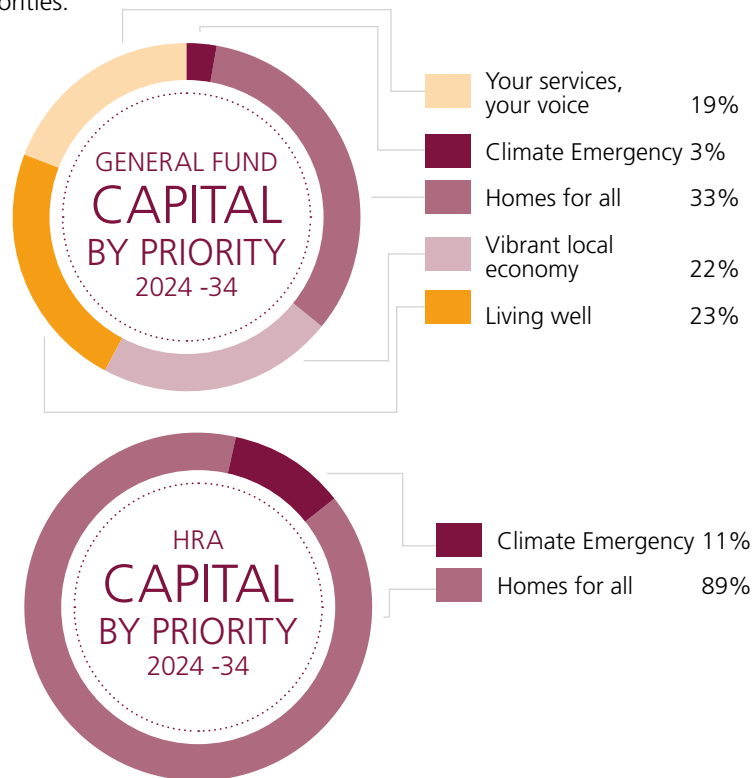
The council has made further progress in 2023/24 in delivering its capital programme. In the General Fund, projects completed or substantially complete this year include:

- King George V (KGV) pavilion. As well as offering a modern facility for its users, it will help the council achieve its carbon neutral goals by incorporating several features including EV charging points, solar panels, an air source heat pump, and a green roof.
- Kings Walk improvements to the ground floor & public realm - external greening, lighting, and internal alterations to create a refreshed image and to enhance connectivity and visibility between Kings Walk and the High Street.
- The establishment of a Housing Company, based on a leasing model, which will support the delivery of alternative tenures.
- The demolition of Friarsgate Medical Centre in advance of the creation of an interim public space in the Central Winchester Regeneration area.

In addition to the required investment in major works to the existing stock including an ambitious retrofit programme to increase energy efficiency and help tenants reduce energy costs and to maintain the current decent homes standard, significant additional funding towards a challenging new build programme is included to facilitate the delivery of the council's objective of 1000 new homes for local people. Major projects included are:

- Winnall Flats with 76 units (35 shared ownership, and 41 market rent) – complete
- Southbrook Cottages (6 units of affordable) delivered to Passive House standard

The following charts illustrate the percentage of total capital expenditure forecast for each of the council's priorities.



TOTAL FUNDING		£28.8M
INCREASED FINANCING REQUIREMENT		£13.6M
FUNDING		
Capital Receipts	£14.3m	
Government Grants and Other Contributions	£8.6m	
General Fund Reserves	£1.9m	
Major Repairs Reserve	£4m	
INVESTMENT		
HRA New Build	£16.9m	
HRA Major Repairs	£7.8m	
HRA Property Acquisitions	£10.3m	
HRA Disabled Adaptations	£1m	
HRA Other	£0.2m	
Disabled Facilities Grants	£1.6m	
King George V Pavillion	£2.3m	
Friarsgate Medical Centre	£0.5m	
General Fund Other	£1.8m	

CAPITAL PROGRAMME

HOUSING BUILD

£261m is planned for the HRA new build programme over 10 years (2024-2034).



WHITELEY

The council has entered into a conditional purchase contract to acquire 54 homes for the purchase price of £17m plus tax and fees.

The new homes provide a mix of tenures with 27 new shared ownership homes and 27 affordable rented homes. The homes are designed with a high energy specification reflecting the council's commitment to Carbon Neutrality.

The purchase requires 25% funding upfront in 2021-22 with the remaining 75% payable upon practical completion and handover expected to be in 2024.

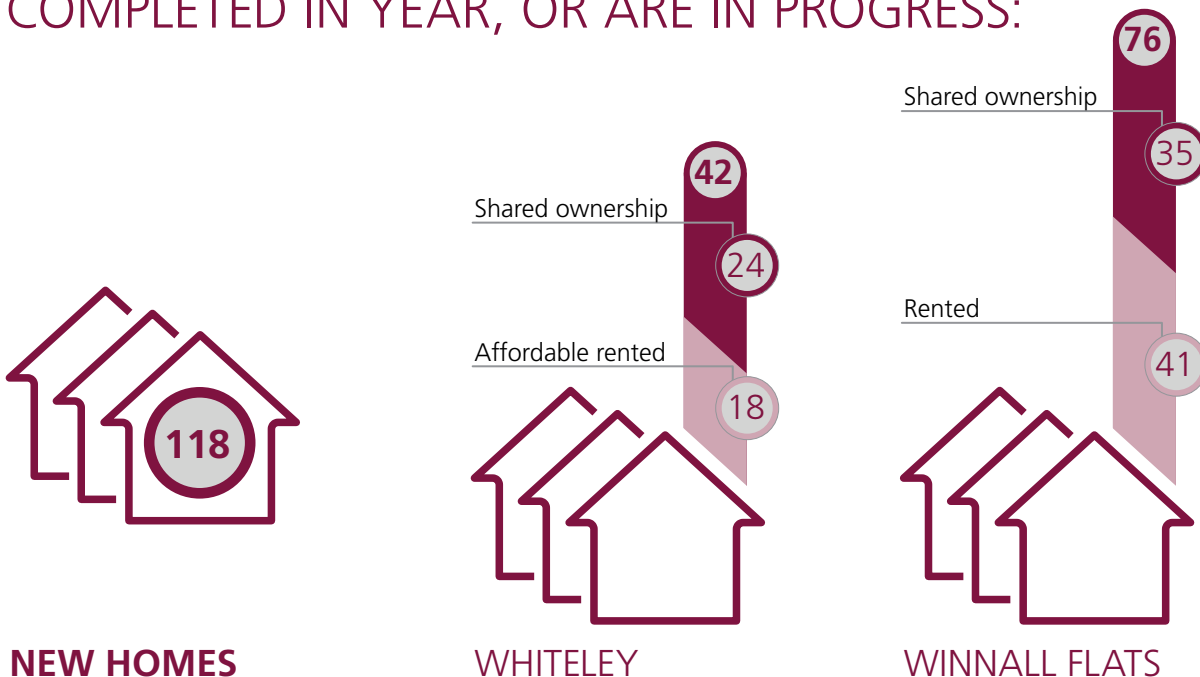
WINNALL FLATS

A new affordable housing scheme for Winchester City Council at Winnall Flats has been completed in 2024. The new flats, accredited to Passivhaus low energy building standard provide a total of 73 new flats in two new blocks and three new houses, and make an important contribution to making the activities of the Council carbon neutral by 2024 and for the District as a whole to be carbon neutral by 2030.

A major feature of the scheme is the upgrading of the public open space around the existing four blocks on the site by changing the previous car-dominated areas to a more people focussed environment – making it more pleasant to walk around the site and also making space for a new pocket park to encourage positive resident interactions.

The scheme, provides a mix of 35 shared ownership and 41 rented homes.

A NUMBER OF HRA NEW BUILD SCHEMES HAVE BEEN COMPLETED IN YEAR, OR ARE IN PROGRESS:



NEW HOMES

WHITELEY

WINNALL FLATS



HOUSING COMPANY

Providing Homes for All is a key priority identified within the council plan, and this includes the need to address the limited supply of housing for residents who, whilst they may not qualify to apply through the housing register, still struggle to access affordable longer-term housing within the local housing market due to both limited supply and the very high cost of private housing. This group includes those often regarded as being key workers.

To support meeting this priority the council has established a wholly owned local housing company Venta Living to provide high quality, energy efficient homes at reasonable rents.

Setting up a local housing company that leases properties from the council will allow it to act in a manner similar to an “institutional grade landlord” offering a product that compliments the council’s other housing offers and addresses this gap in the local housing market. Importantly, it would offer tenants far greater security as the housing company, as the landlord, would have a long-term commitment to renting homes to the community. Tenants would benefit from living in a well designed, energy-efficient home, high quality property management and maintenance services provided by the council’s own landlord team as well as the security of democratically accountable governance arrangements. The company became operational in 2024. The first homes available will be within the Winnall Flats redevelopment. Here, 41 one-bedroom apartments will be available to rent privately. The homes have been built to a high standard, with the warmth and comfort of residents in mind - and they will also be more cost-effective to run thanks to their energy efficient design.

LOCAL AUTHORITY HOUSING FUND

The Local Authority Housing Fund (LAHF) grant programme provides grants to local authorities by the Department of Levelling up Housing and Communities (DLUHC) to acquire properties for the resettlement of Ukraine and Afghan refugees.

Between the 3 rounds of government LAHF grant allocation the council will have acquired 45 properties that will initially benefit Ukraine and Afghan refugees, but in the longer term will be used as additional affordable homes for all. The council has received grant allocations of £7.3m towards the cost of acquiring the properties representing 40% of acquiring the properties plus an additional repairs allowance of per property. As part of the conditions for receiving the grant the council is required to provide match funding for the additional capital costs of the acquisitions.



The council has received grant allocations of

7.3m

TOWARDS THE COST OF ACQUIRING PROPERTIES

initially to benefit Ukraine and Afghan refugees



CAPITAL PROGRAMME



KING GEORGE V PAVILION REPLACEMENT

The new pavilion, adjacent to the new Winchester Sport and Leisure Park and the University of Winchester Sport Ground, will create a hub of high-quality, sports and community facilities. This replaces out-dated, underused and inaccessible pavilions with a larger, accessible, modern facility designed with sustainability and carbon saving measures that supports the development of grass roots football,

especially women's, girls' and youth football. This is enhanced by the inclusion of a club room that can be used independently for community and social events and activities.

The design of the new pavilion at King George V playing fields includes elements to ensure a sustainable and energy efficient building such as high performance insulation and solar PV.



REGENERATION



STATION APPROACH

As a gateway to the city Station Approach is an area within Winchester envisioned for regeneration, and a consultation has been launched to allow the public and local businesses the opportunity to share their opinions to help bring a viable vision to life.

Winchester City Council agreed to restart the Station Approach project in July 2022 and launched a comprehensive and active engagement process working with the community and adjacent landowners. The project was originally launched in 2016 and was put on hold in 2020 due to the Covid-19 pandemic. The council, Network Rail, and London & Continental Railways are working in partnership to explore transformation of the area around the rail station with a sustainable mixed-use development approach. The aim is to create a

vibrant, green economy that revitalises the urban environment for those that live locally, travel from the station, or visit the city.

In July 2023 the cabinet agreed to progress the project to Stage 2 and procure a multi-disciplinary team that can articulate our vision and produce a concept masterplan for the Station Approach area. Once the concept masterplan has been produced it will be reported to Cabinet for adoption and become a material planning consideration for any planning applications on the site in future.



REGENERATION



CENTRAL WINCHESTER REGENERATION

Our vision for Central Winchester Regeneration, as set out in the supplementary planning document (SPD,) is for a mixed-use, sustainable, pedestrian-friendly quarter that reflects the distinctive character of the city centre, set within attractive open spaces. The regeneration site includes Kings Walk, Friarsgate and the bus station, as set out in the approved SPD.

Having listened to local people through the consultation on the development proposals for the site, we are bringing sustainable high quality homes for local people, creative work spaces, shops, hotel, leisure facilities and improved public spaces that will better connect the area to the wider city and district. The proposals will

not compete with what Winchester already has, but will be distinctive and add to it.

In 2023 the council announced the appointment of Jigsaw Consortium trading as Partnerships & Places as the development partner for the project. The consortium has assembled its team from the best creative talent in the UK, including architectural practices, urban designers, engineers, landscape architects, and specialist archaeologists. Jigsaw Consortium is committed to working closely with local people and businesses in Winchester



throughout the life span of the project, bringing both social and economic value to the area.

Work to improve and refresh the Kings Walk area of Winchester has been completed in year. The upgrade includes integrating the Nutshell theatre with the Kings Walk Arcade, improving the appearance of the façade and entrance along Silver Hill and enhancing existing open spaces. The work included creating a courtyard area – the 'Courtyard Garden'.



WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council 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 Council, that officer is the S151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Responsibilities of the S151 Officer

The S151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the S151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting.

The S151 Officer has also:

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of Winchester City Council as at 31 March 2024 and its income and expenditure for the year then ended.

Signature:

Date:

Chief Financial Officer, Section 151 Officer

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

This statement shows the accounting cost to the council in the year for the provision of services in accordance with International Financial Reporting Standards (IFRS) adapted by the Code of Practice on Local Authority Accounting (the Code). The Total Comprehensive Income and Expenditure Statement represents the total movement on net assets in the council's Balance Sheet.

The statement includes some costs and income that are not allowed, by statute, to be funded from taxation. The Comprehensive Income and Expenditure Statement is adjusted for these items in order to set the level of Council Tax. These adjustments are shown in the Movement in Reserves Statement and analysed in Note 8.

2022/23			2023/24			
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
20,322	(10,990)	9,332	Environment	17,996	(11,457)	6,539
4,060	(985)	3,075	Living Well	7,130	(1,596)	5,534
13,586	(9,601)	3,985	Homes for All (General Fund)	13,851	(9,713)	4,138
28,206	(30,626)	(2,420)	Homes for All (HRA)	29,566	(33,210)	(3,644)
2,690	(721)	1,969	Vibrant Local Economy	2,266	(667)	1,599
19,037	(11,309)	7,728	Your Services, Your Voice	20,596	(11,375)	9,221
87,901	(64,232)	23,669	Cost of service delivery	91,405	(68,018)	23,387
(26,099)	0	(26,099)	HRA Property Revaluation (Note 1)	(10,789)	0	(10,789)
61,802	(64,232)	(2,430)	Cost Of Services	80,616	(68,018)	12,598
			Other Operating Income and Expenditure			
		3,776	Parish Council Precepts			4,045
		(2,509)	(Gains)/Losses on the Disposal of Non Current Assets			(926)
		(71)	Other (Income)/ Expenditure - Surplus Assets			0
			Financing and Investment Income and Expenditure			
		5,499	Interest Payable and Similar Charges (Note 18)			5,287
		1,604	Net Interest on the Net Defined Benefit Liability (Note 13)			650
		(1,248)	Interest Receivable and Similar Income (Note 18)			(1,671)
		(3,663)	Income and Expenditure in relation to Investment Properties and Changes in their Fair Value (Note 16)			(4,213)
		1,044	(Gains)/losses for financial assets classified as fair value through profit or loss (Note 18)			182
			Taxation and Non-Specific Grant Income			
		(5,771)	Non-Domestic Rates Income and Expenditure (Note 9)			(8,082)
		(4,580)	Non-Ringfenced Government Grants (Note 9)			(5,358)
		(2,569)	Capital Grants and Contributions (Note 9)			(10,034)
		(12,741)	Council Tax Income			(13,549)
		(23,659)	(Surplus) or Deficit on Provision of Services			(21,071)
			Other Comprehensive (Income) and Expenditure			
		(1,169)	(Surplus)/Deficit on Revaluation of Non Current Assets			(10,946)
		(52,264)	Remeasurements on Net Defined Benefit Liability (Note 13)			(2,055)
		(77,092)	Total Comprehensive (Income)/ Expenditure			(34,072)

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

This statement shows the movement in the year on the different reserves held by the council. These are analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund and the Housing Revenue Account (HRA) for Council Tax setting and dwellings rent setting purposes. The Net (Increase)/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance and HRA balance before any discretionary transfers to or from earmarked reserves.

	General Fund Balance	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserves £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2023	(3,512)	(38,248)	(15,355)	(174)	(26,140)	(18,029)	(980)	(102,438)	(463,426)	(565,864)
Movement in Reserves during 2023/24										
(Surplus) or Deficit on Provision of Services	(4,146)	0	(16,925)	0	0	0	0	(21,071)	0	(21,071)
Other Comprehensive (Income) and Expenditure	0	0	0	0	0	0	0	0	(13,001)	(13,001)
Total Comprehensive (Income) and Expenditure	(4,146)	0	(16,925)	0	0	0	0	(21,071)	(13,001)	(34,072)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 8)	1,811	0	18,176	0	(6,183)	9,631	(238)	23,197	(23,197)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(2,335)	0	1,251	0	(6,183)	9,631	(238)	2,126	(36,198)	(34,072)
Transfers to/(from) Earmarked Reserves (Note 23)	3,058	(3,058)	8	(8)	0	0	0	0	0	0
(Increase)/Decrease in Year	723	(3,058)	1,259	(8)	(6,183)	9,631	(238)	2,126	(36,198)	(34,072)
Balance at 31 March 2024 Carried Forward	(2,789)	(41,306)	(14,096)	(182)	(32,323)	(8,398)	(1,218)	(100,312)	(499,624)	(599,936)

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserves £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2022	(10,040)	(37,990)	(16,659)	(172)	(16,799)	(20,286)	(1,176)	(103,122)	(385,650)	(488,772)
Movement in Reserves during 2022/23										
(Surplus) or Deficit on Provision of Services	2,640	0	(26,299)	0	0	0	0	(23,659)	0	(23,659)
Other Comprehensive (Income) and Expenditure	0	0	0	0	0	0	0	0	(53,433)	(53,433)
Total Comprehensive (Income) and Expenditure	2,640	0	(26,299)	0	0	0	0	(23,659)	(53,433)	(77,092)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 8)	3,630	0	27,601	0	(9,341)	2,257	196	24,343	(24,343)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	6,270	0	1,302	0	(9,341)	2,257	196	684	(77,776)	(77,092)
Transfers to/(from) Earmarked Reserves (Note 23)	258	(258)	2	(2)	0	0	0	0	0	0
(Increase)/Decrease in Year	6,528	(258)	1,304	(2)	(9,341)	2,257	196	684	(77,776)	(77,092)
Balance at 31 March 2023 Carried Forward	(3,512)	(38,248)	(15,355)	(174)	(26,140)	(18,029)	(980)	(102,438)	(463,426)	(565,864)

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
BALANCE SHEET AS AT 31 MARCH 2024

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the council. The Net Assets (assets less liabilities) are matched by the council's reserves. There are two types of reserve shown in the Balance Sheet. The first category of reserves is usable reserves (those reserves 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). The second category of reserves is those that the council is not able to use to provide services. This category includes reserves that contain unrealised gains and losses, where amounts would only become available to provide services if the assets are realised. They also include reserves that hold timing differences and adjustments between the accounting basis and funding basis under regulations.

31 Mar 23		Note	31 Mar 24
£000			£000
675,093	Property, Plant and Equipment	14	718,212
2,750	Heritage Assets	15	2,820
71,033	Investment Property	16	71,646
61	Intangible Assets		35
5,441	Long-Term Investments	18	5,236
288	Long-Term Debtors		761
754,666	Long-Term Assets		798,710
6,998	Short-Term Investments	18	4,129
23	Inventories		82
9,529	Short-Term Debtors	20	6,955
11,624	Cash and Cash Equivalents		1,946
28,174	Current Assets		13,112
(5,513)	Short-Term Borrowing	18	(5,522)
(24,991)	Short-Term Creditors	21	(21,504)
(3,504)	Provisions	22	(1,154)
(34,008)	Current Liabilities		(28,180)
(158,919)	Long-Term Borrowing	18	(156,466)
(13,823)	Pension Scheme Liability	13	(12,453)
(10,226)	Grants and Contributions in Advance	9	(14,787)
(182,968)	Long-Term Liabilities		(183,706)
565,864	Net Assets		599,936
102,438	Usable Reserves		100,312
463,426	Unusable Reserves	25	499,624
565,864	Total Reserves		599,936

Signature:

Date:

Chief Financial Officer, Section 151 Officer

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

The Cash Flow Statement shows the changes in the council's cash and cash equivalents during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing or financing activities.

2022/23			2023/24	
£000	£000		£000	£000
		<u>Cash Flows from Operating Activities</u>		
	(23,659)	Surplus on the Provision of Services		(21,071)
		<u>Adjustments for Non-Cash Movements</u>		
(11,676)		Depreciation of Property, Plant and Equipment	(12,579)	
28,155		Revaluation gains on property, plant and equipment and investment property	9,471	
(54)		Amortisation of Intangible Assets	(26)	
(5,250)		Pension Fund Adjustments	(685)	
(148)		(Increase)/Decrease in Impairment for Bad Debts	9	
613		Contributions (to)/from Provisions	2,350	
(6,185)		Carrying Amount of Property, Plant and Equipment sold	(4,315)	
(1,044)		Other Non-Cash Items Charged to the Net Surplus or Deficit on the Provision of Services	(182)	
		<u>Accruals adjustments:</u>		
(18)		Increase in Inventories	60	
(6,963)		Decrease/(Increase) in Short-term and Long-term Debtors	(1,992)	
14,720		Increase/(Decrease) in Short-term Creditors	3,487	
(902)	11,248	Decrease/(Increase) in Grants and Contributions	(4,561)	(8,963)
	(12,411)			(30,034)
		<u>Adjust for Items that are Investing and Financing Activities</u>		
8,694		Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	5,241	5,241
	(3,717)			(24,793)
		<u>Cash Flows from Investing Activities</u>		
26,482		Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	40,278	
6,000		Purchase of Short Term and Long Term Investments	3,000	
0		Other Payments for Investing Activities		
(8,694)		Proceeds from the Sale or Property, Plant, Equipment, Investment Property and Intangible Assets	(5,241)	
(20,074)		Proceeds from the Sale of Short Term and Long Term Investments	(6,010)	
	3,714	<u>Net Cash Flows from Investing Activities</u>		32,027
		<u>Cash Flows from Financing Activities</u>		
4,999		Cash receipts from Short & Long Term Borrowing	2,001	
433		Cash Payments for the Reduction of the Outstanding Liabilities Relating to Finance Leases	443	
	5,432	<u>Net Cash Flows from Financing Activities</u>		2,444
	5,429	Net (Increase)/Decrease In Cash and Cash Equivalents		9,678
	17,053	Cash and cash equivalents at the beginning of the year		11,624
	11,624	Cash and cash equivalents at the end of the year		1,946

1. MATERIAL ITEM

In prior periods, there have been significant downward valuations below historic cost in the HRA, in particular in 2010/11 when a change in the social housing adjustment factor from 45% to 32% resulted in a downward valuation of £104 million. In line with proper accounting practice, subsequent upward valuations will reverse prior year charges to the Comprehensive Income and Expenditure Statement until the historic cost value is reached, at which point a revaluation reserve will be created. In 2023/24 the value of dwellings has increased by £14.726m, which means the reversal charged to the CIES was £10.775m and a revaluation reserve of £3.951m has been created.

2. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how the council has used the funding available to it (Government grants, rents, Council Tax, business rates, etc.) to deliver services, compared with those resources consumed or earned by the Council in accordance with International Accounting Standards (IAS). Income and expenditure accounted for under IAS is presented more fully in the Comprehensive Income and Expenditure Statement. The analysis shows the reconciling adjustments for the differences between the costs under statutory provisions that are charged to the General Fund and HRA and those charged under proper accounting practice to the Comprehensive Income and Expenditure Statement.

- **Adjustments for Capital Purposes:** For services this represents depreciation, amortisation and revaluation losses on assets used in the provision of services; reversal of previous revaluation losses; and an adjustment for revenue expenditure funded from capital under statute (typically grants to third parties for capital works). In the *Other income and expenditure* row this represents revaluation gains and losses on investment property; gains or losses on the disposal of assets; the payments made to the pool on housing asset disposals; statutory and voluntary provision for the repayment of debt; and capital expenditure funded from the General Fund and HRA.
- **Pension Adjustments:** For services this represents the removal of employer pension contributions and replacing them with current service cost and past service cost as required by International Accounting Standard 19, *Employee Benefits* (IAS19). In the *Other income and expenditure* row this represents the interest payable on the pension liability in accordance with IAS19.
- **Other Statutory Adjustments:** This represents the separation of Council Tax between amounts collected on behalf of parishes from the council's own requirement. It also includes the timing differences between the way that Council Tax and Business Rates are accounted for under statute and proper accounting practice under IFRS.

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

<u>2023/24</u>	Net charge to the General Fund & HRA under statutory funding provisions £000	Adjustments for Capital Purposes £000	Net change for Pensions Adjustments £000	Other £000	Net costs in the Comprehensive Income and Expenditure Statement £000
Environment	6,394	103	42	0	6,539
Living Well	3,711	1,813	10	0	5,534
Homes for All	(11,332)	1,028	9	0	(10,295)
Vibrant Local Economy	1,525	69	5	0	1,599
Your Services, Your Voice	6,620	2,677	(76)	0	9,221
Cost of Services	6,918	5,690	(10)	0	12,598
Other income & expenditure	(32,980)	(1,384)	695	0	(33,669)
Other General Fund & HRA items	18,976	(16,465)	0	(2,511)	0
(Surplus)/deficit on the General Fund & HRA	(7,086)	(12,159)	685	(2,511)	(21,071)

Opening General Fund and HRA balance at 1 April 23	(83,429)
Surplus on General Fund and HRA	(7,086)
Loss on valuation (to Pooled Fund Adjustment Account)	(182)
Other	1
Closing General Fund & HRA balance 31 March 24	(90,696)

<u>Analysis of Reserve Balance</u>	General Fund £000	HRA £000	Total £000
General Fund Balance	(2,789)		(2,789)
Earmarked Reserves	(41,306)	(182)	(41,488)
HRA balance		(14,096)	(14,096)
Major Repairs Reserve		(32,323)	(32,323)
Total	(44,095)	(46,601)	(90,696)

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

<u>2022/23</u>	Net charge to the General Fund & HRA under statutory funding provisions £000	Adjustments for Capital Purposes £000	Net change for Pensions Adjustments £000	Other £000	Net costs in the Comprehensive Income and Expenditure Statement £000
Environment	6,425	2,064	843	0	9,332
Living Well	3,876	(981)	180	0	3,075
Homes for All	(10,409)	(15,141)	1,016	0	(24,534)
Vibrant Local Economy	1,863	11	95	0	1,969
Your Services, Your Voice	6,685	429	614	0	7,728
Cost of Services	8,440	(13,618)	2,748	0	(2,430)
Other income & expenditure	(20,827)	(2,904)	2,502	0	(21,229)
Other General Fund & HRA items	11,660	(5,133)	0	(6,527)	0
(Surplus)/deficit on the General Fund & HRA	(727)	(21,655)	5,250	(6,527)	(23,659)

Opening General Fund and HRA balance at 1 April 22	(81,660)
Surplus on General Fund and HRA	(727)
Loss on valuation (to Pooled Fund Adjustment Account)	(1,044)
Other	2
Closing General Fund & HRA balance 31 March 23	(83,429)

<u>Analysis of Reserve Balance</u>	General Fund £000	HRA £000	Total £000
General Fund Balance	(3,512)		(3,512)
Earmarked Reserves	(38,248)	(174)	(38,422)
HRA balance		(15,355)	(15,355)
Major Repairs Reserve		(26,140)	(26,140)
Total	(41,760)	(41,669)	(83,429)

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The following table shows the nature of the income and expenditure on council services that are reported in the Comprehensive Income and Expenditure Statement:

2022/23		2023/24
£000		£000
26,263	Employees	24,250
13,567	Premises	15,047
375	Transport	403
8,302	Supplies & services	8,203
9,401	Third party payments	10,055
18,596	Transfer payments	18,516
(13,277)	Capital charges	5,927
(1,425)	Support services	(1,785)
(64,232)	External income	(68,018)
(2,430)	Cost Of Services	12,598

2022/23	<u>Analysis of External Income</u>	2023/24
£000		£000
(19,898)	Government grants & contributions	(19,776)
(30,625)	HRA: rent, service charges, & other income	(33,121)
(13,709)	General Fund: fees, charges & other income	(15,121)
<u>(64,232)</u>		<u>(68,018)</u>

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 28 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:

- Future funding for local government - 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.
- Asset reclassifications - the council has made judgements on whether assets are classified as Investment Property, Heritage Assets or Property, Plant and Equipment. These judgements are based on the main reason that the council is holding the asset. If the asset is used in the delivery of services or is occupied by third parties who are subsidised by the council, they are deemed to be Property, Plant and Equipment assets. If there is no subsidy and/or full market rent is being charged this would indicate that the asset is an Investment Property, if held principally to be preserved, in trust, for future generations because of their cultural, environmental or historical associations, this would indicate a Heritage Asset. The classification determines the valuation method to be used.
- Contractual arrangements - the council has made judgements on whether its contractual arrangements contain embedded leases (i.e. arrangements that are not legally leases but take the form of payments in return for the use of specific assets). In February 2021 the council signed a contract agreement with Biffa Waste Services Limited for the provision of waste and recycling collection services. The contract involves the exclusive use of a fleet of refuse collection vehicles with an initial value of approximately £3.5m, the council has determined that there is in substance a lease of those vehicles and has recognised them on the Balance Sheet.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate 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 is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. The sensitivity of each of the assumptions used by the actuaries can be seen in Note 13 to the accounts.
Arrears/Debt Impairment	At 31 March 2024, the council had a balance of sundry debtors of £2.6 million. A review of debtors, profiled by the age of the debt, suggested that a loss allowance of 20% (£0.51 million) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, and an increase of 5% was attributed to each category of aged debt, an additional charge of 74k would need to be set aside as an allowance.
Provision for Business Rates appeals	Since the introduction of the Business Rate 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. A provision has been recognised as the best estimate that businesses have been overcharged based on the Valuation Office ratings list of appeals, the analysis of previous appeals and other known relevant information.	The council's share of the total business rate appeal provision of £2.7 million amounted to £1.1 million which has reduced the amount of income that is distributed from the Collection Fund to the council's General Fund. A 10% increase or decrease in the council's share of the provision would require an adjustment of £108k.
Valuation of operational property	The council's external valuer provided valuations as at 31 March 2024 for the whole portfolio. Asset valuations are based on market prices.	A reduction in estimated valuations would result in reductions to the revaluation reserve and/or a loss recorded in the Comprehensive Income and Expenditure statement (CIES). If the value of operational properties reduced by 10% this would result in a £10.7m total reduction to the revaluation reserve and/or loss to the CIES. The charge to the CIES would be reversed out to the Capital Adjustment Account (CAA) and would not affect the General Fund balance. An increase in estimated valuations would

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Item	Uncertainties	Effect if actual results differ from assumptions
		result in increases to the revaluation reserve and/ or reversals of previous negative revaluations in the CIES.
Fair value measurement of investment property	The council's external valuer uses valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. Valuers base assumptions on observable data where it's available and the best information available where it is not.	<p>Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p> <p>Revaluation movements are accounted for in the CIES. If the value of Investment properties reduced by 10%, this would result in a £7.2m charge to the CIES. The charge to the CIES would be reversed out to the Capital Adjustment Account (CAA) and would not affect the General Fund balance.</p>
Valuation of Council Dwellings	The council's HRA dwellings are valued on a beacon methodology based on a number of information sources. These include sales of directly comparable property, local information on house price movements and other regional and national indices.	<p>A reduction in estimated valuations would result in reductions to the revaluation reserve and/or a loss recorded in the Comprehensive Income and Expenditure statement (CIES). If the value of council dwellings reduced by 5% this would result in a £28.4m charge to the CIES. The charge to the CIES would be reversed out to the Capital Adjustment Account (CAA) and would not affect the HRA balance.</p> <p>An increase in estimated valuations would result in increases to the revaluation reserve and/ or reversals of previous negative revaluations in the CIES.</p>

5. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was certified by the Chief Financial Officer as true and fair at the time of signing the accounts. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have, in all material respects, been adjusted to reflect the impact of this information.

6. GOING CONCERN

Underlying principle

These accounts have been prepared on a going concern basis that the authority will continue in operational existence for the foreseeable future. The provisions in the Code of Audit Practice 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. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that 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 a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

A balanced 2023/24 budget was set in February 2023, and this included a forecast balanced position for 2024/25. With income, parking income in particular, returning to pre-pandemic levels, the associated risks of not achieving budget were reduced. The key known future risk relates to reductions in government funding, but delays around implementation of any reforms keeps pushing this risk further out.

The final outturn is just under £0.9m favourable to the February 2024 forecast to the original budget, with reduced draws on earmarked reserves which have been protected as far as possible and in some cases even replenished. With the uncertainty in relation to future funding local government projections indicating the potential for longer term deficits, the Transitional Reserve will be used to ensure that the council is able to maintain services and produce a balanced budget while it continues its programme of identifying and implementing cost savings as part of the Medium Term Financial Strategy. A balanced budget has been set for 2024/25 to 2025/26 and the level of reserves are expected to be adequately maintained to provide a robust medium term financial strategy.

Cash position

The council had a cash and investment balance of £11.3m as at 31 March 2024. Of this, £5m is invested in the CCLA property fund and is therefore not readily liquid. The council has undertaken a cashflow forecast looking forward through 2024/25 and the following financial period, and without the impact of the capital programme does not forecast the need to borrow for revenue purposes. Due to its capital programme, and prior year unfinanced capital expenditure, the council may need to increase its external borrowing within the current or following period. However, due to its forecast reserve position, a significant proportion of its capital financing requirement will remain covered by internal borrowing; this results in an opportunity cost which is lower than if the council were to externalise all of its capital borrowing need.

As well as access to the PWLB for its long-term borrowing needs, the council's is also able to borrow for short-term liquidity purposes if necessary and so the council remains confident in its ability to maintain sufficient liquidity.

Conclusion

These accounts have been prepared on a going concern basis; assessed up to 31 March 2026. The council has sufficient access to cash and borrowing to ensure its liquidity, plans to set a balanced budget for 2025/26, and has sufficient reserves throughout the period of its Medium Term Financial Strategy. Reserve balances are forecast to include £10.2m of risk reserves which are in addition to the general fund balance of £2.8m, giving high levels of assurance that the council is in a strong position to deal with any future unexpected events.

7. ACCOUNTING STANDARDS ISSUED BUT NOT ADOPTED

For the 2024/25 financial year, the council must implement IFRS 16 Leases, applying the provisions as they have been adopted in the 2024/25 Accounting Code. The main impact of IFRS 16 will relate to property that the council holds under operating leases, for which assets and liabilities are not recognised and rents are generally charged as revenue expenditure when they are payable. Under IFRS 16, the accounting treatment for all leases (except those with a term of less than 12 months and those involving low value items) will be to recognise a right-of-use asset in the Balance Sheet, measuring the value of the council's right to use the property over the remaining term of the lease. The Balance Sheet will also include a liability for the rents payable before the lease expires.

When rents are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. However, statutory arrangements are in place that will allow the impact on the General Fund Balance to be unchanged – i.e., that the overall charge for each year will be the rents payable in that year. Based on the minimum lease payments outstanding at 31 March 2024 it is estimated that the transition will not result in the recognition of material new assets and liabilities in the Balance Sheet.

The code adoption of IFRS 16 extends the definition of a lease to include arrangements where no rents are payable (or nothing more than a peppercorn), if these arrangements are material authorities are required to recognise right-of-use assets for them that require a valuation on recognition. The estimated current value of right of use assets related to leased assets with no or peppercorn rents is £11.7m.

There are no other changes in accounting requirements for 2024/25 that are anticipated to have a material impact on the council's financial performance or financial position.

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments made to the Comprehensive Income and Expenditure recognised by the council in year (shown in accordance with proper accounting practice) to present the alternative view of the resources available to the council to meet future capital and revenue expenditure (in accordance with statute).

General Fund Balance £000	Housing Revenue Account £000	2022/23			Adjustments between Accounting Basis and Funding Basis	General Fund Balance £000	Housing Revenue Account £000	2023/34		
		Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unappl'd £000				Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unappl'd £000
Adjustments to Revenue Resources										
(4,533)	(717)	0	0	0	Pensions (transfers to/ from Pensions Reserve)	(692)	7	0	0	0
6,527	0	0	0	0	Council Tax and Business Rates (transfers to/ from the Collection Fund Adjustment Account)	2,511	0	0	0	0
(2,614)	12,102	0	0	196	Reversal of entries included in the Surplus or Deficit on Provision of Services in relation to Capital Adjustment Account	(3,851)	3,101	0	0	(238)
(1,044)	0	0	0	0	Fair value gains/losses of pooled investment funds	(182)	0	0	0	0
587	(587)	0	0	0	Other adjustments	402	(402)	0	0	0
(1,077)	10,798	0	0	196	Total Adjustments to Revenue Resources	(1,812)	2,706	0	0	(238)
Adjustments between Revenue & Capital Resources										
1,198	7,462	(8,660)	0	0	Transfer of non current sale proceeds from revenue to the Capital Receipts Reserve	101	5,122	(5,223)	0	0
0	9,341	0	(9,341)	0	Funding set aside to Major Repairs Reserve	0	10,214	0	(10,213)	0
1,517	0	0	0	0	Statutory provision for the Financing of Capital	1,591	0	0	0	0
0	0	200	0	0	Voluntary provision for the Financing of Capital	0	87	600	0	0
1,992	0	0	0	0	Capital Expenditure financed from revenue	1,931	47	0	0	0
4,707	16,803	(8,460)	(9,341)	0	Total Adjustments between Capital and Revenue Resources	3,623	15,470	(4,623)	(10,213)	0
Adjustments to Capital Resources										
0	0	10,717	0	0	Use of Capital Receipts Reserve to finance capital	0	0	14,254	0	0
0	0	0	0	0	Use of Major Repairs Reserve to finance capital	0	0	0	4,030	0
0	0	10717	0	0	Total Adjustments to Capital Resources	0	0	14,254	4,030	0
3,630	27,601	2,257	(9,341)	196	Total Adjustments	1,811	18,176	9,631	(6,183)	(238)

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

9. GRANT INCOME

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

2022/23	Credited to Services	2023/24
£000		£000
(9,531)	Rent Allowances	(9,578)
(8,782)	Rent Rebates	(8,895)
(469)	Contributions	(513)
(1,116)	Other Grants	(790)
(19,898)	Total	(19,776)

2022/23	Credited to Taxation and Non Specific Grant Income	2023/24
£000		£000
	Non Domestic Rates Income and Expenditure	
(23,528)	Retained Business Rates	(25,340)
2,285	Levy Payment	3,599
20,429	Tariff Payment	21,912
(273)	Share of (surplus)/deficit	(1,792)
(496)	Allowances	(621)
(4,168)	S31 Grants	(5,831)
(20)	Other	(9)
(5,771)		(8,082)
	Capital Grants and Contributions	
(410)	Other Capital Grants and Contributions	(7,456)
(928)	Community Infrastructure Levy	(1,240)
(1,231)	Disabled Facilities Grant	(1,338)
(2,569)		(10,034)
	Non-Ringfenced Government Grants	
(1,933)	New Burdens Grant	(2,456)
(2,327)	New Homes Bonus	(1,629)
(49)	Revenue Support Grant	(156)
0	Funding Guarantee	(885)
(271)	Other	(232)
(4,580)		(5,358)
(12,920)	Total	(23,474)

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

31/3/23	Grants and Contributions in Advance	31/3/24
£000		£000
(5,758)	Developers' Contributions - Social Housing	(10,515)
(1,611)	Developers' Contributions - West of Waterlooville	(1,513)
(819)	LA Housing Fund	(774)
(775)	Developers' Contributions - Open Spaces	(718)
(1,263)	Other	(1,267)
(10,226)	Total	(14,787)

Agency Grant Schemes

The receipt and payment of Council Tax Energy Rebate schemes in 2022/23 are in substance agency arrangements, under these schemes the rules on entitlement and the payment amounts are set by central government and all expenditure is reimbursed. Details of the grants administered under agency arrangements and recognised in the Cash Flow Statement are set out below.

	<u>2022/23</u>		<u>2023/24</u>		
	<u>Income</u>	<u>Expenditure</u>	<u>Income</u>	<u>Expenditure</u>	<u>Balance</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Council Tax Energy Rebate Schemes	(4,421)	4421	(150)	150	0

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

10. AUDIT FEES

The council has incurred the following costs in relation to the audit of the Statement of Accounts provided by the council's appointed external auditor Ernst & Young LLP. The certification of grant claims is carried out by other audit providers.

2022/23		2023/24
£000		£000
52	Fees Payable to External Auditor with Regard to the External Audit Services Carried Out by the Appointed Auditor for the Year ¹	158
48	Fees Payable to the External Auditor for the Certification of Grant Claims and Returns for the Year	46
0	Fees Payable in Respect of the Other Services Provided by the External Auditor During the Year	0
100	Total	204

¹The external auditor is likely to disclaim the opinion on the council's 2022/23 audit, the fee setting body Public Sector Audit Appointments (PSAA) will use its fee variation process to determine the final fee.

11. OFFICERS' REMUNERATION

Employees' remuneration

Information relating to employees' remuneration is required to be published under the Accounts and Audit Regulations 2015. The following note shows the number of employees whose total remuneration exceeded £50,000 in 2023/24. For this purpose, remuneration includes gross pay, all taxable benefits and redundancy payments but excludes employer pension contributions.

The banding note also includes the senior officer posts detailed below.

2022/23				2023/24		
Ongoing employees	Employees left in year	Total Employees	Remuneration Band	Ongoing employees	Employees left in year	Total Employees
15	0	15	£50,000-£54,999	21	2	23
9	0	9	£55,000-£59,999	15	1	16
11	0	11	£60,000-£64,999	11		11
6	0	6	£65,000-£69,999	3	1	4
1	0	1	£70,000-£74,999	7		7
3	0	3	£75,000-£79,999	1		1
3	0	3	£80,000-£84,999	4		4
0	0	0	£90,000-£94,999	2		2
1	0	1	£95,000-£99,999	1		1
1	0	1	£105,000-£109,999	1		1
0	0	0	£110,000-£114,999	2		2
1	0	1	£130,000-£134,999	0		0
0	0	0	£135,000-£139,999	1		1
51	0	51		69	4	73

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Senior Officers' remuneration

Further details relating to individual senior employees' remuneration is required to be published under the Accounts and Audit Regulations 2015. This note gives the details of the salary, allowances, benefits-in-kind and pension payments for senior employees whose salary exceeded £50,000 in 2023/24.

2023/24	Salary	Taxable expenses & benefits	Pension payments	Total
	£'000	£'000	£'000	£'000
Chief Executive - Laura Taylor ¹	139	1	25	165
Strategic Director: Place	114	1	20	135
Strategic Director: Resources ²	106	1	18	125
Monitoring Officer ²	12	0	2	14
Strategic Director: Regeneration ³	43	0	0	43
Director: Regeneration ⁴	91	1	16	108
Strategic Director: Services	110	1	20	131
Chief Financial Officer ⁵	91	1	16	108

¹. The Chief Executive also received payments of £13,242 as Returning Officer in 2023/24, that are excluded above.

². The Strategic Director: Resources was the Monitoring Officer until 31st December 2023. From 1st January 2024 a new Monitoring Officer was appointed.

³. Payments of £42,925 have been made to an Employment Agency for the services of the Strategic Director (Regeneration role).

⁴. The Director: Regeneration was appointed 26th June 2023.

⁵. The S151 Officer is the Chief Financial Officer.

2022/23	Salary	Taxable expenses & benefits	Pension payments	Total
	£'000	£'000	£'000	£'000
Chief Executive - Laura Taylor ¹	131	1	24	155
Strategic Director: Place	106	1	19	126
Strategic Director: Resources ²	92	1	16	109
Strategic Director ²	6	0	1	7
Strategic Director: Services ^{3 & 5}	67	1	35	103
Strategic Director ⁴	122	0	0	122
Chief Financial Officer ⁵	81	1	15	97

¹. The Chief Executive also received payments of £13,033 as Returning Officer in 2022/23 that are excluded above.

². The Strategic Director: Resources post-holder changed 3rd January 2023. The outgoing employee remained as a Strategic Director. The Strategic Director: Resources is the Monitoring Officer.

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

3. The Strategic Director: Services left 30th November 2022. Pension payments include £22,918 early retirement costs. The post was vacant until 30th January 2023.

4. Payments of £121,500 have been made to an Employment Agency for the services of the Strategic Director (regeneration role).

5. The S151 Officer was the Strategic Director: Services until 30th November 2022, the Chief Financial Officer was appointed to the Statutory role on 1st December 2022.

12. TERMINATION BENEFITS AND EXIT PACKAGES

The council terminated the contracts of 5 employees, incurring liabilities (for compensation for loss of office; employer's pension contributions for enhanced benefits; and other costs) in 2023/24 of £39,921 (£103,816 in 2022/23).

2022/23		Amount Paid (£)	Total Package	2023/24		Amount Paid (£)
Compulsory Redundancy	Other Termination			Compulsory Redundancy	Other Termination	
1	7	71,396	£0 - £20,000	0	4	17,456
1	0	32,420	£20,001 - £40,000	0	1	22,465
2	7	103,816		0	5	39,921

13. DEFINED BENEFIT 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 needs to be disclosed at the time that employees earn their future entitlement.

The council participates in the Local Government Pension Scheme, administered locally by Hampshire County Council. This is a funded defined benefit final salary scheme, meaning that the council and its employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The council has also awarded discretionary post-retirement benefits upon early retirement. This is also through the Local Government Pension Scheme but as an unfunded defined benefit arrangement. The liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions' liabilities, and cash is paid to the scheme to meet actual pension payments as they eventually fall due. The Pension Scheme is operated under the LGPS (Benefits, Membership and Contributions) Regulations 2007 and the governance of the scheme is the responsibility of the pension committee of Hampshire County Council. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the fund are appointed by the committee.

The principal risks to the council of the scheme are the longevity assumptions; statutory changes to the scheme; structural changes to the scheme; and changes in inflation, bond yields and performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the council's General Fund the amounts required by statute.

The constructive obligation on the Council's share of the Hampshire Pension Fund resulting from the McCloud judgement has been included in the figures in the 2023/24 financial statements.

Transactions relating to post-employment 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 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 and Housing Revenue Account via the Movement in Reserves Statement.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The following transactions have been made in the accounts during the year:

2022/23		2023/24
£000		£000
	<u>Included in the Cost of Services</u>	
6,404	Current Service Cost	3,109
23	Past Service Cost	0
0	Settlement Cost	0
	<u>Included in Financing and Investment Income and Expenditure</u>	
1,604	Net Interest on the Net Defined Benefit Liability	650
	<u>Included in Other Comprehensive Income and Expenditure</u>	
52,264	Remeasurement of the Net Defined Benefit Liability	2,055
60,295	Total Included in Comprehensive Income and Expenditure	5,814
	<u>Included in the Movement in Reserves</u>	
(8,031)	Removal of Notional Charges Made for Retirement Benefits	(3,759)
2,781	Inclusion of Actual Employer's Contributions Payable	3,074
(5,250)	Total Included in the Movement in Reserves	(685)
	<u>Actual Employer's Contributions Charged Against Council Tax</u>	
2,603	Normal Funded Contributions	2,915
23	Lumps Sums for Early Retirements	0
155	Discretionary / Unfunded Added Years	159
2,781	Total Amount Charged to Council Tax	3,074

Assets and liabilities in relation to post-employment benefits

The movement in scheme liabilities was:

2022/23		2023/24
£000		£000
	Opening Present Value of Liabilities	
(213,663)	Funded	(155,316)
(2,074)	Unfunded	(1,625)
(6,404)	Current Service Cost	(3,109)
(5,754)	Interest Expense on Benefit Obligation	(7,339)
(1,094)	Contributions by Scheme Participants	(1,146)
79,430	Actuarial Gains / (Losses) - Financial Assumptions	(55)
1,032	Actuarial Gains / (Losses) - Demographic Assumptions	1,798
(14,754)	Actuarial Gains / (Losses) - Experience	(5,755)
6,363	Net Benefits Paid Out	5,839
(23)	Past Service Cost	0
0	Settlements	0
(156,941)	Closing Present Value of Liabilities	(166,708)
(155,316)	Funded	(165,154)
(1,625)	Unfunded	(1,554)

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The movement in the fair value of the scheme assets was:

2022/23 £000		2023/24 £000
154,900	Opening Fair Value of Assets	143,118
4,150	Interest Income on Assets	6,689
1,094	Contributions by Scheme Participants	1,146
2,626	Contributions by the Employer	2,915
	Contributions in respect of unfunded benefits	159
(13,444)	Remeasurement Gains / (Losses) on Assets	6,067
(6,208)	Net Benefits Paid Out	(5,839)
0	Settlement	0
143,118	Closing Fair Value of Assets	154,255

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy.

The actual return on scheme assets in 2023/24 was a gain of £12.8 million (£9.3 million loss in 2022/23).

Impact on the council's cash flow

The deficit on the pension scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary and the recent changes to the scheme introduced on 1 April 2014 which will increase the amount paid into the scheme by employees and employers.

The total contributions expected to be made to the scheme by the council in the year to 31 March 2025 is £2.9 million.

Basis for estimating assets and liabilities

The latest actuarial valuation of the Council's liabilities took place as at 31 March 2022. Liabilities have been estimated by the independent actuary, Aon Hewitt Limited, on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the valuation were:

2022/23 £000		2023/24 £000
	<u>Principal Financial Assumptions</u>	
4.7%	Rate for Discounting Scheme Liabilities	4.8%
2.7%	CPI Inflation Rate	2.8%
2.7%	Pension Increases	2.8%
3.7%	Rate of General Increases in Salaries	3.8%
	<u>Mortality Assumptions</u>	
	Future lifetime from 65 for members aged 65 at 31 March	
23.3	Males	22.1
25.7	Females	24.7
	Future lifetime from 65 for members aged 45 at last formal valuation	
23.8	Males	22.6
26.7	Females	25.7

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The scheme assets consist of the following categories, by proportion of total assets held:

	2023/24		
	Quoted	Unquoted	Total
Equity Securities	43%	0%	43%
Private Equity	0%	7%	7%
UK Property	0%	7%	7%
Corporate Bonds	0%	5%	5%
UK Government Bonds	15%	0%	15%
Other Debt Securities	6%	7%	13%
Cash	1%	0%	1%
Investment Funds/ Unit Trusts	0%	9%	9%
	65%	35%	100%

	2022/23		
	Quoted	Unquoted	Total
Equities	42.0%	15.6%	57.6%
Property	1.4%	5.4%	6.8%
Government Bonds	16.5%	0.0%	16.5%
Cash	1.1%	0.0%	1.1%
Multi Asset Credit	0.0%	0.0%	0.0%
Other	0.0%	18.0%	18.0%
	61.0%	39.0%	100.0%

The overall expected return on each asset class is set out above. The overall expected rate of return on assets is then derived by aggregating the expected return on each asset class over the actual asset allocation from the Fund as at 31 March 2024.

Sensitivity of Actuarial Assumptions

The following table shows the sensitivity of the actuarial assumptions and what impact a 0.1% change would have for each of the assumptions.

Change in Assumptions as at 31 March 2024	Approximate % increase to Defined Benefit Obligation	Approximate Monetary Amount £000
0.1% decrease in Real Discount Rate	2%	2,729
0.1% increase in the Salary Increase Rate	4%	6,668
0.1% increase in the Pensions Increase Rate (CPI)	0%	144
1 year increase in member life expectancy	2%	2,633

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

14. PROPERTY, PLANT AND EQUIPMENT (PPE)

Movements in 2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
<u>Cost or Valuation</u>	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2023	538,012	102,765	16,967	11,080	1,073	5,118	15,792	690,807
Additions	30,076	975	548	431	0	1	8,244	40,275
Revaluation Increases/(Decreases) Recognised in the Revaluation Reserve	3,951	5,468	0	0	0	(1)	0	9,418
Revaluation Increases/(Decreases) Recognised in the Surplus/Deficit on the Provision of Services	810	(2,002)	0	0	0	0	0	(1,192)
Derecognition - Disposals	(4,025)	(25)	(100)	0	0	0	(178)	(4,328)
Reclassifications	12	0	0	0	0	0	(12)	0
At 31 March 2024	568,836	107,181	17,415	11,511	1,073	5,118	23,846	734,980
<u>Accumulated Depreciation and Impairment</u>								
At 1 April 2023	0	0	(11,453)	(4,084)	(177)	0	0	(15,714)
Depreciation Charge	(9,966)	(1,459)	(816)	(338)	0	0	0	(12,579)
Accumulated Depreciation Written-Out to the Gross Carrying Amount on Depreciation Written-Out to the Revaluation Reserve	0	1,459	0	0	0	0	0	1,459
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	9,966	0	0	0	0	0	0	9,966
Derecognition - Disposals	0	0	100	0	0	0	0	100
At 31 March 2024	0	0	(12,169)	(4,422)	(177)	0	0	(16,768)
<u>Net Book Value</u>								
At 31 March 2024	568,836	107,181	5,246	7,089	896	5,118	23,846	718,212
At 31 March 2023	538,012	102,765	5,514	6,996	896	5,118	15,792	675,093

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Movements in 2022/23	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
<u>Cost or Valuation</u>	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2022	512,456	103,346	16,292	10,664	1,073	4,910	4,694	653,435
Additions	13,224	705	586	428	0	8	11,493	26,444
Revaluation Increases/(Decreases) Recognised in the Revaluation Reserve	0	(370)	0	0	0	129	0	(241)
Revaluation Increases/(Decreases) Recognised in the Surplus/Deficit on the Provision of Services	16,995	1,333	0	0	0	71	0	18,399
Derecognition - Disposals	(4,663)	(1,205)	(47)	(12)	0	0	(61)	(5,988)
Reclassifications	0	(1,044)	136	0	0	0	(334)	(1,242)
At 31 March 2023	538,012	102,765	16,967	11,080	1,073	5,118	15,792	690,807
<u>Accumulated Depreciation and Impairment</u>								
At 1 April 2022	0	0	(10,646)	(3,758)	(177)	0	0	(14,581)
Depreciation Charge	(9,089)	(1,412)	(844)	(331)	0	0	0	(11,676)
Accumulated Depreciation Written-Out to the Gross Carrying Amount on Depreciation Written-Out to the Revaluation Reserve	0	1,410	0	0	0	0	0	1,410
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	9,089	0	0	0	0	0	0	9,089
Derecognition - Disposals	0	2	37	5	0	0	0	44
At 31 March 2023	0	0	(11,453)	(4,084)	(177)	0	0	(15,714)
<u>Net Book Value</u>								
At 31 March 2023	538,012	102,765	5,514	6,996	896	5,118	15,792	675,093
At 31 March 2022	512,456	103,346	5,646	6,906	896	4,910	4,694	638,854

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
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Depreciation and estimated useful lives

From April 2017 the council has been required to calculate depreciation on all HRA properties in accordance with proper practices, splitting assets into components with similar useful lives when doing the calculation. Previously, depreciation on HRA dwellings was an amount equivalent to the Major Repairs Allowance element of the Housing Revenue Account Self-Financing Determination. The lives of the material HRA components used in the calculation of dwelling depreciation are:

Boilers	12 years
Heating	30 – 40 years
Kitchens	19 years
Bathrooms	30 years
Roofs	50 years
Doors & windows	40 years
Electrical rewiring	30 years
Eaves & rainwater	40 years
Structure	67 years

For other types of assets, the following useful lives have been used in the calculation of depreciation:

Other Land and Buildings	5 – 60 years
Vehicles, Plant, Furniture and Equipment	4 – 18 years
Infrastructure	5 – 60 years
Community Assets	5 – 60 years

There were no significant changes to the asset lives and depreciation methods used to calculate the charges during the year.

Capital Commitments for Property, Plant and Equipment

As at 31 March 2024, the council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years. The total commitments at 31 March 2024 were £3,862,000 (similar commitments at 31 March 2022 were £21,432,000) made up as follows: -

	£000
HRA - Major Works	2,107
HRA - New Build (Winnall Flats)	521
General Fund Grants	402
GF - Plant vehicles and equipment	223
HRA - Plant, vehicles & Equipment	191
GF - Land & Buildings	191
HRA - Other	227
	3,862

Revaluations and Impairments

The council carries out a rolling programme that ensures that all Property, Plant and Equipment (PPE) required to be measured at current value, or in the case of surplus assets fair value, is carried out at least every five years. Investment Properties are valued annually.

During 2023/24, Wilks Head & Eve (WHE) carried out a re-valuation of all of the Council's investment properties as well as all of the PPE assets:

- Investment properties – valuation date 28/02/2024
- PPE (with the exception of car parks and Winchester Sport & Leisure Park) – valuation date 28/02/2024
- Car parks & Winchester Sport & Leisure Park - valuation date 31/03/2024
- HRA dwellings and Garages - valuation date 31/03/2024

The valuations were carried out in accordance with Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (issued November 2021 and effective 31 January 2022) and the RICS Valuation – Global

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Standards 2017: UK National Supplement (issued November 2018 and effective from 14 January 2019), and in accordance with the specific sections in the IFRS based CIPFA Code of Practice on Local Authority Accounting (the Code).

Apart from infrastructure, community assets, and assets under construction, the basis of valuation for PPE assets is current value and there are four measurement approaches to calculating current value in the Code:

- For operational property, the asset is measured at its Existing Use Value (EUV) in accordance with the definitions in UKVS13.
- For social housing using the Beacon Method (as recommended in the Guidance on Stock Valuation for Resource Accounting revised November 2016) to arrive at the Market Value of the social housing stock, with an adjustment factor of 33% applied to arrive at EUV-Social Housing.
- For specialised assets Depreciated Replacement Cost (DRC) in accordance with UK VS 1.15 and UKGN2.
- For surplus assets, Fair Value as defined under IFRS 13 and as adopted by the Code.

The basis of valuation for Investment Properties is fair value in accordance with IAS 40 Investment Property and is subject to IFRS 13 Fair Value Measurement regarding the Fair Value hierarchy (input levels); consideration of the highest and best use; and disclosure requirements. To arrive at fair value, inputs include Market Value, Market Rental Value, yields, voids, contract duration, size, layout, location, access, condition, lease covenants, obsolescence, and income.

The valuation figures incorporated in the accounts are the aggregate of separate individual asset valuations of the portfolio, produced for financial reporting purposes only, and not a valuation or apportioned valuation of the portfolio valued as a whole. Valuations of vehicles, plant, furniture and equipment are based on historic cost. The following table shows for each category of property, plant and equipment, those assets that are valued at historic cost and those which are re-valued (including the year in which the revaluations were completed).

	2023/24	2022/23	2021/22	2020/21	2019/20	Historic Cost	Total
	£000	£000	£000	£000	£000	£000	£000
Council Dwellings	568,836	0	0	0	0	0	568,836
Land & Buildings	107,181	0	0	0	0	0	107,181
Plant / Vehicles / Equipment	0	0	0	0	0	5,246	5,246
Infrastructure	0	0	0	0	0	7,089	7,089
Community	0	0	0	0	0	896	896
Surplus	5,118	0	0	0	0	0	5,118
Assets Under Construction	0	0	0	0	0	23,846	23,846
Total	681,135	0	0	0	0	37,077	718,212

15. HERITAGE ASSETS

Reconciliation of the carrying value of heritage assets held by the council:

	Art Collection	Civic Regalia	Archaeology	Total
Cost or Valuation	£000	£000	£000	£000
Balance as at 31 March 2023	750	1,500	500	2,750
Revaluation	(150)	220	0	70
Balance as at 31 March 2024	600	1,720	500	2,820

Art Collection (Topographical Art and Portraits)

The Authority undertook an external valuation of its artwork with an independent auction house (Andrew Smith & Son) on 21ST February 2024. This was a full market valuation of the collection for insurance purposes, based on commercial markets including recent transaction information from auctions where similar types of painting are regularly being purchased. Due to the majority of the art collection consisting of prints and original works by local amateur artists the individual artworks attract a nominal financial value.

There was a single revaluation in the current financial year exceeding £100,000. This was in relation to a carved and gilded van Dyke frame containing an oil on canvas painting of King Charles II circa 1680 in 17th Century. This is now valued at £100,000 (previously valued in June 2011 at £250,000).

Civic Regalia

An external valuation of the civic regalia was carried out on 21st February 24 (previous valuations were conducted as of 15 June 2011) by an independent auction house (Andrew Smith & Son). This was a full market valuation of the collection for insurance purposes. There were two revaluation increases in the current financial year exceeding £100,000 being:

- Set of four Civic Ceremonial Maces in silver gilt now valued at £1,600,000 (previous valuation was £1,400,000).
- Silver Epergne now valued at £120,000 (previous valuation was £100,000).

Archaeology

The Archaeology collection has relatively little financial value, apart from a few pieces including the marble head, which is on loan to the British Museum, but is of scientific value. No revaluations in the current financial year.

Museum Collection Additions

There were a number of additions and donations to the museum collections during the year, none of which has a significant monetary value. The additions include acquisitions of:

- Print, Ray Evans, 'Winchester from St. Giles Hill' 1976 (A. 1776)
- Etching print of Buttercross and High Street
- Early Medieval cast copper-alloy Anglo-Scandinavian sword pommel cap
- Copper-alloy Roman nummus coin from Droxford, an addendum to a scattered Roman coin hoard
- Collection of archaeological objects found by metal detector at Headbourne Worthy
- Winchester City Football Club 2004 FA Vase final T-shirt
- Framed print 'The Two Hundredth Anniversary Festival of the Natives Society at Winchester', 1869

There have been no disposals during this period.

16. INVESTMENT PROPERTIES

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement:

2022/23		2023/24
£000		£000
	<u>Income and Expenditure in Relation to Investment Properties</u>	
(3,648)	Rental Income from Investment Property	(4,272)
652	Direct Operating Expenses of Investment Property	756
0	(Gain)/Loss on Disposal of Investment Property	0
(667)	Net (Gain)/Loss on Revaluation of Investment Property	(697)
(3,663)	Net (Income)/Expenditure on Investment Properties	(4,213)

The council's investment properties were revalued as part of the exercise undertaken by Wilks Head & Eve LLP (see note 14).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2022/23		2023/24
£000		£000
69,343	Balance at the start of the year	71,033
0	Additions - Acquisitions	0
22	Additions - Enhancements	3
(241)	<u>Disposals</u>	(87)
667	Net Gains/(Losses) from Fair Value Adjustments	697
	<u>Transfers:</u>	
1,242	(To)/From Property, Plant and Equipment	0
71,033	Balance at the end of the year	71,646

Investment Properties Fair Value (FV) Measurements

	Retail	Offices	Industrial	Residential / Garages	Other	Total
	£000	£000	£000	£000	£000	£000
FV Measurements (Level 2)	28,389	10,898	6,868	24,483	1,008	71,646

Valuation Techniques and Inputs

Land, Office, Industrial, Residential, Garage and Retail assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs are significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

Typical valuation inputs that have been analysed in arriving at fair value include: market rental and sale values; yields; void and letting periods; size; configuration, proportions and layout; location, visibility and access; condition; lease covenants; and obsolescence.

Unobservable Inputs

There are no assets within the Council's portfolio that are classed at Level 3 in the fair value hierarchy.

Sensitivity of Unobservable Inputs

n/a

The Council holds several assets (garages, parcels of land, and small industrial units) as investment properties where the highest and best use is greater than their current use. In total, the difference between their current value and their highest and best use value is £13.56m. Of this amount, £13.28m relates to garage sites which are being held as investment properties for their rental income and future development potential.

Capital Commitments for Investment Property Assets

As at 31 March 2024, the council had entered into one contract for the enhancement or acquisition of Investment Properties in 2023/24 and future years. The total commitment at 31 March 2024 was £82,000 (similar commitments at 31 March 2023 were £nil).

Council as Lessor of Investment Properties

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The council leases out the majority of its investment properties under operating leases for the purpose of generating income. It also leases out property for the purpose of the provision of community services such as leisure facilities and community centres as well as for economic development purposes to provide suitable affordable accommodation for local businesses. The future minimum lease payments receivable under non-cancellable leases in future years are as follows:

2022/23		2023/24
£000		£000
3,386	Due within one year	3,713
11,611	Due later than one year and not later than five years	12,221
70,805	Due after five years	70,139
<u>85,802</u>	Total future minimum lease rentals receivable	<u>86,073</u>

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, contingent rents are not material.

17. FINANCE LEASES

Council as lessee

The Council has identified an embedded lease within the waste and recycling collection services contract. This is where there are specific assets to be utilised for the duration of the contract and paid for as part of the contractual payments for the services provided. These assets are refuse vehicles. The lease element of the contract has been classified as a finance lease and the payments have been separated from the contractual payments and analysed between the capital repayment and the attributable finance costs.

The net book value of the assets, which are included within Property, Plant and Equipment, are as follows:

2022/23		2023/24
£000		£000
2,623	Vehicles, Plant and Equipment	2,185

The Council is committed to make payments under the contract which can be analysed as follows:

2022/23		2023/24
£000		£000
	Finance Lease Liabilities (net present value of minimum lease payments)	
443	-Current	452
2,197	-Non-Current	1,744
165	Finance Costs Payable in Future Years	113
<u>2,805</u>	Minimum Lease Payments	<u>2,309</u>

The liabilities are payable according to the following timescale:

Minimum Lease payments 2022/23 £000	Finance Lease Liability 2022/23 £000		Minimum Lease payments 2023/24 £000	Finance Lease Liability 2023/24 £000
495	443	Not later than one year	495	452
2,310	2,197	Later than one year but not later than five years	1,814	1,744
0	0	Payments due after 5 years	0	0
<u>2,805</u>	<u>2,640</u>	Total	<u>2,309</u>	<u>2,196</u>

18. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the council. All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- overdraft with bank,
- lease payables detailed in note 17, and
- trade payables for goods and services received.

The council has no material soft loans.

Financial Assets

A financial asset is a right to future economic benefits controlled by the council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the council. The financial assets held by the council during the year are accounted for under the following classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the council's business model is to collect those cash flows) comprising:
 - o cash in hand,
 - o bank current and deposit accounts,
 - o fixed term deposits with banks and building societies,
 - o loans to other local authorities,
 - o certificates of deposit and covered bonds issued by banks and building societies,
 - o treasury bills and gilts issued by the UK Government, and
 - o trade receivables for goods and services provided.
- Fair value through profit and loss (all other financial assets) comprising:
 - o money market funds managed by fund managers, and
 - o pooled bond, equity and property funds managed by fund managers.

The following categories of financial instrument are carried in the Balance Sheet.

<u>Long Term</u> 31 Mar 23 £000	<u>Short Term</u> 31 Mar 23 £000		<u>Long Term</u> 31 Mar 24 £000	<u>Short Term</u> 31 Mar 24 £000
		<u>Investments</u>		
0	5,999	Amortised Cost	0	3,129
5,441	1,000	Fair Value through Profit or Loss	5,236	1,000
		<u>Cash and Cash Equivalents</u>		
0	1,335	Amortised Cost	0	(415)
0	7,785	Fair Value through Profit or Loss	0	2,320
		<u>Debtors</u>		
288	3,133	Amortised Cost	761	3,293
5,729	19,252	Total Financial Assets	5,997	9,327
		<u>Borrowings</u>		
(156,722)	(5,070)	Amortised Cost	(154,722)	(5,070)
		<u>Other Liabilities</u>		
(2,197)	(443)	Finance Lease-Amortised Cost	(1,744)	(452)
		<u>Creditors</u>		
0	(9,738)	Amortised Cost	0	(8,949)
(158,919)	(15,251)	Total Financial Liabilities	(156,466)	(14,471)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The income, expense, gains and losses recognised in the Comprehensive Income and Expenditure Statement for the different categories of financial instruments are as follows:

	Financial Liabilities: Amortised Cost	Financial Assets: Amortised Cost	Financial Assets: Fair Value through Profit or Loss	Total
	£000	£000	£000	£000
2023/24				
Interest Expense	5,287	0	0	5,287
(Gain)/loss on valuation	0	0	182	182
Interest Income	0	(459)	(1,212)	(1,671)
Net (Gain)/Loss for the Year	5,287	(459)	(1,030)	3,798
2022/23				
Interest Expense	5,499	0	0	5,499
(Gain)/ loss on valuation	0	0	1,044	1,044
Interest Income	0	(491)	(757)	(1,248)
Net (Gain)/Loss for the Year	5,499	(491)	287	5,295

Fair Value of Assets and Liabilities

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arm's length transaction. Where liabilities are held as an asset by another party, such as the council's borrowing, the fair value is estimated from the holder's perspective. Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For financial assets classified as Fair Value through Profit or Loss, the fair value is taken from market price.

For Financial Assets at Amortised Cost and Financial Liabilities at Amortised Cost, fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2024, using the following methods and assumptions:

- Loans borrowed by the council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- No early repayment or impairment is recognised for any financial instrument.
- The fair values of finance lease liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA rated corporate bond yield.
- The fair value of short-term instruments, including trade payables and receivables is assumed to approximate to the carrying amount given the low interest rate environment.
- The fair values of other long-term investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.

Fair values are shown in the tables below, split by their level in the fair value hierarchy:

Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, for example, bond prices

Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, for example, interest rates or yields for similar instruments

Level 3 – fair value is determined using unobservable inputs, for example, non-market data such as cash flow forecasts or estimated creditworthiness.

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Balance Sheet 31/03/23 £000	Fair Value 31/03/23 £000		FV Level	Balance Sheet 31/03/24 £000	Fair Value 31/03/24 £000
Financial assets held at fair value:					
7,785	7,785	Money market funds	1	2,320	2,320
5,253	5,253	Property funds	2	5,048	5,048
979	979	Bond funds	1	1,002	1,002
0	0	Corporate, covered and government bonds	1	0	0
0	0	Unquoted Equity investment at Cost	2	0	0
Financial assets held at amortised cost:					
0	0	Corporate, covered and government bonds	1	0	0
0	0	Long-term investments with local authorities	2	0	0
<u>14,017</u>	<u>14,017</u>	Total		<u>8,370</u>	<u>8,370</u>
<u>10,157</u>		Assets for which fair value is not disclosed		<u>2,941</u>	
<u>24,174</u>		Total financial assets		<u>11,311</u>	
<i>Recorded on balance sheet as:</i>					
5,441		Long-term investments		5,236	
7,109		Short-term investments		4,129	
<u>11,624</u>		Cash & cash equivalents		<u>1,946</u>	
<u>24,174</u>		Total financial assets		<u>11,311</u>	

The fair value of short-term financial assets held at amortised cost, is assumed to approximate to the carrying amount.

Balance Sheet 31/03/23 £000	Fair value 31/03/23 £000		FV Level	Balance Sheet 31/03/24 £000	Fair value 31/03/24 £000
Financial liabilities at amortised cost:					
(161,792)	(132,041)	Long-term loans from PWLB	2	(159,792)	(133,139)
<u>(2,640)</u>		Liabilities for which fair value not disclosed		<u>(2,196)</u>	
<u>(164,432)</u>		Total Financial Liabilities		<u>(161,988)</u>	
<i>Recorded on balance sheet as:</i>					
(158,919)		Long-term borrowing		(156,466)	
<u>(5,513)</u>		Short-term borrowing		<u>(5,522)</u>	
<u>(164,432)</u>		Total		<u>(161,988)</u>	

19. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The council has adopted CIPFA's Code of Practice on Treasury Management and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in December 2021). In line with the Treasury Management Code, the council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Department for Levelling Up Housing and Communities and Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost. The main risks covered are:

- **Credit Risk:** The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the council.
- **Liquidity Risk:** The possibility that the council might not have the cash available to make contracted payments on time.
- **Market Risk:** The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Investments

The council is exposed to credit risk on the following categories of financial assets and commitments.

31/3/23	Exposure Category	31/3/24
£000		£000
17,779	Treasury Investments	6,680
2,015	Trade Receivables	2,609
19,794	Total Credit Risk Exposure	9,289

The council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy.

Asset Type	Credit Risk Management Practices	Estimation of Impairment Loss Allowance
Government gilts, bonds Loans to other authorities	Investments guaranteed by statute – no credit risk.	No allowance required.
Deposits with banks, building societies and other investments	Deposits are restricted by the council's Treasury Management Strategy to institutions with high credit ratings and will be recalled if these fall below investment grade A-. A limit of £7m of the total portfolio is placed on the amount of money that can be invested with a single counterparty. For unsecured investments in banks, building societies and companies, a smaller limit of £3.5m applies. The Council also sets limits on investments in certain sectors. No more than £20m in total can be invested for a period longer than one year.	12 month expected credit losses have been calculated by applying risk factors provided by the council's treasury management providers.

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
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The table below summarises the credit exposures of the council's investment portfolio by credit rating and remaining time to maturity.

Long Term 31/3/23 £000	Short Term 31/3/23 £000	Credit Rating	Long Term 31/3/24 £000	Short Term 31/3/24 £000
0	0	AAA	0	0
0	7,786	AA-	0	1,045
0	10	A+	0	0
0	2,038	A	0	10
0	0	A-	0	0
0	7,785	AAA Money Market Funds	0	2,320
0	188	Unrated local authorities	188	3,117
5,253	979	Credit risk not applicable*	5,048	1,002
5,253	18,786	Total Investments	5,236	7,494

*Credit risk is not applicable to pooled funds where the council has no contractual right to receive any particular sum of money.

Credit Risk: Trade Receivables

Trade receivables are not subject to internal credit rating and have been grouped together for the purposes of calculating expected credit losses. Balances are considered for write off when they are more than 12 months past due, but enforcement activity continues until there is no realistic prospect of recovery. Expected credit losses are calculated using provision matrices based on historical data for defaults adjusted for projections of improving or worsening local economic conditions. The following analysis summarises the council's maximum exposure credit risk, based on experience of the level of default on trade debtors.

	31/03/2023		31/03/2024	
	Trade receivables £000	Loss Allowance £000	Trade receivables £000	Loss Allowance £000
Not past due	395	2	536	4
Past due < 3 months	938	52	819	26
Past due 3-12 months	242	103	762	52
Past due 12+ months	440	403	492	430
Total	2,015	560	2,609	512

Liquidity Risk

The council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans, limiting the amount of the council's borrowing that matures in any one financial year.

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
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The maturity analysis of the council's borrowing is as follows:

31/03/23			31/03/24	
Discounted (principal) £000	Undiscounted (principal plus interest) £000	Time to maturity (years)	Discounted (principal) £000	Undiscounted (principal plus interest) £000
(5,070)	(10,240)	< 1	(5,301)	(10,478)
(5,000)	(10,105)	1-2	(5,231)	(10,327)
(25,000)	(39,306)	2-5	(20,692)	(34,569)
(25,000)	(44,896)	5-10	(26,154)	(45,545)
(35,000)	(62,383)	10-20	(35,692)	(61,933)
(56,722)	(87,942)	20-40	(56,722)	(85,957)
(10,000)	(11,600)	> 40	(10,000)	(11,400)
(161,792)	(266,472)	Total	(159,792)	(260,209)

The Council holds £3.4m (2023: £11.6m) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

Market Risks: Interest Rate Risk

The council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rate would have the following effects:

- borrowings at variables rates - the interest expense will rise
- borrowings at fixed rates - the fair value of the liabilities borrowings will fall
- investments at variable rates - the interest income credited will rise
- investments at fixed rates - the fair value of the assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

31/03/2023 £000		31/03/2024 £000
0	Increase in interest payable on variable rate borrowing	1
(153)	Increase in interest receivable on variable rate investments	(64)
9	Decrease in fair value of investments held at FVPL	12
(144)	Impact on Surplus or Deficit on the Provision of Services	(51)
26	Decrease in fair value of loans and investments at amortised cost	0
(21,640)	Decrease in fair value of fixed rate borrowing	(13,059)

The approximate impact of a 1% fall in interest would be as above but with the movements being reversed.

Market Risks: Price Risk

The market prices of the council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk. The council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the council's investment strategy. A 5% fall in commercial property prices at 31 March 2024 would result in a £0.25m (2023: £0.26m) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

20. SHORT-TERM DEBTORS

31 Mar 23		31 Mar 24
£000		£000
254	Central Government Bodies	258
1,143	Other Local Authorities	516
4,063	Other Entities and Individuals	4,634
12	NHS Bodies	109
302	Council Tax	326
324	Housing Rents	301
3,431	Prepayments	811
9,529	Total	6,955

21. SHORT-TERM CREDITORS

31 Mar 23		31 Mar 24
£000		£000
(10,737)	Central Government Bodies	(7,234)
(1,318)	Other Local Authorities	(1,727)
(1,843)	Other	(2,138)
(8,815)	Trade Creditors	(8,005)
(2,278)	Amounts Received in Advance	(2,400)
(24,991)	Total	(21,504)

22. PROVISIONS

The 2023/24 provision consists of an amount for insurance (representing the excesses payable in respect of liabilities existing at the Balance Sheet date); and a provision for the council's share of appeals that have been lodged against NNDR (Business Rates) valuations. These liabilities were probable at the Balance Sheet date, but the timing and amount was uncertain.

	Insurance	NNDR	Total
	£000	£000	£000
Balance at 1 April 2022	(74)	(4,043)	(4,117)
Additional Provisions made in 2022/23	0	(2,323)	(2,323)
Amounts Used in 2022/23	0	2,936	2,936
Balance at 1 April 2023	(74)	(3,430)	(3,504)
Additional Provisions made in 2023/24	0	(316)	(316)
Amounts Used in 2023/24	0	2,666	2,666
Balance at 31 March 2024	(74)	(1,080)	(1,154)

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23. TRANSFERS (TO)/FROM EARMARKED RESERVES

This note sets out the amounts set-aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans; and the amounts released from earmarked reserves to meet General Fund and Housing Revenue Account expenditure in 2023/24.

	Balance at 1/4/2022	Net Transfers	Balance at 31/3/2023	Transfers Out	Transfers in	Balance at 31/3/2024
	£000	£000	£000	£000	£000	£000
General Fund						
Operational Reserves						
Major Investment Reserve	(9,030)	1,343	(7,687)	1,868	(532)	(6,351)
Local Development Framework	(290)	(621)	(911)	113	0	(798)
Other	(1,476)	(70)	(1,546)	775	(2,139)	(2,910)
Asset Reserves						
Car Parks Property	(1,899)	(145)	(2,044)	156	(150)	(2,038)
Property Reserve	(3,760)	(56)	(3,816)	73	(250)	(3,993)
Other	(208)	(260)	(468)	296	(280)	(452)
Restricted Reserves						
CIL General Fund	(12,244)	660	(11,584)	1,040	(1,150)	(11,694)
CIL Winchester Town	(1,209)	66	(1,143)	463	(21)	(701)
Homes for Ukraine	0	(462)	(462)	586	(1,565)	(1,441)
Other	(745)	(49)	(794)	155	(629)	(1,268)
Risk Reserves						
Business Rates Retention	(1,900)	900	(1,000)	0	0	(1,000)
Exceptional Inflation Pressures	(2,000)	(902)	(2,902)	0	0	(2,902)
Transitional Reserve	(3,089)	(663)	(3,752)	2,004	(3,871)	(5,619)
Other	(139)	0	(139)	0	0	(139)
Total General Fund	(37,989)	(259)	(38,248)	7,529	(10,587)	(41,306)
HRA Sinking Fund	(172)	(2)	(174)	0	(8)	(182)
Total Earmarked Reserves	(38,161)	(261)	(38,422)	7,529	(10,595)	(41,488)

24. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below 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. The CFR is analysed in the second part of this note.

2022/23			2023/24	
£000	£000		£000	£000
	258,817	Opening Capital Financing Requirement		271,430
		<u>Capital Expenditure</u>		
26,444		Property, Plant and Equipment	40,278	
22		Investment Properties	2	
16		Intangible Assets	0	
2,409		Revenue Expenditure Funded from Capital Under Statute	2,094	
0		Acquisition of Share Capital	0	
	28,891			42,374
		<u>Sources of finance</u>		
(10,717)		Capital Receipts	(14,254)	
(1,852)		Government Grants and other contributions	(8,558)	
0		HRA Major Repairs Reserve	(4,030)	
0		HRA Revenue	(47)	
(1,992)		GF Reserves	(1,931)	
	(14,561)			(28,820)
	14,330	Unfinanced capital expenditure in year		13,554
	(1,517)	Statutory provision for the financing of capital investment		(1,591)
	(200)	Voluntary provision for the financing of capital investment		(687)
	271,430	Closing Capital Financing Requirement		282,706
		<u>Explanation for Movement in year</u>		
	12,613	Increase/(decrease) in underlying need to borrow		11,276

25. UNUSABLE RESERVES

The unusable reserves contain unrealised gains and losses, timing differences and adjustments between the accounting basis and funding basis under regulations.

31/3/23		31/3/24
£000		£000
(38,823)	Revaluation Reserve	(49,509)
(232)	Pooled Investment Funds Adjustment Account	(51)
(438,871)	Capital Adjustment Account	(460,683)
13,823	Pensions Reserve	12,453
(35)	Deferred Capital Receipts Reserve	(35)
712	Collection Fund Adjustment Account	(1,799)
(463,426)	Total Unusable Reserves	(499,624)

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25.1. Revaluation Reserve

The Revaluation Reserve contains the gains made by the council arising from increases in the value of its Property, Plant and Equipment and recognition of Heritage Assets at valuation. The balance is reduced when assets with accumulated gains are: re-valued downwards or impaired and the gains are lost; used in the provision of services and the gains are consumed through depreciation; or disposed of and the gains are realised.

2022/23 £000		2023/24 £000
(38,661)	Balance at 1 April	(38,823)
(2,874)	Upward Revaluation of Assets	(11,249)
1,705	Downward Revaluation of Assets and Impairment Losses not Charged to the Surplus/Deficit on the Provision of Services	303
(1,169)	Surplus or Deficit on Revaluation of Non-Current Assets not Posted to the Surplus or Deficit on the Provision of Services	(10,946)
243	Difference between Fair Value Depreciation and Historical Cost Depreciation	248
764	Accumulated Gains on Assets Disposed of or Transferred Between Funds	12
1,007	Amount Written Off to the Capital Adjustment Account	260
(38,823)	Balance at 31 March	(49,509)

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.

25.2. 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 Comprehensive Income and Expenditure Statement 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 benefit 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.

2022/23 £000		2023/24 £000
60,837	Balance at 1 April	13,823
(52,264)	Actuarial Gains or Losses on Pensions Assets and Liabilities	(2,055)
8,031	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 (Note 13)	3,759
(2,781)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year (Note 13)	(3,074)
13,823	Balance at 31 March	12,453

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

25.3. 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 Comprehensive Income and Expenditure Statement (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.

2022/23		2023/24
£000		£000
(413,753)	Balance at 1 April	(438,871)
	<u>Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement:</u>	
11,677	Charges for Depreciation and Impairment of Non-Current Assets	12,579
(27,488)	Revaluation (Gains)/Losses on Property, Plant and Equipment	(8,774)
54	Amortisation of Intangible Assets	27
2,409	Revenue Expenditure Funded from Capital Under Statute	2,094
6,184	Amounts of Non Current Assets Written-Off on Disposal or Sale as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	4,316
<u>(7,164)</u>		<u>10,242</u>
(1,008)	Adjusting Amounts Written-Out of the Revaluation Reserve	(260)
<u>(8,172)</u>	Net Written Out Amount of the Cost of Non-Current Assets Consumed in the Year	<u>9,982</u>
	<u>Capital Financing Applied in the Year:</u>	
(10,717)	Use of the Capital Receipts Reserve to Finance New Capital Expenditure	(14,254)
0	Use of the Major Repairs Reserve to Finance New Capital Expenditure	(4,030)
(201)	Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(263)
(1,652)	Capital Grants and Contributions Credited to the Comprehensive Income and Expenditure Statement that have been Applied to Capital Financing	(8,294)
(1,517)	Statutory Provision for the Financing of Capital Investment	(1,591)
(200)	Voluntary Provision for the Financing of Capital Investment	(687)
(1,992)	Capital Expenditure Charged Against the General Fund and HRA Balances	(1,978)
<u>(16,279)</u>		<u>(31,097)</u>
(667)	Movements in the Market Value of Investment Properties Debited or Credited to the Comprehensive Income and Expenditure Statement	(697)
<u>(438,871)</u>	Balance at 31 March	<u>(460,683)</u>

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

25.4. Collection Fund Adjustment Account

The Collection Fund Adjustment Account is the unusable reserve that manages the differences arising from the recognition of council tax and business rates income as it falls due from taxpayers compared with the statutory arrangements for paying across annual entitlements from the Collection Fund to the General Fund.

2022/23		2023/24
£000		£000
7,239	Balance at 1 April	712
	Amount by which Collection Fund income recognised within the Comprehensive Income and Expenditure Statement is different to income calculated in accordance with statutory requirements:	
(37)	Council Tax	(105)
(6,490)	Business Rates	(2,406)
712	Balance at 31 March	(1,799)

26. 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. In this context, related parties include Central Government, Elected Members of the council and officers of the council.

Central Government

UK 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 the majority 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. Council Tax bills, housing benefits). Details of funding transactions with Government departments in the form of grants and contributions are set out in Note 9.

Elected members of the council

Members of the council have direct control over the council's financial and operating policies. The payments made directly to Members under the Council's Members' Allowance Scheme during 2023/24 totalled £439,796 (£419,302 in 2022/23). The Mayor and Deputy Mayor also received allowances for their additional mayoral duties - these totalled £5,051 in 2023/24 (£5,853 in 2022/23). A detailed breakdown of amounts paid to individual councillors and co-opted members can be found on the council's website www.winchester.gov.uk.

The council provides material financial assistance to a number of organisations (mainly arts or voluntary community bodies) although it does not exercise any form of control over these organisations. Councillor L. Thompson is a director of the charity Hampshire Cultural Trust to which the council paid quarterly and other grants totalling £480,879 in 2023/24. Councillor L. Thompson's spouse is a director and trustee of the charity Trinity Winchester to which the council paid grants and other funding of £190,952. No other members declared a material related party interest with the council. Written declarations of interest are recorded in the Register of Members' Interests, which is open to public inspection on the Council's website. Declarations made at meetings are recorded in the minutes of that meeting.

Officers

Chief Officers have the ability to influence the council. During 2023/24 there were no material transactions between the council and chief officers.

27. GROUP ACCOUNTS

On 22nd May 2023, Venta Living Limited, a Housing Company which is a wholly owned subsidiary of Winchester City Council was incorporated. The company did not trade in 2023/24 and Group accounts have not been prepared for the year ended 31st March 2024.

28. ACCOUNTING POLICIES

28.1 General Principles

The Financial Statements summarise the council's transactions for the 2023/24 financial year and its position at 31 March 2024. The Accounts and Audit Regulations 2015 require the Council to prepare annual Financial Statements in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS).

The Financial Statements have been prepared on a going concern basis. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible non-current assets and financial instruments.

28.2 Recognition 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 the sale of goods is recognised when the council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the council.
- Revenue from the provision of services is recognised when the council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- 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 impaired, and a charge made to revenue for the income that might not be collected.

28.3 Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits.

Cash Equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The council includes the following as Cash Equivalents:

- Instant Access/One Day Call Accounts
- Instant Access Short-Term Funds
- Short-Term deposits with seven days to maturity

28.4 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are charged with the following amounts to record the cost of holding fixed 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 such losses can be written off;

- 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 amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

28.5 Council Tax and Non-domestic Rates

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.

28.6 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 salaries; paid annual leave and paid sick leave; for current employees. They are recognised as an expense for services in the year in which employees render services to the council.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date; or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Post-Employment Benefits

Most employees of the Council are members of the Local Government Pension Scheme, administered by Hampshire County Council. The scheme provides members with defined benefits (retirement lump sums and pensions) earned by employees whilst working for the Council; and is accounted for as a defined benefits scheme where:

- The liabilities of the Hampshire County Council Pension Fund attributable to the Winchester City Council are included in the council's 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 for both funded and unfunded liabilities. The discount rates are based on the indicative rate of return on high quality corporate bonds.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

- The assets of the Hampshire County Council Pension Fund attributable to the council are included in the Balance Sheet at their fair value: quoted securities at current bid price; unquoted securities at professional estimate; unlisted securities at current bid price; and property at market value.
- The change in the net pensions liability is analysed into the following components:
 - Service costs comprising
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement as part of non-distributed costs.
 - Net Interest on the Net Defined Benefit Liability – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
 - Re-measurements
 - Expected Return on Assets – the annual investment return on the fund assets attributable to the Council; based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
 - Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – this is debited to the Pensions Reserve.
 - Effect of the Asset Ceiling
 - The limitation of the council’s ability to realise pensions assets through reductions in future employer’s contributions as a result of minimum funding requirements.

Contributions paid to the Hampshire 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 and Housing Revenue Account 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 Movement in Reserves Statement there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits; and replace them with debits for the cash paid to the pension fund and pensioners (and any such amounts payable but unpaid at the year-end). The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year that the decision to make the award is made. It is accounted for using the same policies as are applied to the Local Government Pension Scheme.

28.7 Fair Value Measurement

The council measures some of its non-financial assets such as investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Valuation techniques use categories within the fair value hierarchy, as follows:

- Level 1 - quoted prices
- 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.

28.8 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value.

Financial Liabilities

Financial liabilities are subsequently measured at amortised cost. For most of the council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets

Financial assets are subsequently measured in one of two ways:

- Amortised cost – assets whose contractual terms are basic lending arrangements (i.e. they give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding, which the Council holds under a business model whose objective is to collect those cash flows)
- Fair value – all other financial assets.

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable (plus accrued interest). Annual credits to the Financing and Investment Income and Expenditure line in the CIES are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances are debited/ credited to the Financing and Investment Income and Expenditure line in the CIES.

Changes in the value of assets carried at fair value (described as Fair Value through Profit or Loss) are debited/ credited to the Financing and Investment Income and Expenditure line in the CIES as they arise. A statutory reversal is currently in place; gains and losses are reversed out of the General Fund Balance to a specific adjustment account.

28.9 Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations 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 Comprehensive Income and Expenditure Statement 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, or 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-ringing-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Business Improvement Districts

There is one Business Improvement District (BID), the scheme is funded by a BID levy paid by non-domestic rate payers. The council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

Community Infrastructure Levy

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

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement 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 for this authority may be used to fund revenue expenditure.

28.10 Investment Property

Investment properties are those that are held 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 is held for sale.

Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated but are re-valued 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 Comprehensive Income and Expenditure Statement. 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 Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

28.11 Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the absorption costing principle. The full cost of overheads and support services is shared between service segments in proportion to the benefits received.

28.12 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, which exceeds the de minimis of £10,000, is capitalised on an accruals basis, provided that it is probable that the future economic

benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current 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.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Assets of a specialised nature – depreciated replacement cost (DRC).

Assets included in the Balance Sheet at current value are re-valued 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. Unrealised gains are only credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for based on the presence of a balance in the Revaluation Reserve:

- 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 there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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 in the same way as revaluation losses.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, 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:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation between 5–60 years.

Where a significant item of Property, Plant and Equipment (valued over £1.5 million) has major components (over 20% of the total value) with materially different useful lives 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.

Depreciation charged in year is based on the opening gross book values of the assets. It does not include any revaluations or additions in year. A full year of depreciation is charged in the year of disposal.

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 Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals may need to be paid to Central Government in accordance with the Council's signed agreement.

Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against Council Tax, as the cost of fixed 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 Movement in Reserves Statement.

28.13 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 Comprehensive Income and Expenditure Statement in the year that the council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, the provision carried in the Balance Sheet is released.

28.14 Reserves

The council sets aside specific amounts as usable 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 and included in the Surplus or Deficit on the Provision of Services in the

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net additional charge against Council Tax for the expenditure in that year.

Certain reserves are kept to manage the accounting processes for non-current assets; financial instruments; and retirement and employee benefits. These do not represent usable resources for the council.

28.15 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 is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement 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.

28.16 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 collected is excluded from income.

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE FOR YEAR ENDED 31 MARCH 2024

The Housing Revenue Account (HRA) is a record of the revenue expenditure and income relating to the council's housing stock. Its primary purpose is to ensure that expenditure on managing and maintaining dwellings is balanced by rents charged to tenants. The HRA is a statutory account that is ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from Council Tax (or vice versa).

2022/23		2023/24
£000		£000
	<u>Income</u>	
(28,071)	Dwelling Rents	(30,417)
(355)	Non-Dwelling Rents	(367)
<u>(2,404)</u>	Charges for Services and Facilities	<u>(2,622)</u>
(30,830)	Total Income	(33,406)
	<u>Expenditure</u>	
7,951	Repairs and Maintenance	8,315
10,154	Supervision and Management	10,304
547	Rents, Rates, Taxes and Other Charges	723
9,337	Depreciation and Impairment of Non-Current Assets	H5 10,213
(26,099)	Revaluation (Gains) or Losses on Property, Plant and Equipment	H5 (10,789)
4	Amortisation of Intangible Assets	H5 1
205	Revenue Expenditure Funded by Capital Under Statute	H4 0
<u>8</u>	Debt Management Costs	<u>10</u>
2,107	Total Expenditure	18,777
(28,723)	Net (Income) or Expenditure of HRA Services as included in the whole Council Comprehensive Income and Expenditure Statement	(14,629)
98	HRA share of Corporate and Democratic Core	132
	HRA share of other amounts included in the whole Council Net Expenditure of Continuing Operations but not allocated to Specific Services	
<u>7</u>		<u>2</u>
(28,618)	Net (Income) or Expenditure of HRA Services	(14,495)
(2,825)	Net Gain on Sale of HRA Non-Current Assets	(948)
	Changes in Fair Valuations on Investment	
26	Properties	(131)
5,362	External Interest Payable	5,235
(245)	Capital Grants and Contributions	H4 (6,587)
<u>(26,300)</u>	(Surplus)/Deficit for the year on HRA Services	<u>(16,926)</u>

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE
FOR THE YEAR ENDED 31 MARCH 2024

This reconciliation statement summarises the differences between the deficit on the Comprehensive Income and Expenditure Statement and the Housing Revenue Account Balance.

2022/23	£000	£000		2023/24	£000	£000
	(26,300)		(Surplus)/Deficit for the year on the Housing Revenue Account			(16,926)
			<u>Adjustments between Accounting Basis and Funding Basis under Statute:</u>			
				Note		
(587)			Difference between Interest Payable and Similar Charges including Amortisation of Premiums and Discounts Determined in Accordance with the Code and those Determined in Accordance with Statute		(402)	
(716)			Reversal of Items Relating to Retirement Benefits and Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	H1	7	
26,073			Reversal of Revaluation Gains or (Losses) on Property, Plant and Equipment and Movements in the Market Value of Investment Properties		10,920	
2,825			Net Gain on Sale of Non-Current Assets		948	
0			Capital funded by the Housing Revenue Account	H4	47	
(205)			Reversal of Revenue Expenditure Funded by Capital Under Statute	H4	0	
245			Reversal of Capital Grants and Contributions	H4	6,495	
0			Capital Grants Unapplied Credited to the CIES	H4	92	
(33)			Contribution from the Capital Receipts Reserve towards Administrative costs of Non-Current Asset Disposals		(18)	
(9,337)			Charges for Depreciation and Impairment of Non-Current Assets	H5	(10,213)	
(4)			Amortisation of Intangible Assets	H5	(1)	
9,341			Transfer to Major Repairs Reserve	H2	10,213	
	<u>27,602</u>					<u>18,088</u>
	1,302		Net increase in HRA Balance before transfers to or from Reserves			1,162
0			Transfer to Capital Adjustment Account for Debt Repayment		89	
2			Transfer to Earmarked Reserves		8	
	<u>2</u>					<u>97</u>
	1,304		Increase in HRA Balance			1,259
	(16,659)		Housing Revenue Account Surplus Brought Forward			(15,355)
	<u>(15,355)</u>		Housing Revenue Account Surplus Carried Forward			<u>(14,096)</u>

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE HOUSING REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

H1. IAS 19 EMPLOYEE BENEFITS

In accordance with the requirements of IAS 19 and the statutory regulations regarding the Housing Revenue Account, the account has been charged with an allocation of its share of the current and past service costs. This adjustment is then reversed out of the Housing Revenue Account via the Statement of Movement on the Housing Revenue Account Balance, so its effect on the account is neutral.

H2. MAJOR REPAIRS RESERVE

This is a statutory reserve used to fund the conservation of the Housing Revenue Account (HRA) long-term assets and annually an amount equal to HRA depreciation is placed into the reserve for this purpose.

2022/23		2023/24
£000		£000
(9,341)	HRA Depreciation	(10,213)
(9,341)	Net Charge to HRA	(10,213)
<u>0</u>	HRA Capital Financed	<u>4,030</u>
(9,341)	Movement in Year	(6,183)
<u>(16,799)</u>	Balance Brought Forward at 1 April	<u>(26,140)</u>
<u>(26,140)</u>	Balance Carried Forward at 31 March	<u>(32,323)</u>

H3. HOUSING STOCK

The number and types of dwelling in the council's housing stock as at 31 March were made up as in the following table:

31/3/23		31/3/24
859	Bungalows	858
1,937	Flats & Maisonettes	1,938
2,299	Houses	2,328
<u>65</u>	Shared Ownership	<u>84</u>
<u>5,160</u>		<u>5,208</u>

The Balance Sheet value of land, housing and other property within the HRA as at 31 March is given below:

31/3/23		31/3/24
£000		£000
	<u>Operational Assets</u>	
538,012	Dwellings	568,836
1,014	Other Land and Buildings	1,113
0	Vehicles Plant Furniture and Equipment	0
3,814	Infrastructure	3,798
14	Community Assets	14
14,862	Assets Under Construction	20,619
<u>1</u>	Intangibles	<u>0</u>
557,717		594,380
	<u>Non-Operational Assets</u>	
<u>2,588</u>	Investment Properties	<u>2,719</u>
<u>560,305</u>	Total value	<u>597,099</u>

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE HOUSING REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

In arriving at the Balance Sheet value of Dwellings, the vacant possession value of a property is multiplied by a government recommended percentage to arrive at the value for social housing. The figure for 2023/24 was 33% (2022/23 - 33%) with the exception of affordable housing which was valued at its existing use.

The valuation for existing use for social housing, which is the value held in the Statement of Accounts, was £569 million at 31 March 2024 (£538 million at 31 March 2023) and the vacant possession value was £1,609 million (£1,544 million at 31 March 2023).

H4. CAPITAL EXPENDITURE AND RECEIPTS

	2022/23		2023/24
£000	£000		£000
	186,005	Opening Capital Financing Requirement	199,777
		<u>Capital Expenditure</u>	
13,224		Dwellings	30,077
124		Infrastructure	212
10,589		Assets Under Construction	5,911
<u>205</u>		Revenue Expenditure Funded from Capital Under Statute	<u>0</u>
	24,142	Expenditure in year	36,200
		<u>Financed by</u>	
(10,125)		Capital Receipts	(12,772)
0		Major Repairs Reserve	(4,030)
0		Contributions from Revenue	(47)
<u>(245)</u>		Grants and Contributions	<u>(6,495)</u>
	(10,370)		(23,344)
	13,772	Unfinanced Capital Expenditure in Year	12,856
	0	Voluntary Financing of Capital Investment	(87)
	<u>0</u>	Transfer of assets to the General Fund	<u>0</u>
	199,777	Closing Capital Financing Requirement	212,546
		<u>Capital Receipts</u>	
		Operational Assets	
(7,495)		Dwellings	(5,140)
<u>0</u>		Other	<u>0</u>
	(7,495)	Total	(5,140)

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
NOTES TO THE HOUSING REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

H5. DEPRECIATION AND IMPAIRMENT

2022/23		2023/24
£000		£000
	<u>Depreciation</u>	
9,089	Dwellings	9,966
19	Other Land and Buildings	19
0	Vehicles, Plant, Furniture and Equipment	0
<u>229</u>	Infrastructure	<u>227</u>
<u>9,337</u>	Total Depreciation	<u>10,212</u>
	<u>Amortisation</u>	
<u>4</u>	Intangibles	<u>1</u>
<u>4</u>	Total Amortisation	<u>1</u>
	<u>Revaluation Below Historic Cost</u>	
(26,084)	Dwellings	(10,775)
<u>(15)</u>	Other Land and Buildings	<u>(14)</u>
<u>(26,099)</u>	Total	<u>(10,789)</u>

As at the 1 April 2007 new fixed assets accounting was adopted by local government and property values at that date were deemed to be historic cost. In 2008/09, the market value of the properties dropped below the 1 April 2007 values resulting in costs being charged to the Comprehensive Income & Expenditure Statement (CIES) in line with standard accounting practice. During 2010/11 Dwelling market values increased but Central Government reduced the percentage to be applied to valuing social housing from 45% to 32%, resulting in a downward revaluation of £104.0 million. Since then, the social housing factor remained at 32% until 2016/17 when it increased to 33%. The value of dwellings has increased in 2023/24, by £14.726m, which means the reversal charged to the CIES was £10.775m and a revaluation reserve of £3.951m has been created.

H6. RENT ARREARS

31/3/23		31/3/24
£000		£000
985	Rent Arrears	906
<u>(661)</u>	Provision for Bad Debts	<u>(605)</u>
<u>324</u>	Anticipated Collectable Arrears	<u>301</u>

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
COLLECTION FUND FOR THE YEAR ENDED 31 MARCH 2024

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

2022/23			2023/24			
Business Rates £000	Council Tax £000	Total £000		Business Rates £000	Council Tax £000	Total £000
			Income			
0	(101,268)	(101,268)	Council Tax Receivable	0	(109,372)	(109,372)
0	(115)	(115)	Transfer for S13A(1c) Relief	0	(150)	(150)
0	0	0	Amounts collected in respect of previous	0	0	0
(59,264)	0	(59,264)	Business Rates Receivable	(58,059)	0	(58,059)
(59,264)	(101,383)	(160,647)		(58,059)	(109,522)	(167,581)
			Expenditure			
			<u>Precepts and Shares</u>			
29,410	0	29,410	Central Government	31,675	0	31,675
5,294	71,705	76,999	Hampshire County Council	5,701	76,848	82,549
23,528	12,680	36,208	General Fund (WCC)	25,340	13,404	38,744
588	3,889	4,477	Fire and Rescue Authority	633	4,233	4,866
0	12,190	12,190	Police Authority	0	13,234	13,234
			<u>Distribution of Previous Year (Deficit)/</u>			
			<u>Surplus</u>			
(8,088)	0	(8,088)	Central Government	(573)	0	(573)
(1,456)	144	(1,312)	Hampshire County Council	(103)	228	125
(6,470)	24	(6,446)	General Fund (WCC)	(458)	40	(418)
(162)	7	(155)	Fire and Rescue Authority	(11)	13	2
0	25	25	Police Authority	0	40	40
			<u>Charges to Collection Fund</u>			
0	0	0	Interest due to ratepayers on refunds	22	0	22
149	27	176	Less Write-Off of Uncollectable Amounts	141	123	264
117	402	519	Allowance for Impairment	116	512	628
(1,532)	0	(1,532)	Provision for Appeals	(5,877)	0	(5,877)
210	0	210	Cost of Collection	211	0	211
533	0	533	Transitional Protection Payment	(4,793)	0	(4,793)
286	0	286	Renewable Energy cost	410	0	410
42,407	101,093	143,500		52,434	108,675	161,109
(16,857)	(290)	(17,147)	(Surplus) / Deficit Arising During the Year	(5,625)	(847)	(6,472)
18,743	(138)	18,605	Opening Fund Balance at 1 April	1,886	(428)	1,458
1,886	(428)	1,458	Closing Fund Balance at 31 March	(3,739)	(1,275)	(5,014)

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
COLLECTION FUND FOR THE YEAR ENDED 31 MARCH 2024

C1. COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands, using 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund for the forthcoming year and dividing this by the Council Tax base.

The tax base is arrived at by adjusting the total number of properties in each band by a proportion to convert the number to a band D equivalent, which is then adjusted for discounts and collection rate. The basic amount of tax for a band D property, which will vary according to Parish (average for district £2046.84) is then multiplied by the proportion specified for the particular band to give an individual amount due. For 2023/24, Council Tax bills were based on the following dwellings and proportions:

Band	Estimated Number of Taxable Properties after Discounts and Exemptions	Ratio Equivalent	Number of Band D Equivalent Dwellings
Disabled A	1.87	5/9	1.04
A	1,705.91	6/9	1,137.27
B	4421.10	7/9	3,438.63
C	10,176.41	8/9	9,045.70
D	9,234.02	1	9,234.02
E	8,282.16	11/9	10,122.64
F	6,567.76	13/9	9,486.76
G	5,369.15	15/9	8,948.58
H	673.78	18/9	1,347.56
Ministry of Defence			445.04
	46,432.16		53,207.25
Less adjustment for collection rates			(580.41)
			52,626.84

C2. NON-DOMESTIC RATES (NDR)

For 2023/24, the standard Non Domestic Rate multiplier was 51.2p (51.2p in 2022/23) and the small business multiplier was 49.9p (49.9p in 2022/23). The total estimated non-domestic rateable value in the district as at 31 March 2024 was 168.4 million (£156.7 million as at 31 March 2023).

C3. SHARE OF ESTIMATED COLLECTION FUND (SURPLUS)/DEFICIT

2022/23				2023/24		
Business Rates £000	Council Tax £000	Total £000		Business Rates £000	Council Tax £000	Total £000
754	(53)	701	City Council share - Collection Fund Adjustment Account	(1,496)	(158)	(1,654)
1,132	(375)	757	Preceptors' share - Included within Creditors	(2,243)	(1,117)	(3,360)
<u>1,886</u>	<u>(428)</u>	<u>1,458</u>		<u>(3,739)</u>	<u>(1,275)</u>	<u>(5,014)</u>

**WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
INDEPENDENT AUDITOR'S REPORT**

WINCHESTER CITY COUNCIL STATEMENT OF ACCOUNTS 2023/24
INDEPENDENT AUDITOR'S REPORT

ANNUAL GOVERNANCE STATEMENT 2023/24

1. Scope of Responsibility

- 1.1 Winchester City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Winchester City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Winchester City Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Winchester City Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016.
- 1.4 This governance statement explains how Winchester City Council has complied throughout 2023/24 with the council's adopted code and also meets the requirements of regulation 6(1)(a) of the Accounts and Audit Regulations 2015 in relation to the review of its system of internal control in accordance with best practice.
- 1.5 The council undertook a full and detailed review of its constitution between 2017 and 2019 and was adopted by Full Council in March 2019.
- 1.6 A full and detailed review to ensure the Constitution remains fit for purpose was undertaken during 2023 with a cross-party Constitution Working Party assisting with the review. Eleven meetings of the working party were held in total. Consideration and outcomes of the final meeting of the Constitution Working Party was held on 16 November 2023 to consider the recommendations from Audit and Governance Committee. Special regard was also had to existing and emerging legislation as well as how decisions are taken as this is a key part of the Constitution which sets the tone for the culture the Council wishes to operate. The updated Constitution was adopted by Full Council on 30 November.

2. The Purpose of the Governance Framework

- 2.1 The purpose of the governance framework is to ensure that the council directs and controls its activities in a way that meets standards of good governance and is accountable to the community. It does this by putting in place an organisational culture and values which drive a responsible approach to the management of public resources, supported by appropriate systems and processes, and ensuring that these work effectively. It works with the council's Performance Management Framework to ensure that the council has in place strategic objectives reflecting the needs of the community and is monitoring the achievement of these objectives through delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Winchester City Council's policies aims and objectives to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Winchester City Council for the financial year ended 31 March 2024 and remains in place up to the date of approval of the Statement of Accounts.

3. The Principles of Good Governance

- 3.1 The CIPFA/SOLACE framework Delivering Good Governance in Local Government sets out seven core principles of good governance, these are:

Principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values.

Principle 2 – Ensuring openness and comprehensive stakeholder engagement.

Principle 3 – Defining outcomes in terms of sustainable economic, social and environmental benefits.

Principle 4 – Determining the interventions necessary to optimise the achievement of the intended outcomes.

Principle 5 – Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Principle 6 – Managing risks and performance through robust internal control and strong public financial management.

Principle 7 – Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

4. Methodology for preparing the Annual Governance Statement

4.1 This governance statement has been prepared using a process similar to that used in previous years, including;

- Service Leads completed a statement of assurance providing details as to the extent and quality of internal control arrangements operating within their teams during the previous year. Furthermore, they were also asked to declare any weaknesses in the governance arrangements in their service areas, including overdue and significant internal audit actions.
- An internal control checklist is provided to Service Leads to support the completion of their statement of assurance. The checklist requires the manager to self-assess the arrangements in their team against a number of criteria including risk and performance management, financial control and staffing.
- Review of the Annual Internal Audit and Opinion 2022/23 report and quarterly internal audit progress reports.
- The council's Audit and Governance Committee considers the draft governance statement at its meeting in early summer and before approving it determines whether it accurately reflects the council's internal control environment.
- The approved governance statement is signed off by the Chief Executive and Leader of the council.

5. The Governance Framework

5.1 There are a number of key elements to the systems and processes that comprise the council's governance arrangements and these are underpinned by the core principles of good governance which are: -

- Focusing on the purpose of the council and on outcomes for the local community and creating and implementing a vision for the local area.
- Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managed risk.
- Developing the capacity and capability of members and officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

5.2 The council's constitution explains existing policy making and delegation procedures and the matters which must be dealt with by Full Council. It documents the role and responsibilities of Cabinet, each committee and members and officers. The council has approved a protocol governing relationships between members and officers as part of its constitution and has adopted codes of conduct for both officers and members which facilitate the promotion, communication and embedding of proper standards of behaviour. All officers have job descriptions and there are clearly defined schemes of delegation, all of which are reviewed from time to time.

**WINCHESTER CITY COUNCIL
ANNUAL GOVERNANCE STATEMENT**

- 5.3 The council's constitution incorporates clear guidelines to ensure that business is dealt with in an open manner except in circumstances when issues should be kept confidential. Meetings are open to the public except where personal or confidential matters are being discussed. All cabinet /committee agendas, minutes and cabinet member decisions are published promptly on the council's website. In addition, senior officers of the council can make decisions under delegated authority. The over-arching policy of the council is decided by the Full Council.
- 5.4 The Scrutiny Committee and Audit and Governance Committee hold members of the cabinet to account for delivery of the council's policy framework within the agreed budget, and protocols are in place for any departure from this to be properly examined.
- 5.5 The council engages with its communities through a number of channels, including community planning, consultation events, surveys and campaigns relating to specific initiatives.
- 5.6 The Council Plan 2020-25 was adopted at Council on 15 January 2020 and is reviewed annually to provide the opportunity to refine the actions that the council will be undertaking in the coming year and was last reviewed at the end of 2023. During the year, Cabinet can make amendments to the Council Plan to ensure that it remains fit for purpose and in December 2022 added four new areas of enhanced focus that included Listening Better, Green Faster, Cost of Living and Pride in Place with significant revenue and capital investment allocated to these areas. The coming financial year will be the final year of the current Council Plan and over early summer the council will undertake a district wide Residents' and Young Persons Survey which will capture the views and opinions of our residents' and young people. The results from the survey will provide valuable evidence that will be used to support the shaping of the priorities and objectives to be included in the next Council Plan.
- 5.7 The Council Plan is supplemented by more detailed information on the key projects and programmes of work that the authority will be delivering during the year – with actions to achieve priority outcomes set out in more detailed business plans which are drawn up by teams across the council, with objectives set for individual members of staff through the annual appraisal process. This process also looks at the development and training needs of staff, with a programme of training then put in place to meet these needs.
- 5.8 Progress against the Council Plan priorities and budgets is monitored regularly by the Executive Leadership Board and members of the cabinet. The Scrutiny Committee reviews and scrutinises the performance of the council in relation to policy objectives and performance targets, focusing on delivery of key projects and programmes of work that deliver the priorities in the Council Plan, drawing attention to other areas where progress is exceeding, or falling short of targets. Members of cabinet also monitor progress in delivery.
- 5.9 The council has arrangements in place to regularly monitor financial performance, service performance, the progress of key corporate projects and risk management and to oversee the implementation of recommendations from internal audit reports.
- 5.10 The council publishes annually a financial report (incorporating the Statement of Accounts) within the statutory timescales. The Annual Financial Report incorporates the full requirements of best practice guidance in relation to corporate governance, risk management and internal control.
- 5.11 The council is subject to independent audit by Ernst and Young and receives an annual audit letter reporting on findings. The council supplements this work with the Southern Internal Audit Partnership and ad hoc external peer reviews. The Audit and Governance Committee undertakes the core functions as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*.
- 5.12 The council has set out the arrangements for managing risk in its Risk Management Policy (approved by Cabinet 14 March 2024, report CAB3543 refers) which also includes a Risk Appetite Statement and is reviewed annually.
6. **Review of effectiveness**
- 6.1 The council has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Strategic Leads who have responsibility for the development and maintenance of a sound governance environment.

**WINCHESTER CITY COUNCIL
ANNUAL GOVERNANCE STATEMENT**

- 6.2 Mandatory awareness training for all staff has been undertaken to ensure that the council complies adequately with the provisions of the General Data Protection Regulation (GDPR) and Freedom of Information Act 2000 requirements.
- 6.3 The council has appointed the Corporate Head of Finance as the Section 151 officer with the statutory responsibility for the proper administration of the council's financial affairs. CIPFA/SOLACE advises that the Section 151 officer should report directly to the Chief Executive and be a member of the 'Leadership Team', of equal status to other members. The Corporate Head of Finance has a direct reporting line to the Chief Executive for matters concerning the statutory officer role and attends Executive Leadership Team.
- 6.4 The council has appointed the Strategic Director and Monitoring Officer as the statutory "Monitoring Officer" and has procedures to ensure that the Monitoring Officer is aware of any issues which may have legal implications.
- 6.5 All cabinet reports are reviewed by the Section 151 Officer and Monitoring Officer and are required to demonstrate how the subject matter links to the Council Plan and highlight resource implications. Report authors are also asked to draw out risk, equality, environmental, management and legal considerations as required. Similar procedures are in place for the scrutiny and regulatory committees.
- 6.6 The council has whistle-blowing and anti-fraud and corruption policies. It has a formal complaints procedure and seeks to address and learn from complaints. The council's Audit and Governance Standards Sub-Committee deals with complaints relating to the conduct of Members.
- 6.7 Members' induction training is undertaken after each election. Members also receive regular briefings and training on developments in local government.
- 6.8 Key roles in maintaining and reviewing effectiveness is undertaken by:

The Council Collectively responsible for the governance of the council and Full Council is responsible for agreeing the Constitution, policy framework and budget. Manages risk in making operational and governance decisions together with proposing and implementing the policy framework, budget and key strategies.

The Cabinet Makes key decisions as defined, formulate the annual budget in accordance with the budget and policy framework, implement the policy framework and receive regular monitoring reports on revenue and capital expenditure and performance.

Audit and Governance Committee Approves the annual audit plan; monitors the internal control environment through receipt of an annual internal audit reports and opinion and periodic progress reports; approves the annual governance statement; and keeps an overview of arrangements for risk management. It also approves this governance statement and the Statement of Accounts.

External Audit External audit is provided by Ernst Young. Whilst the external auditors are not required to form an opinion on the effectiveness of the council's risk and control procedures, their work does give a degree of assurance following the annual audit of the council's financial accounts.

Internal Audit The Southern Internal Audit Partnership provides the council with an internal audit service which includes the council's entire control environment. The Head of the Southern Internal Audit Partnership takes account of the council's assurance and monitoring mechanisms, including risk management arrangements, for achieving the council's objectives.

The Internal Audit Plan is based on the Corporate Risk Register and identifies Internal Audit's contribution to the review of the effectiveness of the control environment. Progress reports for the Audit and Governance Committee on progress of audits refer to the opinion assigned to each internal audit review and include a summary of findings for reviews that give "Limited Assurance" together with data on the implementation status of all recommendations. Internal audit provides an annual

**WINCHESTER CITY COUNCIL
ANNUAL GOVERNANCE STATEMENT**

opinion on the internal control environment and issues that should be included in the governance statement.

There is a requirement for internal audit to undertake an annual self-assessment and independent external assessment every five years. Any areas of non-conformance must be reported as part of their annual report and opinion. Based upon the work completed to date the Internal Audit Opinion for 2023/24 is that the council's framework of governance, risk management and management control is reasonable, and that audit testing carried out during the year has demonstrated controls to be working in practice.

7. Significant Governance Issues

7.1 Set out below are the significant governance issues that have been identified that will require consideration and action as appropriate over the coming year:

- **Records Retention and Disposal** – the work continues to ensure that the Records Retention and Disposal Policy and Schedule are refreshed and embedded into the organisation so that records are stored in accordance with the agreed schedule.

7.2 An action plan is attached to this Statement and details the actions to be undertaken during the next 12 months that will address these issues. Each action is assigned to a senior officer who has responsibility for delivering the relevant actions.

8. Assurance Summary

8.1 Good governance is about operating properly. It is the means by which the council shows that it is taking decision for the good of its resident's, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the effective delivery of good quality services that meet the needs of the users. It is fundamental to demonstrating that public money is well spent. Without good governance, the council would find it difficult to operate services successfully.

8.2 We have discussed with the Chief Internal Auditor who has indicated, based upon the work completed to date that the Internal Audit Opinion for 2023/24 is that the council's framework of governance, risk management and management control is reasonable, and that audit testing carried out during the year has demonstrated controls to be working in practice.

8.3 The auditor's Annual Internal Audit Report and Opinion 2023/24 will be presented to this committee's next meeting on 18 July 2024.

9. Conclusion

9.1 We propose, over the coming year, to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Signed:

Laura Taylor
Chief Executive
Winchester City Council

Dated:

Signed:

Councillor M. Tod
Leader of the Council
Winchester City Council

Dated:

**WINCHESTER CITY COUNCIL
ANNUAL GOVERNANCE STATEMENT**

Annual Governance Statement 2023/24 – Action Plan

No.	Issue	Actions	Lead Officer	Target Date	Method of Assurance
1	Records Retention and Disposal – ensuring that the Records Retention and Disposal Policy and Schedule are refreshed and embedded into the organisation so that records are stored in accordance with the agreed schedule.	Adoption of updated Retention & Disposal Schedule by Executive Leadership Board (ELB)	Senior Policy and Programme Manager/ Corporate Heads of Service	June 2024	Document prepared and approved that sets out how the schedule will be applied to council systems and document types.
		Map & align retention schedule to content/indexing and values in system(s)	Senior Policy and Programme/ Service Lead for IT	June 2024	System reports showing that the retention and disposal schedule is being successfully applied and records not being kept longer than required.
		Create implementation plan for roll out Policy & Schedule for adoption at ELB	Senior Policy & Programme Manager	June 2024	Document prepared and approved that sets out how the schedule will be rolled out across the council.
		Implementation of Retention & Disposal schedule across business applications and systems	Senior Policy and Programme Manager/ Corporate Heads of Service	Commence July 2024	Roll out of Retention and Disposal schedule, including deletion of physical and digital documents in accordance with the schedule.

**WINCHESTER CITY COUNCIL
GLOSSARY OF TERMS**

Accounting Policies – are the specific policies and procedures used by the council to prepare its financial statements. The accounting policies include methods, measurement systems and procedures for presenting information in the financial statements.

Accruals – is the concept that income and expenditure is recognised as it is earned or incurred, not as money is received or paid. An accrual is an expense or revenue item incurred in a period for which no invoice or payment changed hands in that period.

Actuary – a professional that provides valuations of defined benefit pension schemes. The valuation the actuary calculates the pension fund's assets and measures them against its liabilities.

Actuarial Gains and Losses – for a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or the actuarial assumptions have changed.

Allowances for impairment losses – are the expected amount of outstanding debts which are not expected to be repaid.

Amortisation – is the writing down of an intangible asset's value over its useful life.

Amortised Cost – is a way of measuring financial instruments that ignores changes in fair value. It is defined as the amount at which a financial instrument is measured when it is first brought on to the Balance Sheet, adjusted for:

- Repayments of principal
- Cumulative amortisation of any difference between the initial amount and the maturity amount.

These differences might arise from transactions costs being set off against the principal amount or interest being payable at less than market rates.

Amortised Cost Financial Assets – investments for which gains and losses in fair value are not accounted for until the investment matures or is sold. Defined as financial assets:

- Held with a business model whose objective is to hold investments in order to collect their contractual cash flows, and
- That have the form of basic lending arrangements.

Asset – is a resource with economic value that the council controls with the expectation that it will bring future benefit.

Assets Under Construction – represents construction work in progress, assets remain in such an account until they are put in service, at which time the costs of the assets are transferred into the respective property, plant and equipment accounts.

Beacon Property - a property that is similar to others held by the council, so that its valuation can be used to estimate a valuation for those other properties.

Budget – prior to the start of each financial year, the council is required to set a budget for its expenditure. It is a legal requirement of the Council to set a balanced budget, i.e. expenditure cannot be more than the Council's income.

Business Improvement District – is a defined area in which a levy is charged to all business rate payers in addition to the business rates bill. The levy is used to develop projects which will benefit businesses in the local area.

Business Rates – is the commonly used name of non domestic rates (NDR), business rates are a tax on local business properties, the tax is set by central government but collected by local authorities.

Capital Adjustment Account – is an unusable reserve which 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.

Capital Allowance – is a provision which avoids the need for pooling non right-to-buy housing capital receipts.

Capital Charges – charges to revenue accounts to reflect the cost of long-term assets used in the provision of services. This includes the repayment of debt and the charge for depreciation.

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Capital Commitment – this is future capital expenditure that the council has committed to at some time in the future which has not yet become an actual liability.

Capital Expenditure – this is expenditure on the acquisition of long-term assets, or expenditure which adds to and not merely maintains the value of existing long-term assets. The statutory definition also includes capital grants to other bodies and expenditure on the acquisition of some long-term investments.

Capital Financing Requirement (CFR) – this is the council's underlying need to borrow to finance its capital expenditure.

Capital Grants and Contributions Unapplied – this reserve holds capital grants and contributions, which do not have outstanding conditions, but which have not yet been used to finance expenditure.

Capital Investment – this refers to expenditure on long-term assets.

Capital Programme – is the council's expenditure plan on agreed capital schemes, showing the total cost of schemes and the projected phasing over current and future financial years.

Capital Receipts – are proceeds from the sale of (or reduction in the council's interest in) long-term assets such as property, plant and equipment, investment property and capital investments.

Capital Receipts Reserve – is a usable reserve consisting of capital receipts from the sale of non-current assets. The funds are available to finance future capital investment.

Cash and Cash Equivalents – are highly liquid financial instruments (cash and very short-term investments) that are repayable without penalty on notice of not more than 7 days and are convertible to known amounts of cash with insignificant risk of change in value.

CIPFA - the Chartered Institute of Public Finance and Accountancy - the accountancy body primarily concerned with public services that issues guidance on accounts preparation for local authorities.

Collection Fund – the separate accounting arrangements for the collection of council tax and business rates and the sharing of the proceeds between the council, Government and other public bodies.

Collection Fund Adjustment Account - the unusable reserve that manages the differences arising from the recognition of council tax and business rates income as it falls due from taxpayers compared with the statutory arrangements for paying across annual entitlements from the Collection Fund to the General Fund.

Community Asset – is a category of long-term asset that the council intends to hold in perpetuity, which has no determinable useful life and that may have restrictions on disposal. Examples of community assets held by the Council are parks, and community buildings.

Components – are significant parts of property, plant and equipment that are separately identified for depreciation.

Contingent Asset – a potential asset/ that is uncertain because it depends on an outcome of a future event not under the council's control.

Contingent Liability – is a potential liability that may occur, depending on the outcome of an uncertain future event.

Corporate Bonds - Are debt securities issued by a corporation to raise funds and sold to investors.

Council Tax - is a local tax levied by local authorities on domestic properties.

Council Tax Reduction - the council's scheme for giving discounts to council tax for households on low incomes or receiving benefits. Also called council tax support.

Community Infrastructure Levy (CIL) – is a planning charge on new development which is used to help deliver infrastructure.

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Credit Losses – A measure of how much the council would lose if the amounts owed to it by debtors and borrowers are not repaid. Defined as the shortfall between all the cash flows that are contractually due to the council and those that it expects to receive (discounted using the investment's effective interest rate).

Creditor – is an individual or body to whom, at the Balance Sheet date, the council owes money.

Credit Rating – is a method of measuring the creditworthiness of a debt issuer.

Credit Risk – is the risk that a borrower may not repay a loan.

Current Asset – an asset that is realisable or disposable within one year of the Balance Sheet date.

Current Liability – is a liability that is due to be settled within one year of the Balance Sheet date.

Current Service Cost (Pensions) – the value of the standard benefits promised to members over the last accounting period, after offsetting the members' contributions, i.e. it is the Employer's share of the cost.

Current Value - The measurement bases for property, plant and equipment, reflecting the economic environment for the service the item is supporting. Possible methods comprise existing use value, existing-use value - social housing, depreciated replacement cost and fair value.

Debtor – is an individual or body whom, at the Balance Sheet date, owes money to the council.

Deferred Capital Receipts Reserve – this reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has not yet taken place.

Deficit - An excess of expenditure over income.

Defined Benefit Scheme (Pensions) - is a scheme whereby the employer promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earning history, tenure of service and age, rather than depending on investment returns.

Decent Home Standard – is a measure of general housing conditions introduced by the Government, it is a minimum standard that triggers action to improve social housing.

Depreciated Replacement Cost (DRC) – is a cost-based method of arriving at a value for specialised assets that are generally held for the continuing use of their service potential and for which a market value cannot be obtained.

Depreciation – is the measure of the wearing out, consumption, or other reduction in value or the useful economic life of a long-term asset, whether arising from use, passage of time, obsolescence or other changes.

Developers Contributions - also known as S106 contributions are paid by developers to contribute towards the cost of additional infrastructure needed as a result of new developments.

Discounting – is the process of determining the present value of future payments.

Discretionary Benefits (Pensions) – are retirement benefits for which the employer has no legal, contractual or constructive obligation. The council has restricted powers to make such discretionary awards in the event of early retirements. Any liabilities estimated to arise as a result of an award are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Doubtful Debt – is a debt that the council is unlikely to recover. An allowance is made in the financial statements for doubtful debts which are the council's estimate of debt that will not be collected.

Earmarked Reserves – are usable reserves consisting of amounts set aside from revenue (General Fund and Housing Revenue Account) to fund future expenditure on a specific purpose.

Effective Interest Method – The method that uses effective interest rates to calculate amortised cost of a financial instrument and allocates interest revenue or expense to the particular financial years over which the instrument is held.

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Effective Interest Rate – the implied rate of interest in an arrangement calculated by reference to the cash flows within the arrangement as opposed to quoted rates of interest.

Employee Benefits - All the forms of remuneration given to the council's officers in return for the services they render (including salaries, allowances, pensions benefits and awards on the termination of their employment).

Equity Instrument – is a financial instrument that demonstrates an ownership interest in a business.

Estimated Market Value/Fair Value – the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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.

Exceptional Items - When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts (depending on how significant the items are to understanding the council's financial performance).

Existing Use Value (EUV) – is a measure of fair value for land and buildings, it is the amount that would be paid for the asset in its existing use.

Expected Credit Losses (ECLs) – the credit losses that the council estimates will arise from the amounts that it is currently owed. ECLs are calculated by measuring the losses that would arise from different default scenarios and calculates a weighted average loss based on the probability of each scenario taking place.

Expected Rate of Return on Pension Assets (Pensions) – is the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return.

Fair Value - The price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants.

Fair Value through Profit or Loss Financial Assets – are financial assets that do not qualify for measurement at Amortised Cost or Fair Value through Other Comprehensive Income.

Finance Costs – are the costs of borrowing money.

Finance Lease – a lease where substantially all of the risks and rewards of ownership of a fixed asset are transferred to the lessee.

Financial Instruments - are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

General Fund/ General Fund Balance – the General Fund is the main revenue fund from which the cost of services is met. The accounts include separate funds for the Housing Revenue Account and the Collection Fund. The General Fund Balance is the accumulated credit balance on the General Fund. It is the excess of income over expenditure after adjusting for movements to and from other reserves and other non-cash items. The level of this balance is kept under review and considered in the light of a number of factors concerning the council's level of exposure to risk and particularly to changes in income and expenditure.

Going Concern - The assumption made when preparing the financial statements that the functions of the council will continue in operational existence for the foreseeable future, in particular so that assets can be valued on the contribution they will continue to make to the council's services rather than the price that would be obtained if they were sold on its liquidation.

Government Bonds – are UK Government sterling denominated bonds issued by HM Treasury in order to finance public expenditure, they are also known as gilts. The term gilt (or gilt-edged) is a reference to the primary characteristic of gilts as an investment - their security. They are generally issued for a set period and attract a set rate of interest during the agreed investment period. Interest is payable at set agreed periods and the principal is repaid at the end of the period.

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Government Grants – are government assistance in either in the form of cash or of a transfer of assets. Grants either attract a condition or a restriction. Conditions are stipulations that specify that the future economic benefits or service potential. A restriction specifies the purpose of the grant.

Government Housing Capital Receipts Pool - A proportion of capital receipts relating to housing disposals paid to Central Government. From 1 April 2012, the Government made changes to the Right to Buy (RTB) scheme. The rules governing the allocation of capital receipts from these sales also changed, councils were given the opportunity to sign an agreement with Government to enable “extra receipts” to be retained by the council. The council has signed such an agreement. Under the new rules, income from RTB receipts is split between the following uses:

1. A specified allowance to help meet the administrative costs of the disposal,
2. Paid to Government (up to a specified limit),
3. Retained by the council and available to fund any capital expenditure (up to a specified limit),
4. Available to the Housing Revenue Account to fund new capital spending or repay debt,
5. Available to fund new provision, either by the Council or another registered provider.

The council has decided that receipts under category 3 above will be available to fund capital expenditure in the General Fund and that the resources for new provision (category 5 above) will be made available to the Housing Revenue Account. The council is able to retain in full all other housing capital receipts providing it has sufficient capital allowances.

Grants and Capital Contributions Unapplied (Reserve) – is a usable reserve consisting of capital grants and contributions that have been received but have yet to be used/ applied to finance capital expenditure.

Grants and Contributions (in Advance) – are grants and contributions received in advance of expenditure taking place and which have conditions on their use that might require the council to return them to the contributor.

Heritage Assets – are a category of long-term assets with cultural, environmental or historical qualities principally held and maintained for their contribution to knowledge and culture.

Housing Revenue Account (HRA) - The HRA is a record of revenue expenditure and income relating to the council's housing stock. Its purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. It is ring-fenced from the rest of the General Fund to ensure that rents cannot be subsidised from Council Tax (or vice versa).

International Accounting Standards 19 (IAS 19) Adjustments – IAS 19 outlines the accounting requirements for employee benefits including post-employment benefits. The adjustments represent the removal of employer pension contributions and replacing them with the current service cost and past service cost.

Investing Activities - a category of cash flows relating to the acquisition and disposal of long-term assets and investments and the making of loans.

Impairment – is a reduction in the recoverable amount of a long-term asset below its carrying value in the Balance Sheet.

Infrastructure Assets - are a category of long-term assets that cannot be taken away or transferred and whose benefits can only be obtained by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Examples of infrastructure assets include highways and footpaths.

Intangible Assets – are a category of long-term assets that are identifiable but have no physical substance (e.g. Software licences).

Interest Costs (Pensions) – represents the unwinding of the discounting on the value placed on the benefits over the period, as they become closer to being paid.

International Financial Reporting Standards (IFRS) – are a set of international accounting standards that govern the accounting treatment and reporting of transactions in financial statements.

Inventories – are assets in the form of materials or supplies to be consumed in a production process or rendering of services.

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Investment property – is a category of long-term assets, which is held for its investment potential and is not used in the delivery of services.

Lessee – is an entity that holds an agreement that allows the use of an asset for a period of time in exchange for a payment or series of payments.

Lessor – is an entity that leases an asset to a lessee.

Liabilities – are the council's debts and obligations.

Loans and Receivables – is a category of financial instrument that has fixed or determinable payments but is not quoted on an active market.

Long-Term Assets – is the value of the council's property, equipment and other capital assets minus depreciation, which are expected to be useable for more than one year after the balance sheet date.

Long-Term Borrowing – is the total of loans repayable after more than one year of the Balance Sheet date.

Long-Term Debtor – is an individual or body that owes money to the council, but which is not due within one year of the Balance Sheet date.

Long-Term Investments – are financial instruments with a maturity date after more than one year of the Balance Sheet date.

Major Repairs Reserve – this is a statutory reserve used to finance the HRA capital programme.

Materiality – a measure of the significance of information potentially to be included in the financial statements, whereby its omission, misstatement or obscuration could reasonably be expected to influence decisions that the primary users make on the basis of those financial statements. Materiality is important for influencing what figures should be included in the financial statements, how precise those figures need to be, and how much additional information needs to be provided about them.

Member Contributions - amounts paid into a pension fund by employees to provide for the future payment of their pensions.

Money Market Funds - collective investment schemes in which a number of investors put their money, which is then invested by the fund manager in a portfolio of highly liquid and low risk investments.

Monitoring Officer – this is a statutory role; this officer is responsible for ensuring that the council operates within the law.

Net Assets – is the amount by which the total assets exceed the total liabilities in the Balance Sheet.

Net Book Value – this is the cost or valuation of an asset less cumulative depreciation.

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

Non Current Asset – is an asset which is not expected to be consumed within one year of the Balance Sheet date.

Non Domestic Rates – also known as Business Rates, this is a tax on local business properties, the tax is set by the government but collected by local authorities.

Non Ring-fenced Government Grants – grant monies paid by the government to support the council's general revenue expenditure.

Operating Leases – this is a lease contract that allows for the use of an asset but does not convey rights of ownership of the asset.

Overheads – are indirect costs which cannot be directly attributed to a service.

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Portfolio/ Portfolio Holder – portfolios are groupings of services determined by members of the council. A member of the council's cabinet is responsible for each of the portfolios and is the portfolio holder.

Past Service Cost (Pensions) – is the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Those decisions may include additional enhanced benefits on retirement or any discretionary benefits granted.

Pension Scheme Liability – is the difference between the total amounts due to be paid to retirees and the assets available to meet those payments.

Pension Reserve – is an unusable reserve that reflects the net liability/asset in the pension fund.

Pooled Investment Funds - collective investment schemes in which a number of investors pool their money, which is then invested in a portfolio of assets.

Pooled Investment Funds Adjustment Account - the unusable reserve that accumulates the gains and losses arising from changes in the fair value of investments in qualifying pooled investment funds, as required by statutory provisions. The balance is released to revenue when the investment is disposed of.

Precepts/Preceptors – are amounts levied on the council, by other local authorities (preceptors), which the council is required to collect and distribute tax for.

Prior Period Adjustment – is an adjustment that arises from a change in accounting policies or to correct a material error. Prior period figures are corrected by amending opening balances and comparative amounts for the prior period.

Property Fund - collective investment schemes in which a number of investors put their money, which is then invested by the fund manager in a portfolio of commercial properties.

Property, Plant and Equipment (PPE) – are tangible long-term assets that are used in the provision of services and are expected to be used for more than one year.

Provision – is where the Council has a probable but uncertain economic obligation, and an estimate of that obligation is set aside to meet a future liability.

Provision for Non Domestic Rates Appeals - local authorities are liable for the cost of refunds from successful appeals against business rates valuations. A provision is recognised as an estimate of the Council's proportionate share of the potential liability.

Provision for the Financing of Capital Investment - councils are required to set aside a prudent amount of revenue each year for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt). This is also known as the Minimum Revenue Provision.

Public Works Loan Board (PWLb) – is a government body that issues central government loans to local authorities.

Remuneration – are amounts paid to or receivable by an employee and amounts due by way of expenses allowances (as far as those amounts are chargeable to UK Income Tax) and the monetary value of any other non-cash benefits.

Rent Allowances – are housing benefit payments relating to property rents where the council is not the landlord.

Rent Rebates – are housing benefit payments relating to property rents where the council is the landlord.

Residual Value - is the amount that the council expects to receive for an asset at the end of its useful life less any anticipated disposal costs.

Retirement Benefits – are all forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

- i) an employer's decision to terminate an employee's employment before normal retirement date; or
- ii) an employer's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

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Revaluation Reserve – this is an unusable reserve to reflect movements in Property, Plant and Equipment assets resulting from upward revaluations, and downward revaluations to the extent that there has been a previous upward revaluation.

Revenue Expenditure Funded from Capital under Statute (REFCUS) – this is expenditure which may properly be capitalised in accordance with statute but where no tangible long-term asset is created.

Revenue Support Grant (RSG) – is a general government grant that is not ring-fenced. It is based on the Government's assessment of the council's spending need, its receipt from NDR and its ability to generate income from Council Tax.

RICS - Royal Institution of Chartered Surveyors - responsible for the professional standards applied in valuing local government property.

Right of Use Asset – in IFRS 16 lease accounting, an asset that represents a lessee's right to use a leased item over the duration of an agreed lease term.

Scheme Liabilities (Pensions) – the liabilities of the defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities are measured using the projected unit method and reflect the costs of future benefits that the employer is committed to providing for.

Section 106 Receipts - Monies received from developers and other parties to compensate for the adverse impact of granting planning permission (e.g. building a community facility to service a new housing development).

Section 151 Officer – this is a statutory role; every local authority is required to make arrangements for the proper administration of its financial affairs; the council's S151 officer has the responsibility for the administration of those affairs.

Settlement (Pensions) – arises when a council enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan. Settlements have the effect of extinguishing a portion of the plan liabilities, usually by transferring plan assets to or on behalf of plan members to their new employer or an insurance company in settlement of the obligation.

Short-Term Borrowing – is a loan repayable within one year of the Balance Sheet date.

Short-Term Creditor – is an individual or body to whom the council owes money that is due for payment within one year of the balance sheet date.

Short-Term Debtor – an individual or body that owes money to the council that is due for payment within one year of the Balance Sheet date.

Short-Term Investments – are financial instruments with maturity dates within one year of the Balance Sheet date.

Soft Loan – is a loan with a rate of interest that is below the market rate.

Straight Line Basis – is a method used to apportion depreciation equally over the applicable number of periods.

Termination Benefits – are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

Trading Account – is a separate account prepared to determine the gross profit or loss of a business concern.

Unusable Reserves – amounts set aside that the council is not able to use to fund expenditure.

Unrealised Gains and Losses – are movements in the value of an asset but the assets have yet to be sold.

Usable Reserves – amounts set aside that the council is able to use to fund expenditure.

Useful Life – the period over which the council will derive benefits from the use of a long-term asset.

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Write-off - the derecognition of an asset (such as a debtor) from the Balance Sheet when it becomes probable that the Council will not recover any further value from the asset. This does not preclude the Council from continuing attempts to (e.g.) recover a debt.

1. BUILDING CONTROL ACCOUNT

The Building (Local Authority Charges) Regulations 2010 require the setting of a scheme of charges, the recovery of costs and the disclosure of an annual statement in respect of the Building Regulation function. This scheme is renewed annually, and the fee structure published on the council's website.

Some of the activities of the Building Control Unit cannot be recharged. These include enforcement, advisory, consultative and public protection activities. The council is expected to set the fee level to ensure that, taking one financial year with another, the fees as nearly as possible equate to the expenses incurred in performing its chargeable Building Control activities.

	2023/24
	£000
Chargeable Costs	524
Chargeable Income	<u>(345)</u>
Net (surplus) or deficit	179
Building Control Earmarked Reserve (deficit brought forward)	<u>156</u>
Deficit carried forward	<u>335</u>

In order to support compliance with *the Building (Local Authority Charges) Regulations 2010 (SI 2010/404)* an earmarked reserve was created in 2011/12 to hold surpluses made on chargeable activity. Local Authorities are required to monitor the break-even position on chargeable activities and demonstrate taking 'one financial year with another' to ensure the chargeable service 'as nearly as possible equates to the costs incurred'.

This information has been approved by the Strategic Director Services, being the acting responsible officer under Section 151 of the Local Government Act 1972(4).

Signature: Date:

Liz Keys
Chief Financial Officer, Section 151 Officer

2. CHARGES FOR PROPERTY SEARCHES

The Local Authorities (England) (Charges for Property Searches) Regulation 8 allows the Council to charge for answering enquiries about a property. These charges are at the council's discretion but must have regard to the costs involved. With respect to these charges the following information is required to be published for every financial year:

	2023/24
	£000
Income from charges under regulation 8 (answering queries)	246

This information has been approved by the Strategic Director Services, being the acting responsible officer under Section 151 of the Local Government Act 1972(4).

Signature: Date:

Liz Keys
Chief Financial Officer, Section 151 Officer



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