WEST OXFORDSHIRE
DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2018/19

CONTENTS

West Oxfordshire District Council

West Oxfordshire District Council combines beautiful countryside with a thriving local economy and enviable visitor attractions. The District has high job growth and, despite an expanding population, rates of unemployment and crime are among the lowest in the Country.

The population is approximately 108,000; the three largest towns are Witney, Carterton and Chipping Norton, though the majority of the population (57%) live in rural areas. The District also has an ageing population and estimates from 2014-2024 show the 65 years and over age group increasing by a further 5,300 people with two-thirds of this being outside the main towns.

The Council Plan 2016 to 2019 sets out the Council's aim, priorities and objectives. The full Plan and an update on the Council's progress against its objectives can be found on the website. The Council is currently preparing its new Council Plan for the next four years. The Council Plan 2016 to 2019 sets out the Council's aim, priorities and objectives as follows:

Our Aim and Priorities

To maintain and enhance West Oxfordshire as one of the best places to live, work and visit in Great Britain

Protect the environment whilst supporting the local economy	Working with Communities to meet the current and future needs of residents	Provide efficient and value for money services, whilst delivering quality front line services

Under each priority are the 'key tasks' which show what we will do to achieve each priority and objective. Service Delivery Plans have been developed for each of our services; and include a summary of what the service does, and how it supports the Council's aim, priorities and objectives. They link the priorities and objectives in the Council Plan to the activities that demonstrate what we will do to achieve them.

During the year, we monitor the progress of the Council Plan and activities and performance measures in the Service Delivery Plans to ensure that the Council stays on track, and achieves what it set out to do.

Publica Group (Support) Limited

Publica Group (Support) Limited ['Publica'] is wholly owned by West Oxfordshire District Council along with Cotswold District Council, Forest of Dean District Council and Cheltenham Borough Council. It is a not-for-profit company limited by guarantee with no share capital and operates with Mutual Trading Status to deliver services on behalf of the Member councils under contract.

Publica is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

While Publica works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.

Medium Term Financial Strategy (MTFS)

The Council operates a rolling 10 year MTFS, the latest being approved by Cabinet on 13th February 2019. This latest update reflected:

- The effect of business rates revaluation and changes in rateable values
- The reduction of Revenue Support Grant (RSG) for 2019/20 and beyond
- The likelihood of further falls in other government funding and reforms to the New Homes Bonus
- An update on the change in Environmental Service provision and the cost of the new waste and recycling service
- Changes in assumptions on tax base growth and inflation
- That a further £1m of efficiency savings have been included in the 2019/20 budget and plans are in place to achieve these targets through the continuation of the Council's transformation programme.

The Council has robust and affordable plans to ensure that the Council remains financially viable for the duration of the coming 10-year period.

The latest incarnation of the Medium Term Financial Strategy can be found on the Council's website and viewing the documents of the Cabinet meeting of 13th February 2019.

Financial Performance

The Council's 2018/19 budget strategy assumed a balanced budget with a contribution to reserves of £199,159. The outturn position after transfers to reserves was a surplus for the year of £199,622.

The full Q4 outturn report can be viewed visiting the Council website and reading the Cabinet papers of 13th June 2019.

Capital Programme

The Council maintains a capital programme to support investment and manage its assets. The approved budget for the year was £8.7m.

In 2018/19 the Council spent £4.3m on:

Capital Investment in the year	£000
Redevelopment & expansion of Leisure facilities	2,300
Disabled facilities grants (DFGs) and other community grants	807
Emergency Accommodation Hostel	477
Waste/recycling service changes	556
ICT infrastructure and equipment	99
Other minor schemes	149
	4,388

The most significant of these is the planned redevelopment and expansion of the Council's Carterton Leisure Centre, which is planned to be completed in 2019/20. At the balance sheet date £2.2m had been spent against the total scheme budget of £8.3m.

Financial Position

The Council continues to maintain a strong Balance Sheet despite financial challenges. Net Assets increased in the year by approximately £9m.

Net Assets 17/18	**£89.347m**
Net Assets 18/19	**£97.549m**
Movement	**£8.200m**

The major contributing factors were an increase in the pension fund obligation, with a lesser offsetting increase in plan assets, leading to a negative movement in the pension fund valuation of £5.5m. Council fixed asset values (following revaluation) have increased by approximately £14.2m.

Pension Liability

West Oxfordshire District Council is a member of the Oxfordshire County Council Pension Fund, for which Oxfordshire County Council is the administering authority. The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended).

At the balance sheet date the actuarial valuation had the pension fund in deficit (liabilities exceed assets). The valuation is represented as follows:

Pension assets and liabilities	£000
Fair value of employer assets	56,744
Present value of obligations	(96,789)
Surplus / (deficit) on the pension fund	(40,045)

This compared to a deficit at 31st March 2018 of £34,543,000. Whilst the scheme is in deficit it represents the net value of what the Council owes across all future years. Publica and the Council are making contributions to cover liabilities accruing for employees that are current members and lump-sum payments to fund the deficit.

Operational Performance and Efficiency

The Council has three Overview and Scrutiny Committees – Finance and Management; Economic and Social; and Environment – to monitor the Council's progress towards achieving the aims and priorities as set out in the Corporate Strategy and Plan.

The Council has 12 core performance indicators that it reports on. Ten of the indicators had an overall RAG status of 'green'. The two that missed their target, with a 'red' RAG status related to:

- the percentage of household waste sent for reuse, recycling and composting reaching 58.8% against a 61% target.
- The Council not being in the top 25% of Councils for its Housing Benefit claimant rate

Of the 'key tasks' set out for 2018/19 in the Council Plan (2016-2019), ten of the 12 key tasks had been achieved, partly achieved or were on target to be achieved. Targets on adopting the Community Infrastructure Levy and introducing Electric Vehicle Charging Points within the district were not achieved.

For more details on the year's performance please refer to the Council website.

Risk Management

The Corporate Risk Register was updated during April 2019 and reviewed by the Shared Risk Management Group on 30th April 2019. The Shared Risk Management Group comprises both Council and Publica Senior Managers. Any risk scoring 15 or above is considered a 'primary' risk.

At the end of 2018/19, there was 1 primary risk on the register:

- If the Council does not deliver a balanced medium term financial strategy then it may need to cut services or make additional savings.

Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The **Core Statements** are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area / directorate. The bottom half of the statement deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes that have taken place in the bottom-half of the Balance Sheet over the financial year.

Reserves are divided into "usable", which can be invested in service improvements or capital investment, and "unusable" which must be set aside for specific purposes.

The **Balance Sheet** is a 'snapshot' of the Council's assets, liabilities, cash balances and reserves as at the year-end, 31 March 2019.

The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment or financing activities (such as borrowing or other long term liabilities).

The **Supplementary Statements** are:

The **Collection Fund** summarises the transactions relating to council tax and business rates collection, and the redistribution of that money.

Business Rates is distributed to Central Government, Oxfordshire County Council and West Oxfordshire District Council. Council Tax is distributed between Oxfordshire County Council, the Police & Crime Commissioner for Thames Valley, West Oxfordshire District Council and the Town & Parish Councils within the West Oxfordshire district.

The **Annual Governance Statement** which sets out the governance structures of the Council and its key internal controls.

Facing the Challenges Ahead

The UK's departure from the EU has been the focus of central government activity throughout 2018/19. The delay of the departure date from 29th March 2019 to 31st October 2019 has been the subject of much media attention. More recently, the change of Prime Minister and the prorogation of Parliament have increased uncertainty on the way forward. This ongoing uncertainty continues to weigh on sterling and economic growth.

While the domestic focus has been on the potential impact of the UK's exit from the EU on the UK economy, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The US continues to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to be showing signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued domestic/populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.

UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low of 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.

One of the biggest financial challenges the Council faces is the change to central government funding which was due to be implemented from the 2020/21 financial year. The government has delayed the Spending Review 2019 until 2020 and will instead announce a one-year Spending Round in September which will set Departmental spending levels for 2020/21 only. For the period to 2020/21, the Council has entered into an agreement with the Government which sets out minimum levels of funding for certain funding streams (Revenue Support Grant and Rural Services Delivery Grant). For the period post 2020/21, the future is far less certain as a number of significant changes will come into effect:

- the Spending Round in 2019, will set Departmental spending levels, how the Ministry for Housing and Local Government will allocate its share of the funding from Spending Round 2019 to individual authorities is unknown. However, it is likely that there will be a roll forward of current funding as there is unlikely to be sufficient time for meaningful consultation on significant changes;

- the Government will implement the outcome of the Local Government Fairer Funding Review. It is now considered unlikely that this will take place in 2020/21 as previously planned;

- the new 75% Business Rates Retention system will come into effect. It is unlikely that this will take place in 2020/21 as previously planned;

- the Business Rate baseline will be reset and it is likely that the Council will lose its share of the financial benefit from growth in business rates in the District since 2013. It is unlikely that this will take place in 2020/21 as previously planned;

- the Government will have completed a new Spending Review to establish its spending priorities post 2021;

In addition, while some changes to New Homes Bonus have been implemented, changing the award period from six years to four years and introducing a baseline for housing growth of 0.4%, further changes are possible as a result of the changes to local government funding.

The impact of the changes to central government financing, set out in the bullets above, are still uncertain with progress at national government stalling as a result of the government's focus upon the UK's departure from the EU. The Council updated its Medium Term Financial Strategy (MTFS) in February 2019 to include the forecast implications at that time and will continue to keep the Strategy under review as further information becomes available. It is now highly likely that some of the changes will be delayed from 2020/21 to 2021/22 and the MTFS will be updated accordingly.

In order to maintain the current level of General fund reserve over the longer term, it is likely that the Council will need to find further budgetary savings over the life of the MTFS. These savings can be generated through increasing efficiency gains (although a great deal of work have already taken place in this respect), increasing income from fees and charges, increasing Council Tax income or reviewing service provision, particularly the provision of discretionary services. The Council is in the fortunate position of being able to develop contingency plans while the impact of changes to Government funding is clarified.

The Council holds various earmarked reserves which are held to fund costs associated with transformational change or smooth the impact of cyclical cost to the Council Tax payer. These funds will enable the Council to deliver its medium and longer term savings plans.

Operationally, the Council will be working with its service delivery company, Publica, to implement a transformation programme which aims to deliver savings of £671,000 to the Council's revenue budget over the next four years. In addition to significant savings, the transformation programme also aims to improve services to customers by utilising new technology and designing services putting the customer needs first. The Council's contract with its leisure service provider is also expected to deliver savings of £1,361,000 over the next four years. This is directly related to Council investment in leisure facilities which includes the strategic investment of £8.3 million in Carterton.

The Council is part of the Oxfordshire Growth Deal with central government. The Deal will see investment of £215 million within Oxfordshire. In return, across Oxfordshire, there is a requirement to deliver 100,000 housing units between 2011 and 2031 to address the county's severe housing shortage and expected economic growth. This level of housing growth is that identified by the Oxfordshire Strategic Housing Market Assessment 2014, and is consistent with that planned for in existing and emerging Oxfordshire Local Plans. Oxfordshire is also required to deliver an additional 1,320 affordable homes of a range of tenures to start on site by 2021.

The Council is working with all the Registered Providers of housing within its area, and specifically Cottsway Housing Association, to facilitate the delivery of the affordable housing units. The Council's Capital Programme includes investment of £10 million in affordable housing through borrowing to be provided to Cottsway Housing Association in return for additional affordable housing units. This investment, together with investment in leisure services, will see the Council borrowing for the first time in many years. The implications of this significant investment has been included in the

Council's Capital Strategy, Investment Strategy, Treasury Management Strategy and Medium Term Financial Strategy.

The Council is in the process of developing a new Council Plan which will set out the Council's priorities for the next four years. The financial impact of these new priorities will be reflected in the update to the Medium Term Financial Strategy during 2019/20.

Further information

For further information on the accounts please contact: Jenny Poole, Chief Finance Officer, West Oxfordshire District Council, Woodgreen, Witney, Oxfordshire OX28 1NB; or via email at Jenny.poole@cotswold.gov.uk.

Jenny Poole CPFA
Chief Finance Officer

STATEMENT OF RESPONSIBILITIES

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Chief Finance Officer's responsibility

The Chief Finance Officer is responsible for the preparation of the Authority'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 Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code.

The Chief Finance Officer has also:

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

CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the authority at the accounting date and of its income and expenditure for the year ended 31st March 2019.

____ Date: ________________

Jenny Poole
Chief Finance Officer

In accordance with regulation 10(3) Accounts and Audit Regulations 2016, the statement of accounts is approved by the Chair of the Audit and General purposes Committee, on behalf of West Oxfordshire District Council.

____ Date: ________________

Cllr. Jane Doughty
Chair of the Audit and General purposes Committee

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2017/2018 Gross Expenditure £	2017/2018 Gross Income £	2017/2018 Net Expenditure £		Note	2018/2019 Gross Expenditure £	2018/2019 Gross Income £	2018/2019 Net Expenditure £
			Joint Committee				
1,414,647	(809,822)	604,825	Environmental and Regulatory Services		1,263,389	(763,080)	500,309
895,888	(1,225)	894,663	GO Shared Services		1,050,208	(18,318)	1,031,890
4,128,851	(2,461,023)	1,667,828	ICT, Change and Customer Services		3,343,041	(1,405,851)	1,937,190
1,438,836	(677,919)	760,917	Land, Legal and Property Services		1,530,252	(737,864)	792,388
906,884	(138,584)	768,300	Partnership MD and 2020 Programme Costs		158,545	(11,192)	147,353
25,934,657	(25,148,330)	786,327	Revenues and Housing Support Services		23,175,976	(22,266,342)	909,634
			Strategic Directors				
1,124,596	(245,761)	878,835	Democratic Services		1,051,560	(83,761)	967,799
9,383,428	(3,500,915)	5,882,513	Environmental Services		10,106,565	(3,782,631)	6,323,934
2,625,572	(377,200)	2,248,372	Leisure and Communities Services		2,067,036	(400,119)	1,666,917
2,336,010	(1,779,420)	556,590	Planning and Strategic Housing Services		2,421,229	(1,619,734)	801,495
437,610	(61,687)	375,923	Other Retained Services		2,380,184	(740,091)	1,640,093
50,626,979	**(35,201,886)**	**15,425,093**	**Cost of Services**		**48,547,985**	**(31,828,983)**	**16,719,002**
4,571,637	(523,900)	4,047,737	Other Operating Expenditure	*B3*	3,655,261	(787,297)	2,867,964
1,296,587	(6,299,715)	(5,003,128)	Financing and Investment Income and Expenditure	*B4*	1,188,865	(11,320,344)	(10,131,479)
	(15,268,449)	(15,268,449)	Taxation and Non-Specific Grant Income	*B5*	0	(16,657,039)	(16,657,039)
56,495,203	**(57,293,950)**	**(798,747)**	**(Surplus) / Deficit on Provision of Services**	*B1 / B2*	**53,392,111**	**(60,593,663)**	**(7,201,552)**
		(2,954,046)	(Surplus) / deficit on revaluation of non current assets				(5,227,261)
		326,190	(Surplus) / deficit on revaluation of available for sale financial assets				0
		(3,982,000)	Remeasurement of the net defined benefit liability				2,775,000
		(6,609,856)	**Other Comprehensive Income and Expenditure**				**(2,452,261)**
		(7,408,603)	**Total Comprehensive Income and Expenditure**				**(9,653,813)**

THE MOVEMENT IN RESERVES STATEMENT

	Note	Usable Reserves						
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	TOTAL RESERVES £
Balance at 31 March 2017		**(11,753,457)**	**(8,443,452)**	**(4,477,963)**	**(3,230,847)**	**(27,905,719)**	**(54,032,315)**	**(81,938,034)**
Movements in reserves 2017/18		1,404,201	(1,414,007)	0	0	(9,806)	9,806	**0**
Total Comprehensive Income and Expenditure		(798,747)	0	0	0	(798,747)	(6,609,856)	**(7,408,603)**
Adjustments between accounting basis & funding basis under regulations	*C1*	(606,041)	0	(546,234)	(205,664)	(1,357,939)	1,357,939	**0**
(Increase) / Decrease in Reserves 2017/18		**(587)**	**(1,414,007)**	**(546,234)**	**(205,664)**	**(2,166,492)**	**(5,242,111)**	**(7,408,603)**
Balance at 31 March 2018		**(11,754,044)**	**(9,857,459)**	**(5,024,197)**	**(3,436,511)**	**(30,072,211)**	**(59,274,426)**	**(89,346,637)**
Opening Balance at 1 April 2018		**(11,754,044)**	**(9,857,459)**	**(5,024,197)**	**(3,436,511)**	**(30,072,211)**	**(59,274,426)**	**(89,346,637)**
Prior Year PPE adjustments		0	0	0	0	0	1,316,000	**1,316,000**
Transfer of Available for Sale Financial Instruments Reserve balance on transition to IFRS9	*E2*	(704,229)	0	0	0	(704,229)	839,277	**135,048**
Revised Opening Balance at 1 April 2018		**(12,458,273)**	**(9,857,459)**	**(5,024,197)**	**(3,436,511)**	**(30,776,440)**	**(57,119,149)**	**(87,895,589)**
Movements in reserves 2018/19		621,785	(621,785)	0	0	0		**0**
Total Comprehensive Income and Expenditure		(7,201,552)	0	0	0	(7,201,552)	(2,452,261)	**(9,653,813)**
Adjustments between accounting basis & funding basis under regulations	*C1*	6,380,144	913,626	(324,121)	(1,565,378)	5,404,271	(5,404,271)	**0**
(Increase) / Decrease in Reserves 2018/19		**(199,623)**	**291,841**	**(324,121)**	**(1,565,378)**	**(1,797,281)**	**(7,856,532)**	**(9,653,813)**

BALANCE SHEET

31st March 2018 £	31st March 2018 (restated) £		Note	31st March 2019 £
52,293,543	50,977,543	Property, Plant & Equipment	*D1*	58,305,170
91,084	91,084	Heritage Assets		91,084
45,146,140	45,146,140	Investment Property	*D2*	52,019,502
172,228	172,228	Intangible Assets	*D3*	98,232
15,402,155	15,402,155	Non-Current Investments	*F2*	15,535,556
3,686,157	3,686,157	Non-Current Debtors	*D7*	3,152,643
116,791,307	**115,475,307**	**Non-Current Assets**		**129,202,188**
11,104,301	11,104,301	Investments	*F2*	13,128,389
35,883	35,883	Inventories		30,417
7,243,445	7,243,445	Debtors	*D4*	6,266,525
3,413,860	3,413,860	Cash and Cash Equivalents		4,190,100
21,797,489	**21,797,489**	**Current Assets**		**23,615,431**
(10,286,110)	(10,286,110)	Creditors	*D5*	(10,206,796)
(2,473,285)	(2,473,285)	Creditors - s.106 balances	*D5*	(2,868,939)
(1,582,745)	(1,582,745)	Provisions	*D6*	(1,741,177)
(14,342,140)	**(14,342,140)**	**Current Liabilities**		**(14,816,912)**
(34,543,000)	(34,543,000)	Defined Benefit Pension Liability	*F1*	(40,045,000)
(357,019)	(357,019)	Capital Grants Receipts in Advance	*B9*	(406,305)
(34,900,019)	**(34,900,019)**	**Long Term Liabilities**		**(40,451,305)**
89,346,637	**88,030,637**	**Net Assets**		**97,549,402**
(30,072,211)	(30,072,211)	Usable reserves		(32,573,721)
(59,274,426)	(57,958,426)	Unusable Reserves		(64,975,681)
(89,346,637)	**(88,030,637)**	**Total Reserves**		**(97,549,402)**

The Property, Plant and Equipment (PPE) values were restated as at 31st March 2018 due to a change in the treatment of two leased assets. The restatement has affected the PPE value and the unusable reserves values. Please see note D1 to these accounts for further explanation.

These financial statements were certified by the Chief Finance Officer on 26th September 2019.

Jenny Poole
Chief Finance Officer, West Oxfordshire District Council.

	Note	2017/18 £	2018/19 £
Net surplus or (deficit) on provision of services		798,747	7,201,552
Adjustments to net surplus or (deficit) on the provision of services to exclude non-cash movements	*E1a*	6,291,359	(5,085,151)
Adjustments for items included in the net surplus or (defecit) on the provision of services that are investing or financing activities	*E1b*	(4,189,735)	(2,404,828)
Net cash flows from Operating Activites		**2,900,371**	**(288,427)**
Investing Activities	*E1c*	(6,483,732)	1,064,666
Financing Activities	*E1d*	(17,923)	0
Net increase or (decrease) in cash and cash equivalents		**(3,601,284)**	**776,239**
Cash and cash equivalents at 1 April		7,015,144	3,413,860
Cash and cash equivalents at 31 March		**3,413,860**	**4,190,100**
Comprising:			
Cash and bank current accounts		463,651	137,779
Short term investments		2,950,209	4,052,321
		3,413,860	**4,190,100**

B1. Expenditure and Funding Analysis

	2018/2019					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to /(from) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
Joint Committee						
Environmental and Regulatory Services	500,309	(160,974)	0	339,335	0	339,335
GO Shared Services	1,031,890	(113,862)	0	918,028	7,503	925,531
ICT, Change and Customer Services	1,937,190	(214,594)	0	1,722,596	177,068	1,899,664
Land, Legal and Property Services	792,388	(286,114)	0	506,274	245,605	751,879
Partnership MD and 2020 Programme Costs	147,353	(21,434)	0	125,919	0	125,919
Revenues and Housing Support Services	909,634	(216,975)	0	692,659	6,532	699,191
Strategic Directors						
Democratic Services	967,799	(34,685)	0	933,114	0	933,114
Environmental Services	6,323,934	(334,319)	0	5,989,615	181,248	6,170,863
Leisure and Communities Services	1,666,917	(886,813)	0	780,104	607,847	1,387,951
Planning and Strategic Housing Services	801,495	(255,991)	0	545,504	27,184	572,688
Other Retained Services	1,640,093	(731,660)	0	908,433	2,120	910,553
Cost of Services	**16,719,002**	**(3,257,421)**	**0**	**13,461,581**	**1,255,107**	**14,716,688**
Other Income and Expenditure	(23,920,554)	9,637,566	621,785	(13,661,203)	(1,255,107)	(14,916,310)
(Surplus) / Deficit on Provision of Services	**(7,201,552)**	**6,380,145**	**621,785**	**(199,622)**	**(0)**	**(199,622)**
Opening General Fund Balance (Unallocated) at 1 April				(12,458,273)		
(Surplus) / Deficit for the year				(199,622)		
Closing General Fund Balance (Unallocated) at 31 March				**(12,657,895)**		

	2017 / 2018					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to /(from) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
Joint Committee						
Environmental and Regulatory Services	604,825	(699,404)	0	(94,579)	511,472	416,893
GO Shared Services	894,663	(7,503)	0	887,160	7,503	894,663
ICT, Change and Customer Services	1,667,828	(385,938)	0	1,281,890	128,136	1,410,026
Land, Legal and Property Services	760,917	(288,543)	0	472,374	155,630	628,004
Partnership MD and 2020 Programme Costs	768,300	(13,440)	0	754,860	0	754,860
Revenues and Housing Support Services	786,327	(218,729)	0	567,598	6,532	574,130
Strategic Directors						
Democratic Services	878,835	(37,749)	0	841,086	0	841,086
Environmental Services	5,882,513	(370,493)	0	5,512,020	232,838	5,744,858
Leisure and Communities Services	2,248,372	(798,417)	0	1,449,955	335,466	1,785,421
Planning and Strategic Housing Services	556,590	(204,032)	0	352,558	27,184	379,742
Other Retained Services	375,923	1,259,722	0	1,635,645	(3,501,669)	(1,866,024)
Cost of Services	**15,425,093**	**(1,764,526)**	**0**	**13,660,567**	**(2,096,908)**	**11,563,659**
Other Income and Expenditure	(16,223,840)	1,158,485	1,404,201	(13,661,154)	2,096,908	(11,564,246)
(Surplus) / Deficit on Provision of Services	**(798,747)**	**(606,041)**	**1,404,201**	**(587)**	**0**	**(587)**
Opening General Fund Balance (Unallocated) at 1 April				(11,753,457)		
(Surplus) / Deficit for the year				(587)		
Budgeted contribution to GF				0		
Closing General Fund Balance (Unallocated) at 31 March				**(11,754,044)**		

Adjustments between accounting basis and funding basis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded compared with the resources consumed or earned by the Council in accordance with generally accepted accounting practices as shown in the Comprehensive Income and Expenditure Account. It also shows how these amounts are allocated for decision making purposes across the Council's Directorates and Services. The adjustments between these amounts are detailed below:

	2018/2019						
	Adjustments between funding and accounting basis (see MiRS Note C1)				Adjustments between amounts chargeable to the General Fund and Management Reporting		
	Capital Adjs £	Pension Adjs £	Other Adjs £	Total adjs between funding and accounting £	Depreciation £	Other Segment Adjs. £	Total Management Reporting Adjustments £
Joint Committee							
Environmental and Regulatory Services	0	160,974	0	160,974	0		0
GO Shared Services	0	113,862	0	113,862	7,503		7,503
ICT, Change and Customer Services	5,825	208,769	0	214,594	177,068		177,068
Land, Legal and Property Services	245,605	40,509	0	286,114	245,605		245,605
Partnership MD and 2020 Programme Costs	0	21,434	0	21,434	0		0
Revenues and Housing Support Services	6,532	210,443	0	216,975	6,532		6,532
Strategic Directors							
Democratic Services	0	34,685	0	34,685	0		0
Environmental Services	383,239	(48,920)	0	334,319	181,248		181,248
Leisure and Communities Services	783,035	103,778	0	886,813	607,847		607,847
Planning and Strategic Housing Services	27,185	228,806	0	255,991	27,184		27,184
Other Retained Services	0	731,660	0	731,660	2,120		2,120
Cost of Services	**1,451,421**	**1,806,000**	**0**	**3,257,421**	**1,255,107**	**0**	**1,255,107**
Other Income and Expenditure	(10,918,490)	921,000	359,924	(9,637,566)	(1,255,107)		(1,255,107)
(Surplus) / Deficit on Provision of Services	**(9,467,069)**	**2,727,000**	**359,924**	**(6,380,145)**	**(0)**	**0**	**(0)**

	2017/2018						
	Adjustments between funding and accounting basis (see MiRS Note C1)				amounts chargeable to the General Fund and		
	Capital Adjs £	Pension Adjs £	Other Adjs £	Total adjs between funding and accounting £	Support Services £	Depreciation £	Total Management Reporting Adjustments £
Joint Committee							
Environmental and Regulatory Services	562,994	136,410	0	699,404	562,994	(51,522)	511,472
GO Shared Services	7,503	0	0	7,503	7,503	0	7,503
ICT, Change and Customer Services	128,136	257,802	0	385,938	128,136	0	128,136
Land, Legal and Property Services	251,179	37,364	0	288,543	251,179	(95,549)	155,630
Partnership MD and 2020 Programme Costs	0	13,440	0	13,440	0	0	0
Revenues and Housing Support Services	6,532	212,197	0	218,729	6,532	0	6,532
Strategic Directors							
Democratic Services	0	37,749	0	37,749	0	0	0
Environmental Services	0	370,493	0	370,493	0	232,838	232,838
Leisure and Communities Services	707,998	90,419	0	798,417	526,519	(191,053)	335,466
Planning and Strategic Housing Services	27,184	176,848	0	204,032	27,184	0	27,184
Other Retained Services	0	(1,259,722)	0	(1,259,722)	2,120	(3,503,789)	(3,501,669)
Cost of Services	**1,691,526**	**73,000**	**0**	**1,764,526**	**1,512,167**	**(3,609,075)**	**(2,096,908)**
Other Income and Expenditure	(2,385,361)	1,012,000	214,876	(1,158,485)	(1,512,167)	3,609,075	2,096,908
(Surplus) / Deficit on Provision of Services	**(693,835)**	**1,085,000**	**214,876**	**606,041**	**0**	**0**	**0**

Capital Adjustments
This column adjusts for depreciation and impairment, revaluations gains and losses in service lines and for transfers of income / net value of assets written off on disposals in Other Operating Income and Expenditure. Taxation and Non Specific Grant Income is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Pension Adjustments
This column removes the impact of IAS19 Employee Benefits. For services, this is the removal of current or past service costs and replaces them with the actual employer pension contributions payable. In Financing and Investment Income and Expenditure, the net interest on the net defined benefit liability is removed.

Other Adjustments
This adjustment represents the difference between the amounts chargeable under statutory regulations for Council Tax and Non Domestic Rates and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

B2. Expenditure and Income Analysed by Nature

	2017/18 £	2018/19 £
Expenditure		
Employee benefits expenses	7,026,768	3,152,705
Publica Contract Charges	3,471,494	9,261,933
Housing Benefit & Other Transfer Payments	23,063,070	20,210,194
Other service expenses	14,876,460	13,941,553
Depreciation, amortisation and impairment	1,512,167	1,455,269
Interest payments and similar expense	1,016,697	926,841
Precepts and Levies	3,483,742	3,577,651
Other expenditure	1,952,805	865,965
Total Expenditure	**56,403,203**	**53,392,111**
Income		
Fees, charges & other service income	(14,228,132)	(13,644,696)
Housing Benefit Subsidy	(22,996,041)	(19,731,940)
Other Government Grants	(5,237,525)	(5,661,165)
Income from Council Tax	(7,428,694)	(7,710,705)
Income from Non Domestic Rates	(3,265,933)	(2,974,069)
Non Government Grants & Contributions	(1,149,969)	(2,372,086)
Investment Interest and similar income	(2,467,059)	(7,674,579)
Other income	(428,597)	(824,423)
Total Income	**(57,201,950)**	**(60,593,663)**
(Surplus) / Deficit on Provision of Services	**(798,747)**	**(7,201,552)**

B3. Other Operating Income and Expenditure

	2017/18 £	2018/19 £
(Gains) / losses on disposal of non current assets	999,895	0
Unattached capital reciepts	(523,899)	(787,297)
Town and Parish Council support grant	88,000	77,610
Town and Parish Council precepts	3,483,742	3,577,651
	4,047,738	**2,867,964**

B4. Financing and Investment Income and Expenditure

	2017/18 £	2018/19 £
Interest payable and similar charges	4,696	5,841
Interest receivable and similar income	(783,985)	(801,217)
Movement in the fair value of financial assets	0	8,404
*Movement in the fair value of investment property	(1,685,203)	(6,873,362)
Net investment property (income) / expenditure	(3,496,250)	(3,392,145)
Net interest on the net defined benefit pension liability	1,012,000	921,000
Trading activities - Markets & Fairs	(54,386)	0
	(5,003,128)	**(10,131,479)**

*The external valuer - Carter Jonas has carried out the investment properties valuation works in 2018/19. The fair value movement of investment properties highlights an increase in value between 2017/18 and 2018/19. This is largely to do with an increase in value on the Council's Talisman Industrial Estate, where the fair value increased from £13m to £17m, which is in line with market comparables. The property was subject to an offer in excess of £18m within 2018.

B5. Taxation and Non Specific Grant Income

	2017/18 £	2018/19 £
National Non Domestic Rates:		
- Redistribution	(3,783,696)	(3,588,547)
- Renewable Energy	(239,063)	(228,415)
- Business rates levy	1,343,021	1,210,554
- Surplus from the pool	(846,309)	(580,508)
- (Surplus) / Deficit	380,673	375,320
	(3,145,374)	(2,811,596)
Council Tax income (Council and Town/Parish Council shares)	(7,385,412)	(7,628,508)
Revenue Support Grant	(636,593)	(372,528)
New Homes Bonus	(1,872,606)	(1,599,061)
S31 NDR Compensation Grant	(1,379,121)	(1,522,032)
Capital grants and contributions	(542,183)	(2,504,828)
Other non-ringfenced government grants	(307,160)	(218,486)
	(15,268,449)	**(16,657,039)**

B6. Members' Allowances

	2017/18 £	2018/19 £
Basic and Special Responsibility Allowances	337,779	341,287
Expenses	7,130	9,494
	344,909	**350,781**

B7. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections, and to non-audit services provided by the Council's external auditors (Grant Thornton UK LLP):

	2017/18 £	2018/19 £
	(restated)	
External audit services carried out by the appointed auditor	54,139	35,527
Certification of grant claims and returns	15,808	12,900
	69,947	**48,427**

In addition to the statutory audit fees listed above, the Publica Councils subscribed to Grant Thornton "CFO Insights" platform – an online tool containing financial, socio-economic and outcomes data from local authorities across the Country. The tool is used to provide insight to drive and evidence to support, financial decision making using benchmarking, segmentation and comparison. The cost of this service was £15,000 for the four Councils (Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council and West Oxfordshire District Council). This Council's share of the cost is £3,750 (£3,750 2017/18).

The figures for 2017/18 have been re-stated to include fee variations of £8,000 on the core audit fee and £1,300 on the certification of the Housing benefit grant claim. The variations were charged in respect of additional work needed in each case.

B8. Officer Remuneration

Senior Officer Remuneration

The Council's senior officers are those with statutory responsibility within the Council.

	2018/2019		
Post	Salary, allowances & other benefits £	Pension Contributions £	Total Remuneration £
Head of Paid Service	69,075	10,553	79,628
Chief Finance Officer[1]	77,265	12,749	90,014
Monitoring Officer	64,883	10,130	75,013
	211,223	**33,432**	**244,655**

	2017/2018		
Post	Salary, allowances & other benefits £	Pension Contributions £	Total Remuneration £
Partnership Managing Director	63,583	8,865	72,448
Strategic Director - Resources (and Head of Paid Service)	70,932	10,372	81,304
Strategic Director - Planning	56,517	9,382	65,899
Strategic Director - Environment	75,750	12,575	88,325
Monitoring Officer	63,832	9,730	73,563
	330,615	**50,925**	**381,540**

1. The Chief Finance Officer is an employee of Cotswold District Council, who acts as Chief Finance Officer for both Cotswold District Council and West Oxfordshire District Councils. The costs shown above represent the employment cost incurred and paid by the employing Council (Cotswold). 50% of these costs will be charged to West Oxfordshire, although the full salary and employment costs for the individual are shown above for comparability and transparency.

Other Officer Remuneration

The Authority's total employees receiving more than £50,000 remuneration for the year, (excluding those above) were as follows:

	2017/18	2018/19
	Number of Officers	
£50,000 to £54,999	1	0
£55,000 to £59,999	0	0
£60,000 to £64,999	0	0
£65,000 to £69,999	0	0
£70,000 to £74,999	1	0
£75,000 to £79,999	0	0

The number of employees receiving salaries in excess of £50,000 has decreased between years due to the majority of the Council's staff TUPE-transferring to Publica Group (Support) Limited on 1st November 2017.

B9. Grant Income

The following significant grants and contributions were credited to the Comprehensive Income and Expenditure Statement during the year.

	2017/18 £	2018/19 £
Revenue grants credited to Cost of Services		
Housing Benefit Subsidy	(22,981,417)	(19,731,940)
Housing Benefit Administration Subsidy	(305,578)	(116,032)
Other grants	(900,309)	(161,032)
	(24,187,304)	**(20,009,004)**
Revenue grants credited to Taxation and Non Specific Grant Income		
New homes bonus grant	(1,872,606)	(1,599,061)
Revenue Support Grant	(636,593)	(372,528)
S31 NDR compensation grant	(1,379,121)	(1,522,032)
Rural services delivery grant	(101,878)	(126,956)
Other specific government grants	(205,285)	(9,332)
	(4,195,483)	**(3,629,909)**
Capital grants credited to the Comprehensive Income and Expenditure		
Better Care Funding	(452,865)	(688,947)
S.106 Receipts & other capital grants	(697,087)	(2,504,828)
	(1,149,952)	**(3,193,775)**

Where the Council has been given grants or contributions with conditions attached, which the Council has yet to meet, these grants are treated as receipts in advance until the conditions are met. The grants and contributions held at the balance sheet date are as follows:

	2017/18 £	2018/19 £
Environment Agency Grant [for specific Land drainage works]	(174,266)	(174,266)
Better Care Funding	(182,753)	(232,039)
Long Term Capital Receipt in advance	(357,019)	(406,305)
S106 Capital Contributions [due to third parties]	(639,176)	(1,150,140)
Short Term Capital Receipt in advance	(639,176)	(1,150,140)
Total Capital Receipt in Advance	**(996,195)**	**(1,556,445)**

B10. Termination Benefits

Redundancy and Compensation

There is no redundancy and compensation cost in 2018/19.

Pension Strain

No pensions strain cost in 2018/19. Any additional contributions (strain contributions and augmentation contributions) that are due to be paid in the year by the Council, under any agreement with the pension fund, are recognised immediately as an expense.

The total amount charged and accrued for in the Comprehensive Income & Expenditure Statement is as follows:

	2017/18 No. of packages	2017/18 £	2018/19 No. of packages	2018/19 £
Severance Payments	1	7,178	0	0
Pension Strain Costs	0	0	0	0
	1	**7,178**	**0**	**0**

Exit Packages

There is no exit package cost charged to the Council's Comprehensive Income and Expenditure Statement for the current year.

The total number and value of the exit packages, grouped into bands of £20,000 up to £100,000 and bands of £50,000 thereafter, are as follows:

	2017/18 No. of packages	2017/18 £	2018/19 No. of packages	2018/19 £
£0 - £20,000	1	7,178	0	0
£20,001 - £40,000	0	0	0	0
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	0	0	0	0
	1	**7,178**	**0**	**0**

C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2018/19			
	General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,255,108)	0	0	0
Revaluation losses on Property, Plant and Equipment	(200,161)	0	0	0
Movements in the fair value of Investment Properties	6,873,362	0	0	0
Capital Grants and Contributions applied	16,847	913,626	0	0
Revenue Expenditure funded from Capital Under Statute	(58,994)	0	0	0
Non current assets written off on disposal or sale	0	0	0	0
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	0	0	0	0
Capital expenditure charged against General Fund Balance	422,075	0	0	0
Statutory provision for the repayment of debt	493,770	0	0	0
Capital grants and contributions credited to CI&ES	2,387,981	0		(2,387,981)
Unattached Capital Receipts	787,297	0	(787,297)	0
Adjustments to Capital Resources				
Application of grants to capital financing tfrd to CAA		0	0	822,603
Use of capital receipts reserve to finance new capital expenditure	0	0	978,137	0
Transfer from Deferred Capital Receipts on receipt of cash	0	0	(514,961)	0
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	(8,405)			
			0	
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	(2,727,000)	0	0	0
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(351,520)	0	0	0
	6,380,144	**913,626**	**(324,121)**	**(1,565,378)**

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

	2017/2018			
	General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,512,168)	0	0	0
Revaluation losses on Property, Plant and Equipment	0	0	0	0
Movements in the fair value of Investment Properties	1,685,203	0	0	0
Capital Grants and Contributions applied	640,168		0	0
Revenue Expenditure funded from Capital Under Statute	(864,904)	0	0	0
Non current assets written off on disposal or sale	(4,683,415)	0	0	0
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	3,683,521	0	(178,282)	0
Capital expenditure charged against General Fund Balance	517,478	0	0	0
Statutory provision for the repayment of debt	405,402	0	0	0
Capital grants and contributions credited to CI&ES	393,959	0	0	(393,959)
Unattached Capital receipts	428,591	0	(458,880)	0
Adjustments to Capital Resources				
Application of grants to capital financing tfrd to CAA		0	0	188,295
Use of capital receipts reserve to finance new capital expenditure	0	0	500,000	0
Transfer from Deferred Capital Receipts on reciept of cash	0	0	(409,072)	0
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	(1,085,000)	0	0	0
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(334,876)	0	0	0
Reversal of Accumulated Absences from CI&ES	120,000			
	(606,041)	**0**	**(546,234)**	**(205,664)**

C2. Usable Reserves

Earmarked Reserves

The Council's General Fund comprises an unallocated element, used to meet day-to-day spending and 'Earmarked Reserves' – amounts set aside to provide financing for future specific expenditure or projects.

Movements in 'Earmarked Reserves' during the year are shown below:

Earmarked Reserves	Balance 1 April 2018 £	Transfers between reserves £	Transfers Out £	Transfers in £	Balance 31 March 2019 £
Improvement & Change Management	(72,055)	0	0	0	**(72,055)**
High Speed Broadband	(1,578,851)	0	0	0	**(1,578,851)**
Investment Property Improvement	(610,785)	0	0	0	**(610,785)**
Business Rate Movement	(1,500,000)	0	0	(399,589)	**(1,899,589)**
2020 Programme	(634,887)	0	388,675	0	**(246,212)**
Carterton LC Phase 2	(413,626)	0	413,626	0	**0**
DCLG community housing fund	(376,966)	0	99,758	0	**(277,208)**
Garden Village Grant	(375,285)	0	48,649	0	**(326,636)**
Leisure contract 17/18 budget gap	(30,000)	0	0	0	**(30,000)**
Benefits subsidy smoothing reserve	(200,000)	0	0	0	**(200,000)**
Leisure capital funding reserve	(500,000)	0	500,000	0	**0**
Service resilience reserve	(200,000)	0	0	0	**(200,000)**
Environment service reserve	(150,000)	0	0	0	**(150,000)**
Capital Development Reserve	(272,606)	0	0	0	**(272,606)**
Flexible Homelessness Support Grant	(72,546)	0	0	(74,496)	**(147,042)**
Rev & Bens one-off grant funding	(251,789)	0	63,424	0	**(188,365)**
Invest to Save Reserve (1718 outturn)	(1,000,000)	0	0	0	**(1,000,000)**
Delivery of Council Priorities	(1,000,000)	60,000	0	(172,000)	**(1,112,000)**
Syrian Refuees Reserve	(10,137)	0	0	(278,656)	**(288,793)**
Other earmarked reserves	(607,926)	(60,000)	332,989	(630,540)	**(965,477)**
	(9,857,459)	**0**	**1,847,121**	**(1,555,281)**	**(9,565,619)**

C3. Unusable Reserves

Summary of Unusable Reserves

	2017/18 £	2018/19 £
	(restated)	
Revaluation Reserve	(23,103,719)	(27,831,083)
Capital Adjustment Account	(64,554,528)	(74,060,582)
Pension Reserve	34,543,000	40,045,000
Deferred Capital Receipts Reserve	(4,127,040)	(3,612,079)
Collection Fund Adjustment Account	116,489	468,009
Accumulated Absences Account	6,648	6,648
AFS Instruments / Pooled Invesetment Fund Reserve	(839,276)	8,405
	(57,958,426)	**(64,975,683)**

The Property, Plant and Equipment (PPE) values were restated as at 31st March 2018 due to a change in the treatment of two leased assets. The restatement has affected the PPE value and the unusable reserves values. Please see note D1 to these accounts for further explanation.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority from increases in the value of its Property, Plant and Equipment. 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.

The reserve contains only revaluation gains accumulated since 1st 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.

	2017/18 £ [restated]	2018/19 £
Opening Balance - 1 April	(21,779,486)	(23,103,719)
Upward revaluation of assets	(2,974,419)	(8,556,995)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	20,373	3,329,734
Surplus / deficit on revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services	*(2,954,046)*	*(5,227,261)*
Difference between fair value and historic cost depreciation	424,678	351,897
Other balances written out to the Capital Adjustment Account	11,070	148,000
Amount written off to the Capital Adjustment Account	*435,748*	*499,897*
Prior year adjustment	1,194,065	
Closing Balance - 31 March	**(23,103,719)**	**(27,831,083)**

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. The Account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007 [the date at which the Revaluation Reserve was created to hold such gains].

	2017/18 £	2018/19 £
Opening Balance - 1st April	(67,864,656)	(64,554,528)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation of non current assets	1,512,168	1,255,108
Revaluation losses on Property, Plant and Equipment	0	200,161
Revenue expenditure funded from capital under statute	864,904	58,994
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	4,683,415	0
	7,060,487	1,514,263
Adjusting amounts written out of the Revaluation Reserve		
Amounts written out on disposal or sale of non current assets	(11,070)	(148,000)
Historical cost depreciation adjustment	(424,678)	(351,897)
	(435,748)	(499,897)
Net written out amount of the cost of non current assets consumed in year	**6,624,739**	**1,014,366**
Capital financing applied in year		
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(978,137)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(640,168)	(16,847)
Earmarked Reserves credited to Ci&ES to capital financing	0	(913,626)
Application of grants to capital financing from the Capital Grants Unapplied Account	(188,295)	(822,603)
Statutory provision for the repayment of debt	(405,402)	(493,770)
Capital expenditure charged against the General Fund Balance	(517,478)	(422,075)
	(1,751,343)	(3,647,058)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(1,685,203)	(6,873,362)
restated closing balance	121,935	
Closing Balance - 31 March	**(64,554,528)**	**(74,060,582)**

Pension 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 Authority 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.

Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or pays any pensions for which it is directly responsible. The negative balance on the Pensions Reserve represents a shortfall in the benefits earned by past and current employees and the resources the Authority 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.

	2017/18 £	**2018/19 £**
Opening Balance - 1 April	37,440,000	34,543,000
Return on plan assets	(338,000)	(2,232,000)
Remeasurement of the net defined benefit liability	(3,644,000)	5,007,000
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	3,456,000	3,765,000
Employers' pension contributions	(2,371,000)	(1,038,000)
Closing Balance - 31 March	**34,543,000**	**40,045,000**

Deferred Capital Receipts Reserve

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

	2017/18 £	**2018/19 £**
Opening Balance - 1 April	(561,162)	(4,127,040)
New loans / new deferred receipt	(4,005,239)	0
Transfer to the Capital Receipts Reserve on receipt of cash	439,361	514,961
Closing Balance - 31 March	**(4,127,040)**	**(3,612,079)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	Balance 1 April 2018 £	Transfers in £	Balance 31 March 2019 £
Amounts by which income credited to the Comprehensive Income and Expenditure Statement is different from income calcuated for the year in accordance with statutory requirements:			
Council Tax	(36,702)	(19,557)	(56,259)
NNDR	153,191	371,077	524,268
	116,489	**351,520**	**468,009**

Accumulated Absences Adjustment Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year [the cost of the annual leave entitlement still owed by the Council to its employees at 31st March].

	2017/18 £	2018/19 £
Opening Balance - 1 April	126,648	6,648
Movement in year	(120,000)	0
Closing Balance - 31 March	**6,648**	**6,648**

Available-for-Sale Financial Instruments Reserve

In previous years, the available for sale financial instruments reserve contains the gains made by the Council arising from changes in the value of its investments that have quoted marked prices or otherwise do not have fixed or determined payments. From 1st April 2018 IFRS9 removed the category of 'Available for Sale'. The balance was therefore written out and re-categorised in the year.

	2017/18 £	2018/19 £
Opening Balance - 1 April	(1,165,466)	(839,276)
Movement in year	326,190	
Transfer to General Fund on transition to IFRS9	0	704,229
Restate A2D Corporate Bond to Amortised Cost on transition to IFRS9		135,047
Closing Balance - 31 March	**(839,276)**	**0**

Pooled Investment Fund Adjustment Account

The pooled investment fund adjustment account is used solely for the purpose of recognising fair value gains and losses on the Council's pooled investment funds under statutory provisions.

	2017/18 £	2018/19 £
Opening Balance - 1 April	-	0
Changes in fair value of Pooled Investment Funds		8,405
Closing Balance - 31 March	**-**	**8,405**

D1. Property, Plant and Equipment

Prior Period adjustment – asset values

The Council is lessee on two industrial estate sites within the district. The Council then acts as lessor in subletting these properties out to tenants.

In the past these properties have been added onto the Council balance sheet and subsequently revalued. Upon review, it was decided that this treatment was incorrect. The lease indicates that the assets are only held under the terms of an operating lease, and therefore the assets should not be present on the Council's balance sheet. The value of the assets was £1.316m at 31.3.18 on the balance sheet.

The Councils '*non-current assets'* value is therefore overstated as are the corresponding financing lines in the '*capital adjustment account*' and '*revaluation reserve*'. The prior period adjustment is therefore restating the balance sheet, removing the asset and unusable reserve balances relating to the two properties.

The effect upon the balance sheet is as follows:

	Published balance sheet 31.3.18	Adjustment made	Restated balance sheet 31.3.18
Property, Plant & Equipment (PPE) line	52,293,543	(1,316,000)	50,977,543
Net assets	89,346,637	(1,316,000)	88,030,637
Reserves and financing lines			
Capital Adjustment Account	(64,676,463)	121,935	(64,554,528)
Revaluation Reserve	(24,297,784)	1,194,065	(23,103,719)
Total reserves	(89,346,637)	1,316,000	88,030,637

In addition to the changes on the balance sheet, these changes have been restated in the following notes to the accounts:

- D1 *Property Plant and Equipment*
- C3, *Unusable reserves*

The accounting treatment for these assets will be reviewed again as part of the Council's preparations for the implementation of IFRS16 for the 2020/2021 financial year. IFRS16 will require local authorities that are lessees to review and potentially recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities.

Property, Plant and Equipment

Movements in 2018/19	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets under Construction £	TOTAL P&P&E £
Asset Cost or Valuation						
Asset values at 31 March 2018	44,822,782	4,399,320	917,659	5,806,710	0	**55,946,471**
Prior year adjustment	(1,316,000)	0	0	0	0	(1,316,000)
Asset values at 1 April 2018	**43,506,782**	**4,399,320**	**917,659**	**5,806,710**	**0**	**54,630,471**
Additions	548,382	697,895			2,235,362	3,481,639
Revaluation increases / (decreases)	4,746,593	0	0	(838,395)	0	3,908,198
Derecognition - disposals	0	(2,345,492)	0	0	0	(2,345,492)
Asset values at 31 March 2019	**48,801,757**	**2,751,723**	**917,659**	**4,968,315**	**2,235,362**	**59,674,816**
Depreciation						
Accumulated depreciation at 1 April 2018	(538,908)	(3,114,020)	0	0	0	**(3,652,928)**
Depreciation charge for the year	(818,796)	(362,316)	0	0	0	(1,181,112)
Depreciation written out on revaluation	1,118,902	0	0	0	0	1,118,902
Derecognition - disposals	0	2,345,492	0	0	0	2,345,492
Other movements	0	0	0	0	0	0
Accumulated depreciation at 31 March 2019	**(238,802)**	**(1,130,844)**	**0**	**0**	**0**	**(1,369,646)**
Net Book Value of Assets						
1st April 2018	42,967,874	1,285,300	917,659	5,806,710	0	50,977,543
31st March 2019	**48,562,955**	**1,620,879**	**917,659**	**4,968,315**	**2,235,362**	**58,305,170**

Movements in 2017/18	**Land & Buildings £**	**Vehicles, Plant & Equipment £**	**Infrastructure Assets £**	**Community Assets £**	**Surplus Assets £**	**TOTAL P&P&E £**
Asset Cost or Valuation						
Asset values at 1 April 2017	42,318,216	3,781,115	1,142,177	917,659	5,806,710	**53,965,877**
Additions	323,462	4,427,119				4,750,581
Revaluation increases / (decreases)	2,340,489					2,340,489
Derecognition - disposals	(39,000)	(3,808,914)	(1,142,177)			(4,990,091)
Transfers and reclassifications	(120,385)					(120,385)
Asset values at 31 March 2018	**44,822,782**	**4,399,320**	**0**	**917,659**	**5,806,710**	**55,946,471**
Depreciation						
Accumulated depreciation at 1 April 2016	(232,092)	(2,902,897)	0	0	0	**(3,134,989)**
Depreciation charge for the year	(923,373)	(514,798)	0	0	0	(1,438,171)
Depreciation written out on revaluation	613,557		0	0	0	613,557
Derecognition - disposals	3,000	303,675	0	0	0	306,675
Accumulated depreciation at 31 March 2018	**(538,908)**	**(3,114,020)**	**0**	**0**	**0**	**(3,652,928)**
Net Book Value of Assets						
1st April 2017	42,086,124	878,218	1,142,177	917,659	5,806,710	50,830,888
31st March 2018	**44,283,874**	**1,285,300**	**0**	**917,659**	**5,806,710**	**52,293,543**

The Code requires that assets are formally revalued at least every 5-years. Assets are formally revalued as part of a 3-year rolling programme, with assets revalued more frequently is there is evidence that asset values may have changed. The table below summarises valuations undertaken, by year:

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Total PPE £000
Carried at (depreciated) historic cost	0	1,620	917	0	2,537
Valued at current value as at 31 March:					
2015/16	1,056	0	0	244	1,300
2016/17	6,248	0	0	21	6,269
2017/18	0	0	0	0	0
2018/19	41,259	0	0	4,703	45,962
Total cost or valuation	**48,563**	**1,620**	**917**	**4,968**	**56,068**

Asset valuation, amortisation and depreciation

Service areas are charged depreciation to represent the real cost of holding and using non-current assets. The value of an asset (less any residual value) will be written-down on a straight-line basis over the useful economic life of the asset. The following useful lives have been used in the calculation of depreciation and amortisation:

- Land assets are generally not depreciated
- Operational buildings are typically depreciated over 30 to 60 years useful lives, depending upon the particular asset and an estimate of the asset life from the Council's valuer
- Car Parks – over 20-years or lifetime agreed with the Council's valuer
- Vehicles, Plant and Equipment are depreciated over 5 to 7 years as appropriate
- Surplus assets will have lives based upon the type of asset – eg. Buildings 30 to 60 years, land indefinite lifespans. Useful economic lives will be agreed with the valuer.
- Heritage and Community Assets are not depreciated

Capital Commitments

The Council is part-way through the redevelopment and expansion of its Leisure Centre in Carterton. The scheme was underway at the balance sheet date, with £2.2m having been spent against the committed budget of £8.3m.

Effects of changes in estimates

The Council has not made any changes in its accounting estimates in either the life or depreciation methods of assets during the year.

Revaluations

The 2018/19 PPE valuations and impairment review were undertaken by Mr. D. Thurlow BSc (Hons) MRICS, of West Oxfordshire District Council, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and the Code of Practice on Local Authority Accounting in the United Kingdom .

Assets are valued as part of a rolling programme of revaluations. All assets are valued on a 3-yearly rolling programme.

In estimating asset values it has been assumed that:

- The capacity of utility services [electricity, gas, water, mains drainage] are adequate for the future use of the properties
- All assets have planning consent for their existing uses
- Tenancies are not subject to any unusual or onerous restrictions
- No contamination exists in relation to property assets [land and buildings] sufficient enough to affect value.

With the introduction and application of IFRS13 in 2015/16, the Council's surplus assets have been reviewed and measured at fair value based upon 'highest and best use'. The surplus assets that the Council owns are strips of land and therefore there are not depreciated. Within the fair-value hierarchy, the Council's Surplus Assets are deemed as 'level 2' category. The Surplus Assets valuation were undertaken by Mr. D. Thurlow (Hons) MRICS, of West Oxfordshire District Council.

D2. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2017/18 £	2018/19 £
Rental income	(3,751,393)	(3,645,765)
Direct operating expenses	255,143	253,620
Net (gains) / losses from fair value adjustments	(1,685,203)	(6,873,362)
	(5,181,453)	**(10,265,507)**

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

The 2018/19 Investment Property valuations were undertaken by valuers at Carter Jonas Property Consultants. The valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (as outlined in Note D1 above).

Under the CIPFA Code the Council's Investment Properties are classified as 'level 2' within the fair-value hierarchy. The assets have been suitably valued, based upon current market conditions, sale prices for similar assets, or contractual income for the properties. These observable inputs have been used to classify the assets accordingly. There have been no movements between categories within the hierarchy during the year.

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

	2017/18 £	2018/19 £
Opening Balance - 1 April	43,340,552	45,146,140
Additions	0	0
Net gains / (losses) from fair value adjustments	1,685,203	6,873,362
Reclassification - transfer to Property, Plant & Equipment	120,385	0
Closing Balance - 31 March	**45,146,140**	**52,019,502**

Fair value hierarchy

International Financial Reporting Standard 13 (IFRS13) *'Fair Values'* requires all assets measured at fair value to be classified into one of three levels, depending upon the basis of valuation. The 'fair value' of an asset is the price that would be received if it were sold.

The Council's Investment Property assets are deemed to be categorised as Level 2 in the valuation hierarchy, as the fair value of the assets have been derived primarily from income streams. Authorities are required to maximise the use of level 1 inputs (available prices) and minimise the use of level 3 inputs (calculations based upon non-market data such as cash-flow forecasts and other non-market data).

D3. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased software only, as the Authority has no internally generated software.

All intangible assets are amortised on a straight-line basis over a 5 year period. This represents the period over which the software is expected to be of use to the Council.

Amortisation of intangible assets is charged to the Comprehensive Income & Expenditure Account. For service-specific systems, amortisation is charged direct to the service using the asset. For corporate systems amortisation is allocated across all services benefitting from the asset.

Movements in Intangible Assets

	2017/18 £	2018/19 £
Asset Cost or Valuation		
Asset values at 1 April	605,433	605,433
Additions	0	0
Derecognition	0	(64,157)
Asset values at 31 March	**605,433**	**541,276**
Amortisation		
Accumulated Amortisation at 1 April	(359,209)	(433,205)
Amortisation charge for the year	(73,996)	(73,996)
Derecognition	0	64,157
Accumulated Amortisation at 31 March	**(433,205)**	**(443,044)**
Net carrying amount at 31 March	**172,228**	**98,232**

NOTES TO THE BALANCE SHEET

D4. Current Debtors

	2017/18 £	2018/19 £
Government Departments	2,266,188	892,264
Other Local Authorities [Statutory]	80,910	0
Other Local Authorities [Trading]	1,666,773	833,614
Collection Fund debtors (WODC Share)	728,066	458,878
Housing Benefit recovery	1,430,388	1,056,531
Sundry Debtors	1,971,707	2,874,176
Finance Leases - principal outstanding	514,962	509,936
Other Debtors	346,071	1,066,470
Prepayments	138,945	461,286
	9,144,010	8,153,155
Less provision for impairment of receivables:		
Collection Fund provisions (WODC share)	(268,047)	(230,182)
Housing Benefit recovery	(1,402,947)	(1,056,531)
Sundry Debtors	(229,571)	(599,917)
	7,243,445	**6,266,525**

D5. Current Creditors

	2017/18 £	2018/19 £
Government Departments	(3,396,540)	(3,777,830)
Other Local Authorities [Statutory]	(329,391)	(338,862)
Other Local Authorities [Trading]	(1,666,044)	(1,087,222)
Collection Fund (WODC Share)	(465,506)	(335,785)
Sundry Creditors	(2,158,760)	(2,542,983)
Receipts in advance:		
Collection Fund - NNDR prepayment	(100,356)	0
Collection Fund - Council Tax prepayment	(56,828)	0
Sundry Creditors receipts in advance	(2,112,685)	(2,124,114)
	(10,286,110)	(10,206,796)
S106 Balances	(2,473,285)	(2,868,939)
	(12,759,395)	**(13,075,735)**

D6. Provisions

	Opening Provision 1 April £	New provisions in-year £	Use of provisions £	Provisions returned to revenue £	Closing Provision 31 March £
Property Searches Litigation	(15,468)	0	0	0	**(15,468)**
Business Rates (NDR) Appeals	(1,540,196)	(775,638)	598,430	0	**(1,717,404)**
Exit Packages	(27,081)	0	18,776	0	**(8,305)**
	(1,582,745)	**(775,638)**	**617,206**	**0**	**(1,741,177)**

Property Searches Litigation

In 2013/14 the Council was named (along with all other English local authorities) in a litigation case regarding the charging of property searches. The Council has established a provision for its likely repayment of search fees. This case is now substantially completed. The remaining balance on the provision will be returned to revenue when any outstanding legal fees have been settled. It is anticipated that the remaining balance on this provision will be reversed to revenue in 2019/20

Business Rates (NNDR) appeals

The NNDR provision has been set aside for the potential cost to the Council in relation to outstanding appeals against property valuations.

Exit Packages

Provision for the cost of termination benefits payable to employees as a result of restructuring during the year.

D7. Non - Current Debtors

	31 March 2018 £	31 March 2019 £
Equity Loans Scheme	232,114	232,114
Parish/Town Council Loans	144,294	131,716
Charge on former Unicorn Public House - Great Rollright	31,498	20,498
Vehicles Leases	2,778,251	2,268,315
	3,186,157	2,652,643
Southill Solar Loan	500,000	500,000
	3,686,157	**3,152,643**

D8. Capital Expenditure and Financing

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

The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to borrow during the year to fund capital investment which has not been funded immediately from resources such as grants, capital receipts and direct funding from revenue.

	2017/18 £	2018/19 £
Opening Capital Financing Requirement	**4,864,151**	**8,727,909**
Capital Investment in Year		
Property, Plant & Equipment	4,750,582	3,481,639
Intangible Assets	0	0
Loans from capital resources	500,000	0
Revenue Expenditure Funded from Capital under Statute	864,904	865,966
	6,115,486	4,347,605
Sources of Finance		
Capital Reciepts	500,000	977,537
Government grants & other cotnributions	828,464	1,528,398
Minimum Revenue Provision	405,785	494,370
Earmarked reserves	0	913,626
Direct Revenue Contributions	517,478	540,100
	2,251,728	4,454,031
Net Increase / (Decrease) in Capital Financing Requirement	**3,863,759**	**(106,426)**
Closing Capital Financing Requirement	**8,727,909**	**8,621,483**

E1. Notes to the Cash Flow Statement

a. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2017/18 £	2018/19 £
Depreciation, amortisation and impairment	1,512,168	1,455,269
Increase / (decrease) in creditors	(122,916)	281,776
(Increase) / decrease in debtors	(2,869,553)	(2,253,592)
Increase / (decrease) in provision for bad debts	100,794	23,929
(Increase) / decrease in inventories	987	5,467
Pensions' liability	1,085,000	2,727,000
Carrying amount of non current assets sold	4,683,416	0
Increase / (decrease) in provisions	0	158,432
Movements in the fair value of investment properties	1,685,203	(6,888,758)
Other non cash items charged to Surplus/Deficit on the Provision of Services	216,261	(594,674)
	6,291,359	**(5,085,151)**

b. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing or financing activities

	2017/18 £	2018/19 £
Capital grants and contributions	(3,647,553)	(2,404,828)
Proceeds from the sale of non current assets	(542,182)	0
	(4,189,735)	**(2,404,828)**

c. Investing Activities

	2017/18 £	2018/19 £
Purchase of property, plant & equipment and other capital investment	(5,250,582)	(3,371,809)
Purchase of short term and long term investments	(22,700,000)	(40,354,731)
Proceeds from the sale of non current assets	(2,194,123)	514,961
Proceeds from disposal of short term and long term investments	22,420,316	40,737,530
Other (reciepts) / payments from investing activities	1,240,657	3,538,716
	(6,483,732)	**1,064,666**

d. Financing Activities

	2017/18 £	2018/19 £
Finance lease repayments	(17,923)	0
	(17,923)	**0**

F1. Transition to IFRS9 (Changes in Accounting Policy)

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) adopted IFRS9 Financial Instruments with an effective date of 1st April 2018 i.e. applying to the 2018/19 Statement of Accounts and formally defines the date of initial application as 1st April 2018.

In accordance with section 3.3 of the Code and IAS8 Accounting Policies, Changes in Accounting Estimates and Errors, requires authorities to apply IFRS9 retrospectively. However, this is subject to a number of concessions, the most important of which mean that there should be no restatement of prior year information and therefore whilst certain adjustments should generally be calculated with retrospection, adjustments are only accounted for at 1st April 2018.

IFRS9 introduces fundamental changes to the classification of financial assets. Although the effects of any reclassification of assets on transition are accounted for at 1 April 2018, the amounts of any adjustments should be based on retrospective measurements, i.e. as if the new provisions had always applied.

Classification is a principles based approach that considers the business model for holding the assets (i.e.why are we holding the asset) and the characteristics of the cashflows relating to that asset:

IFRS9 also introduces a new model for measuring expected credit losses and the basic requirement of the Code is that losses should be restated retrospectively, such that losses are adjusted to the figure that would have been arrived at if IFRS9 had always applied. Financial Assets where the counterparty is central government or another local authority are exempt from expected credit losses as relevant statutory provisions prevent default.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Where credit risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses. Only lifetime losses are recognised for trade receivables (debtors).

The table on the following page sets out the reclassification, re-measurement and adjustments made to its financial assets as at 1st April 2018.

Category	Financial Instrument(s)	carrying value at 31 March 2018 Non-Current £	carrying value at 31 March 2018 Current £	SPPI*	Business Model	IFRS9 Classification	carrying value at 1 April 2018 Non-Current £	carrying value at 1 April 2018 Current £	Expected Credit Loss Basis	Expected Credit Loss £
Loans & Receivables	Investments	0	9,048,741	Y	Hold to collect	Amortised Cost	0	9,048,741	12mth	3,882
Available for Sale Financial Assets	UK/Foreign Bank Deposits	0	2,055,560				0	2,055,560		
Available for Sale Financial Assets	Corporate Bond	2,736,626	0				2,548,223	0		
Loans & Receivables	Debtors	500,000	3,782,421				500,000	3,782,421	Lifetime	1,632,518
Available for Sale Financial Assets	Pooled Investment Funds	12,665,529	0	N	Other	Fair Value through Profit or Loss	12,665,529	0	n/a	0
Loans & Receivables	Money Market Funds	0	2,950,209				0	2,950,209	n/a	0
		15,902,155	**17,836,931**				**15,713,752**	**17,836,931**		

Expected Credit Loss - Notes

[1] The Council has financial assets Included in Amortised Cost Investments where the counterparty is another Local Authority; no expected credit loss has been calculated for these assets

[2] The expected credit losses calculated by the Council's treasury mangement advisors as at 31st March 2018 are deemed immaterial and therfore no adjustment has been made to the carrying value of the financial assets as at 1 April 2018

**Sole payments of principle and interest*

F2. Defined Benefit Pension Scheme

Participation in pension schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS) is administered locally by Oxfordshire County Council. It is a defined benefit scheme, based upon final salary scheme and length of service upon retirement. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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

Changes to the LGPS came into effect from 1st April 2014. Benefits accrued from this date are based on a career average revalued salary. Various protections will be in place for those members and benefits accrued in the scheme before the changes take effect.

The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). It is contracted out of the State Second Pension.

Publica Group (Support) Limited

During 2017/18 the Council transferred the majority of its staff under TUPE legislation to Publica Group (Support) Limited, a wholly owned local authority company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council. The pension fund disclosure notes on the following pages include the staff transferred to Publica. All staff are pooled (counted as one scheme by the pension fund) as the Council continues to underwrite the pension liabilities on the whole scheme.

The results also include WODC-Ubico staff that are also pooled in the same way.

Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge the Council makes to council tax is based upon the actual cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement (MiRS).

The following transactions have been charged to the Comprehensive Income & Expenditure account and General Fund Balance during the year:

	2017/18 £	2018/19 £
Comprehensive Income & Expenditure Statement		
Cost of Services:		
Current Service Cost	2,382,000	2,095,000
Past Service Cost	62,000	749,000
(Gains)/loss from settlements	0	0
Financing and Investment Income & Expenditure:		
Net Interest Expense	1,012,000	921,000
Net Charge to Surplus or Deficit on Provision of Services	**3,456,000**	**3,765,000**
Other post employment benefit charged to Comprehensive Income & Expenditure Statement		
Remeasurment of the net defined benefit liability comprising:		
Return on Plan Assets	(338,000)	(2,232,000)
Actuarial (gains) / losses arising on changes in financial assumptions	(3,706,000)	4,977,000
Actuarial gains and losses - demographic assumptions	0	
Experience (gains) / losses on defined benefit obligation	62,000	30,000
Other actuarial (gains) / losses	0	
	(3,982,000)	**2,775,000**
Total post employment benefits charged to the Comprehensive Income & Expenditure Statement	**(526,000)**	**6,540,000**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	**3,456,000**	**(3,765,000)**
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to the scheme	**(2,371,000)**	**1,038,000**

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	2017/18 £	2018/19 £
Present value of the defined benefit obligation - funded	(87,853,000)	(96,063,000)
Present value of unfunded obligations	(713,000)	(726,000)
Fair Value of Plan Assets	54,023,000	56,744,000
Net liability arising from defined benefit obligation	**(34,543,000)**	**(40,045,000)**

Reconciliation of Movements in the Fair Value of Scheme (Plan) Assets

	2017/18 £	2018/19 £
Opening Fair Value of Scheme Assets	51,508,000	54,023,000
Interest Income	1,401,000	1,392,000
Administration Expense	0	0
Remeasurement Gains / (Losses)	338,000	2,232,000
Other Actuarial gains/losses	0	0
Employers' Contributions [including Unfunded]	2,371,000	1,038,000
Employee Contributions	404,000	374,000
Benefits Paid [including Unfunded]	(1,999,000)	(2,315,000)
Settlement prices received /paid	0	0
Closing Balance 31 March	**54,023,000**	**56,744,000**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2017/18 £	2018/19 £
Opening Balance 1 April	**(88,948,000)**	**(88,566,000)**
Current Service Cost	(2,382,000)	(2,095,000)
Interest Cost	(2,413,000)	(2,313,000)
Contributions from Scheme Participants	(404,000)	(374,000)
Past Service Cost	(62,000)	(749,000)
Remeasurement Gains / (Losses)	3,644,000	(5,007,000)
Change in demographic assumptions	0	0
Liabilities assumed/extinguished on settlements	0	0
Benefits Paid	1,956,000	2,271,000
Unfunded Benefits Paid	43,000	44,000
Closing Balance 31 March	**(88,566,000)**	**(96,789,000)**
Funded	(87,853,000)	(95,324,000)
Unfunded	(713,000)	(726,000)

Composition of Scheme Assets

	Period ended 31 March 2019			
	Quoted	Unquoted	Total	Percentage of total assets
	£000	£000	£000	%
Equity Securities:				
Consumer	1,261.0	0.0	1,261.0	2%
Manufacturing	803.9	0.0	803.9	1%
Energy and Utilities	696.1	0.0	696.1	1%
Financial Institutions	1,407.9	0.0	1,407.9	2%
Health and Care	775.1	0.0	775.1	1%
Information technology	1,018.0	0.0	1,018.0	2%
Other	0.0	0.0	0.0	0%
Debt Securities:				
Corporate Bonds (investment grade)	0.0	0.0	0.0	0%
Corporate Bonds (non-investment grade)	0.0	0.0	0.0	0%
UK Government	5,551.1	0.0	5,551.1	10%
Other	1,098.1	0.0	1,098.1	2%
Private Equity:				
All	2,214.3	2.4	2,216.7	4%
Real Estate:				
UK Property	0.0	0.0	0.0	0%
Overseas Property	0.0	0.0	0.0	0%
Investment funds and unit trusts:				
Equities	0.0	26,795.9	26,795.9	47%
Bonds	0.0	3,904.1	3,904.1	7%
Hedge Funds	0.0	0.0	0.0	0%
Commodities	0.0	0.0	0.0	0%
Infrastructure	0.0	301.4	301.4	1%
Other	0.0	8,407.6	8,407.6	15%
Derivatives:				
Inflation	0.0	0.0	0.0	0%
Interest rate	0.0	0.0	0.0	0%
Foreign exchange	66.6	0.0	66.6	0%
Other	0.0	0.0	0.0	0%
Cash and cash equivalents				
All	2,207.5	0.0	2,207.5	4%
Total	**17,100**	**39,411**	**56,511**	**100%**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, as an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, the financial assumptions are summarised below:

Mortality Assumptions	Males	Females
Current Pensioners	23.4 years	25.5 years
Future Pensioners (those aged 45 at March 2019)	25.6 years	27.8 years
Financial Assumptions	**2017/18**	**2018/19**
Rate of increase in pensions	2.4%	2.5%
Rate of increase in salaries	3.6%	3.8%
Discount Rate	2.6%	2.4%

CPI p.a to 31 March 2020, followed by CPI plus 1.5% thereafter. The figures shown are based on a weighted average of these rates using the Employer's average term to retirement of final salary linked benefits.

Sensitivity Analysis

IAS 19 requires disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumption at 31 March 2019:	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	9%	8,595
0.5% increase in the Salary increased Rate	1%	1,218
0.5% increase in the Pension increase Rate	8%	7,223

The estimated employer's contributions for the year to 31st March 2020 will be approximately £869,000.

F3. Financial Instruments

Categories of Financial Instruments

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

2017/2018 Non-Current £	2017/2018 Current £		2018/2019 Non-Current £	2018/2019 Current £
		Loans and Receivables		
0	9,048,741	Investments		
0	2,950,209	Cash and cash equivalents		
500,000	3,782,421	Debtors		
500,000	15,781,371			
		Financial Assets at Amortised Cost		
		Investments	2,601,578	13,084,446
		Cash and cash equivalents		0
		Debtors	500,000	4,174,343
		Finance Leases	2,268,315	509,936
			5,369,893	17,768,725
		Available for Sale Financial Assets		
15,402,155	2,055,560	Investments		
15,402,155	2,055,560			
		Fair Value through Profit or Loss		
		Investments	12,933,978	43,943
		Cash and cash equivalents	0	4,052,321
			12,933,978	4,096,264
15,902,155	**17,836,931**	**Total Financial Assets**	**18,303,871**	**21,864,989**
		Financial Liabilities at Amortised Cost		
0	(3,825,806)	Creditors	0	(3,630,205)
0	**(3,825,806)**	**Total Financial Liabilities**	**0**	**(3,630,205)**

Not all short term debtors and creditors fall within the definition of financial instruments. The difference between the totals shown on the Balance Sheet and the values above is as follows:

	Non Current Debtors	Current Debtors £	Current Creditors £
Total on Balance Sheet	3,152,643	6,266,525	(10,206,796)
Statutory & Government Debtors / Creditors	(384,328)	(1,120,960)	4,452,476
Prepayments / Receipts in Advance	0	(461,286)	2,124,114
Finance Lease Principal / Liabilities	(2,268,315)	(509,936)	0
Total Financial Instruments	**500,000**	**4,174,343**	**(3,630,205)**

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consists of the following items:

2017/2018				2018/2019		
Financial Assets		Financial Liabilities		Financial Assets		Financial Liabilities
Loans & Receivables	Available for Sale	Amortised Cost		Amortised Cost	Fair Value through Profit or Loss	Amortised Cost
£	£	£		£	£	£
			Financing & Investment Income and Expenditure			
(238,780)	(481,190)	0	Interest / dividend income	(378,164)	(421,520)	0
			Changes in fair value		8,404	0
0	0	0	Interest expense	0	0	0
15,750	1,000		Fee expense	898	0	0
(223,030)	**(480,190)**	**0**	**Net (Gain) / Loss for the Year**	**(377,266)**	**(413,116)**	**0**

Fair Values of Financial Assets and Financial Liabilities

Fair Value is defined as *"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 Code sets out the fair value valuation hierarchy that local authorities are required to follow to increase consistency and comparability in fair value measurements and disclosures: Level 1 assets are valued based upon 'quoted prices in active markets for identical assets' where such assets exist. Level 2 is based upon inputs other than quoted prices within level 1 that are observable. Level 3 represents all other unobservable inputs which can be used to estimate the fair value of the assets.

The fair values have been calculated as follows:

	Input level	As at 31/03/2019 £
Fair Value through Profit or Loss		
Money Market Funds	Level 1	4,052,321
Pooled Investment Funds	Level 1	12,977,921
		17,030,242

Except for the financial assets carried at fair value (as shown above), all other financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. The carrying value and fair values are shown below for comparison purposes. Fair values are not required for current debtors and creditors (trade payables and receivables) since the carrying amount is deemed a reasonable approximation of fair value.

	2017/18		2018/19	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£	£	£	£
Loans & Receivables				
Investments	9,048,741	9,048,741		
Cash and cash equivalents	2,950,209	2,950,209		
Debtors	4,282,421	4,282,421		
	16,281,371	16,281,371		
Available for Sale Financial Assets				
Investments	17,457,715	17,457,715		
Financial Assets at Amortised Cost				
Investments			15,686,024	15,686,024
Cash and cash equivalents			0	0
Non-Current Debtors			500,000	500,000
Non-Current Finance Leases			2,268,315	2,268,315
	33,739,086	**33,739,086**	**18,454,339**	**18,454,339**
Financial Liabilities at Amortised Cost				
Non-Current Finance Leases	0	0	0	0
	0	**0**	**0**	**0**

Soft Loans

Where loans are advanced at preferential or below market rates they are classed as 'Soft Loans'. The Code of Practice sets out specific accounting and disclosure requirements for soft loans.

The Council, prior to transferring the majority staff to Publica, offered loans at less than market rates to its employees for car purchases. No further loans are being issued to those staff transferred. The outstanding balance of loans is included on the Council balance sheet, within the debtors balances. The value of loans outstanding at the balance sheet date is approximately £40,730.

No adjustment has been made to account for the suggested treatment for soft loans (to represent interest lost at granting the loans at below market rate) as the amounts are not material to these accounts.

F4. Nature and extent of risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The Council does not require debt financing and currently does not have any external borrowing. As such, the key risks are in relation to its financial assets. These are as follows:

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

<u>Overall procedures for managing risk</u>

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA code of Practice for Treasury Management Services

- By approving annually in advance prudential indicators for the following three years limiting:
  - Limits on the Council's overall debt [external borrowing]
  - The Council's maturity structure of its external borrowing [currently £0]
  - The Council's upper limit for exposure to fixed and variable rate investments
  - The maximum exposure to investments maturing beyond a year

- By annually approving a Treasury Management Investment Strategy for the forthcoming year, setting out criteria for investments and specifying the minimum requirements for all counterparties

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is reported annually to Members.

The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities.

As part of the adoption of 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.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the CLG's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices.

Credit Risk

The Council manages credit risk by ensuring that investments are placed with the Debt Management Office, other local authorities, AAA-rated money market funds and Banks and Building Societies of sufficiently high credit quality as set out in the Treasury Management Strategy. A limit of £7m of the total portfolio is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group. No more than £15m in total can be invested for a period longer than one year.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2018/19, approved by Full Council in February 2018. The 2018/19 Treasury Strategy can be found via the following web link: www.westoxon.gov.uk.

The ratings of the financial institutions holding Council investments (and investments classified as cash equivalents) at the Balance Sheet date is as follows:

	Investment Balance (£)
Fixed duration deals	
Banks - Fitch rating F1	8,078,606
Local Authorities	5,005,840
Bonds	2,601,578
Call accounts and other 'cash equivalent' investments	
Money Market Funds	4,052,321
Pooled funds	
Non-rating agency rated pooled fund	12,977,921
separately approved by the Council's Treasury Management advisors	

The table below summaries the nominal value of the Council's investment portfolio at 31st March 2019 and confirms that all investments were made in line with the Council's approved credit rating criteria at the time of placing the investment:

	Investment values - maturing within:			
	0-3 mths	**3-6 mths**	**6-12 mths**	**1 year +**
	£	**£**	**£**	**£**
Internally managed funds				
Call Accounts	4,052,000			
UK Banks	5,019,616			
Foreign Banks		2,004,514		
UK Building Societies		1,004,475		
UK Local Authorities	5,005,840			
Bonds	53,356			2,548,222
Externally managed funds				
Pooled Funds	43,943			12,933,978

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has access to borrowing facilities via the Public Works Loan Board, commercial banks, bond issues, medium term notes, tax increment financing, the European Investment Bank, and other local authorities. There is no perceived risk that the Authority will be unable to raise finance to meet its commitments.

The Council also has to manage the risk so that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Authority would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

Market risk – interest rate risk

The Council is exposed to risks arising from movements in interest rates. The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 100% on external debt that can be subject to variable interest rates. It should be noted that 100% is a maximum proportion, but this is a reflection of the Council's debt-free status and minimal requirements to borrow.

Investments are also subject to movements in interest rates. As investments are made at fixed rates, but for shorter periods of time, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

F5. Leases

The Council as Lessee [obtaining assets under a leasing arrangement]

Operating Leases

The Council has entered into a number of operating leases in the local area. The minimum lease payments due under non-cancellable leases in future years are as below:

	31 March 2018 £	31 March 2019 £
Not later than one year	150,427	236,340
Later than one year & not later than five years	491,129	870,512
Later than five years	603,268	610,007
	1,244,824	**1,716,859**

The Council as Lessor [leasing assets out]

Finance Leases

The Council leases a number of waste and recycling vehicles to Ubico Ltd.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the asset and finance income that will be earned by the Council for the period while the debt remains outstanding.

	31 March 2018 £	31 March 2019 £
Present value of principal payments outstanding on non current assets	3,293,213	2,778,252
Unearned finance income	226,861	166,595
	3,520,074	**2,944,847**

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

	Gross Investment in the Lease		Minimum Lease Payments (excl. int)	
	31 March 2018 £	31 March 2019 £	31 March 2018 £	31 March 2019 £
Not later than one year	575,227	560,778	514,961	509,936
Later than one year & not later than five years	2,676,554	2,384,069	2,514,781	2,268,315
Later than five years	268,293	0	263,471	0
	3,520,074	**2,944,847**	**3,293,213**	**2,778,251**

The Council has not included any allowance for uncollectable debts in the table above. Any outstanding debts would be accounted for within the Sundry Debtors bad-debt provision calculation.

Operating Leases

The Council leases out a number of premises within the local area. The future minimum lease payment receivable under non – cancellable leases in future years are:

	31 March 2018 £	31 March 2019 £
Not later than one year	3,436,954	3,907,195
Later than one year & not later than five years	12,103,730	13,247,252
Later than five years	40,965,542	46,972,629
	56,506,226	**64,127,076**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the balance sheet date.

F6. Accounting Policies

i) General Principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the 31st March year-end. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, those regulations which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

These accounts have been prepared on the basis that the Council is a going concern.

ii) Accruals of Income and Expenditure

Activity is accounted for in the year it takes place, not when physical 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 Authority.
- 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 Authority.
- 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 [stock] on the Balance Sheet, where the value is material.
- 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 is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument ('what is due') 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. For all debts outstanding at the balance sheet date the balance of debtors is written down and a charge made to revenue for the income that might not be collected (bad debts).

iii) Cash and Cash Equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable, without penalty, on notice of not more than 24 hours. This includes bank call-accounts, Money Market Funds (MMF) and any other 'overnight-type' investments.

iv) Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the services where there are no accumulated gains in the Revaluation Reserve against which the 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 amortisations. 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 amortisations are therefore replaced by the contribution in the General Fund Balance - Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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

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

Accounting for Council Tax and NDR
The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

vi) Employee Benefits

Benefits payable during employment
Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlement (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Overtime is only paid on limited occasions and requires prior Head of Service approval. Overtime is not contractual or regular, and therefore any holiday leave potentially accruing on overtime worked is not significant. The Council does not accrue for holiday pay due on overtime.

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or the employee in the year, not the amount calculated according to the relevant accounting standards.

vii) Post-employment Benefits

Employees of the Council are permitted to join of the Local Government Pension Scheme, administered by Oxfordshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme
The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Oxfordshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of future earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the gross redemption yield on the Iboxx Sterling Corporate Index, AA over 15 years, at the IAS19 valuation date. This is a high quality corporate bond of equivalent term and currency to the liability.

- The assets of the Oxfordshire County Council pension fund attributable to the Council are included in the balance sheet at their fair value.

  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value

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

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

viii) Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] 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 using the assumptions 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.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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

ix) Financial Instruments (updated)

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Any borrowing that the Authority may undertake would be presented in the Balance Sheet at the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, where material. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial assets are classified based on a principles based classification and measurement approach that reflects the business model for holding the assets (i.e.why are we holding the asset) and the characteristics of the cashflows. There are three main classifications:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

Financial Assets at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Expected Credit Loss Model
The Council recognises material expected credit losses on its financial assets held at amortised cost, either on a 12-month or lifetime basis except for those where the counterparty is central government or another local authority, where relevant statutory provisions prevent default. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors).

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

Financial Assets at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Fair value is measured in accordance with the Council's Fair Value Measurements policy (see viii above).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018 [SI 2018/1207]. This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

This statutory provision applies to the 2018/19 accounts and ceases on 31 March 2023.

x) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is 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 contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using 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 only then credited to Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General 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.

xi) Heritage Assets

Heritage Assets are those assets which are held and maintained principally for their historical, cultural, artistic, or educational significance. The Council's Heritage Assets are held as tangible assets, being public art in locations around the district. They are recognised and measured in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Authority's heritage assets are accounted for as follows:

- Art Collection – this consists of public art such as sculptures and statues, and is reported in the Balance Sheet at historic cost which is deemed to be a proxy for market value. The Authority considers that obtaining valuations for its public art would involve a disproportionate cost in comparison to the benefits to the users of the Authority's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The assets are deemed to have indeterminate lives and a high residual value, hence the authority does not consider it to be appropriate to charge depreciation.

- Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuation provided by the external valuers and with reference to appropriate commercial markets for the asset using the most relevant and recent information (eg. from sales at auctions).

The carrying amounts of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment.

The proceeds of any heritage asset disposal will be accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

xii) Intangible Assets

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

The depreciable amount of an intangible asset is amortised over its useful life (usually 5 years) to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The Council carries no internally generated intangible assets on its balance sheet.

xiii) Inventories and Long Term Contracts

Inventories [stocks] are included in the Balance Sheet at cost.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xiv) Investment Property

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

Investment properties are measured initially at cost and subsequently at 'highest and best' valuation method. Properties are not depreciated but are subject to a review at year end to determine whether market conditions require properties to be revalued. Any gains or losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account or (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xv) Leases

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

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

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

The Council as Lessee

Finance leases
Property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value, measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the authority may be added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in Accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating leases
Lease payments made under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased asset.

The Council as Lessor

Finance leases
Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Any gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement on Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases
Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the “Other Operating Expenditure” line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of

the lease even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset (if material) and charged as an expense over the lease term on the same basis as rental income.

xvi) Property, Plant and Equipment

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

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority 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 (e.g. repairs and maintenance) is charged as an expense when it is incurred.

The Council's capitalisation de minimis is £10,000, except for where the sum of a group of assets is significant, such as waste collection bins and boxes or ICT equipment.

<u>Measurement</u>
Assets are initially measured at cost, comprising:

- the purchase price
- any costs directly 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 'cost' of an asset acquired other than by purchase is deemed to be its fair value, unless the acquisition was for no monetary value. Where the purchase of an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are carried in the Balance sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus assets – "highest and best use"
- all other classes of asset – "current value", determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Items of equipment, which have short useful lives or low values (or both) are held on the balance sheet at depreciated historical cost, as an approximation of current value.

Assets included in the balance sheet at current value are revalued to ensure that their carrying amount is not materially different from their value at year-end. All land and buildings are revalued at least every 5-years as part of a rolling programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where items or property plant and equipment are revalued, and the valuers identifies an asset which has component parts that have significantly different useful lives, where one or more parts represent a significant proportion of the overall asset, then the asset may be componentised. With componentisation, one or more constituent parts may be identified, and the component parts separately valued for the accounts and depreciated over different useful lives to the main asset. Useful economic lives (and therefore depreciation calculations) will be based upon the asset lives recommended by the Council's valuers.

Upon revaluation, where decreases in value are identified, they are accounted for by:

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

- 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 in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

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

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

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

Where an impairment loss is reversed subsequently, 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.

<u>Depreciation</u>
Depreciation is provided for on all Property, Plant and Equipment assets. Assets are written-down over the useful life of the asset. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are under construction (and not yet available for use).

Depreciation is calculated on the following bases:

- Operational buildings and surplus property – depreciated on a straight-line basis, over a 30 to 60 year useful lives, depending upon the particular asset and an estimate of the asset life from the Council's valuer
- Car Park depreciable components (surface) – 20 years
- Land is not depreciated
- Vehicles, plant, furniture and equipment – depreciated on a straight-line basis, over a 5-year period
- Investment property is not depreciated
- Infrastructure Assets are depreciated over a period of up to 25 years, depending upon the particular asset and as estimate of the asset life from the Council's valuer.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and non-current assets held for sale
When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any accumulated revaluation gains held for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposal in excess of £10,000 are categorised as capital receipts.

xvii) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the 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 certainties.

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

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

Contingent Liabilities

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

Any material contingent liabilities are disclosed in the notes to the accounts.

Contingent Assets

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

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

xviii) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance, via the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then charged back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement & employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xix) 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 to reverse out the amounts charged so there is no impact on the level of council tax.

xx) Value Added Tax

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

F7. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note F5 above, 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:

- The Council has a one-seventh share in Ubico Limited. The company provides a range of integrated environmental services including, commercial refuse collection and grounds maintenance services on behalf of the Council. The separate operating practices, management structure and the application of majority-voting on the Ubico Limited board do not constitute the Council having joint-control or significant influence over the company. The Council's interest has therefore been classified as an investment in Ubico and group accounts have not been prepared.
- The Council jointly owns (with Cotswold District Council, the Forest of Dean District Council and Cheltenham Borough Council) Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract. Publica can be considered to be merely an employment vehicle (in accounting terms only a 'holding account'), employing and paying staff and then recharging these costs to the Councils, via a contract sum. It does not trade and does not make a 'profit' as substantially all surpluses are redistributed back to the councils. While the Council has an interest in the Company, the Council's share of profit for the year and net assets at the balance sheet date have not been consolidated into the Council's single entity accounts. It is the view of management that the figures involved are not material and the production of group accounts will not enhance disclosure or provide any additional benefit to the reader of the accounts, and on that basis Group Accounts have not been prepared.
- No allowance has been made in the Councils' accounts for the transfer out of any Local Government Pension Scheme (LGPS) pension liability to Publica Group (Support) Limited. The service contract and tripartite agreement between the Council, Oxfordshire Pension Fund and Publica Group (Support) Limited mean that the pension liability and risk relating to the pension fund remains with the Council, following the TUPE transfer of the majority of the Council's staff to Publica on 1st November 2017. Therefore the Council is reporting the pension liability for both staff transferred to Publica, and the Councils retained staff, in the accounts. Although Publica, as the employer of many of the current staff may be initially responsible for paying any exit contributions (for example), for any of its staff that are members of the LGPS, such cost will be reimbursed by the relevant Council. The accounts have been prepared on the basis that the full pension fund liability for the LGPS sits in the Council's accounts. There are no separate disclosures for Publica as they are not responsible for any LGPS liability.
- Under International Financial Reporting Standards (IFRS) assessments have been made as to the correct accounting treatment for a number of lease agreements which the Council has entered into. Categorising leases as either operating or finance leases results in different accounting treatment depending upon the categorisation of the lease. In each case, a lease is classified based upon criteria contained within the Code and an assessment of the nature of the leasing arrangement in place.

  The Council has entered into a lease-type agreement whereby it provides environmental services vehicles to Ubico Limited. Ubico pay a market-rate for the use of the vehicles and are responsible for insuring and maintaining the vehicles and determining their deployment (including use across other Ubico contracts where necessary). Ubico pay for the vehicles over a period of 7-years for new vehicles, which is deemed to be the useful economic life of the assets. The transaction has been accounted for on the basis that the agreement is a finance lease, because: i) the sum of the lease payments equal the cost of purchasing the asset; ii) the length of the term represents 'substantially all' of the useful life of the asset; and iii) the rights and responsibilities of ownership (maintenance, insurance, deployment) in relation to the vehicle assets sit primarily with Ubico Limited. This agreement has been formalised in a lease agreement between Ubico and the Council.

- There is a high degree of uncertainty about the future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision. The Council has therefore prepared its accounts on the basis that it is a going concern.
- A significant level of risk remains due to the volume of outstanding business rates appeals which are being processed by the Valuation Office. Where appeals are successful, refunds of business rates are generally repayable back to the latest valuation date which reduces the business rates yield in the year in which the refund is made. This set of accounts includes a provision for appeal losses. The value has been assessed using information of outstanding appeals supplied by the valuation office, as at 31st March, and using experience of previous appeals rates, and Government guidance upon appeals rates.

F8. Accounting standards not yet adopted

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. There is also the requirement for an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

Changes to the 2019/20 code are limited to:

- IFRS16 Lease
  IFRS16 will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2020.

- Amendments to IAS40 Investment Property: Transfers of Investment Property
  Provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Council as it already complies.

- IFRIC 22 Foreign Currency Transactions and Advance Consideration
  Clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.

- IFRIC 23 Uncertainty over Income Tax Treatments
  Provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the Council's accounts.

- Amendments to IFRS 9 Financial Instruments : Prepayment Features with Negative Compensation
  Amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to which this will apply

F9. Assumptions and Other Major Sources of Estimation

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Significant assumptions affecting the statement of accounts include:

Item	Uncertainties	Effect if actual result differs from assumption
Property, Plant & Equipment	Operational assets are depreciated over the best estimate of an assets useful economic life. These asset lives are based upon assumed repairs and maintenance being carried out to maintain an asset. Asset lives are based upon information provided by the Council's valuer.	If the useful economic life of an asset is reduced, depreciation increases and the carrying value of an asset will fall.
Pension Liability	The estimation of the pension liability is based upon a number of factors and judgements applied by the scheme's actuary. Estimates are made upon judgements and conditions as seen by the actuary at a point in time.	The effect of changing assumptions will result in changes in the valuation of the pension funds' assets and liabilities.
Bad debt provisions (impairment of receivables)	Debtors on the balance sheet assume an element of bad debt (when debtors cannot/will not settle their debt to the Council).	Income receivable included in the accounts will differ from that actually received. The CI&E could be overstated. The effect is offset by establishing a suitable provision based upon the best information available on the likelihood of invoices not being settled.
Provision for impairment – HB overpayments	Where it has been found that Housing Benefit has been overpaid the Council is able to recover the overpayment from on-going benefit. The Council has established a 100% provision against such overpayments due to the difficulty surrounding recovering such debts from individuals who are already short of money. Potential changes in the delivery of Housing Benefit with a possible transfer of the service to Central Government (with changes to Universal Credit), there is a risk that the Council will be left with all outstanding debt at the point of transfer.	If the Council has overprovided then the income to the revenue account will have been understated. A share of the provision will then need to be written-back to the Income & Expenditure account.
Going concern	The Council has set its budgets and Medium Term Financial Plan (MTFS) based upon its best estimate of plans and funding. Sources or income, grant funding and savings plans are all liable to change the further into the future one moves.	If estimates on income, funding and savings plans differ (and all move adversely), the Council will be able to draw upon revenue reserves to smooth any fluctuations in funding until alternative savings plans are developed. It is therefore assumed that the Council will remain a going concern for the foreseeable future.

Where other assumptions have been made these will be disclosed in the appropriate note to the accounts.

F10. Contingent Liabilities and Contingent Assets

The Council has no significant contingent assets or liabilities to report.

F11. Related Parties

The Council is required to disclose material transactions with related parties – i.e. 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 Authority.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant element of the Council's funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (e.g. council tax bills and housing benefits). Details of any significant grants received in the year are listed under Note B9, *Grant Income.*

Members of the Council

Members of the council have direct control over the council's financial and operating policies. The total of Members' allowances paid in 2018/19 is disclosed in Note B6, *Members' Allowances*.

All elected Members are required to complete a questionnaire detailing any areas where potential conflicts of interest may occur between their private interests and their position as the elected representatives of the Council. Details are recorded in the register of members' interest, open to public inspection at the Council Offices during office hours. There are no significant related party transactions to report.

Officers

By virtue of the Officer Code of Conduct, employees of the Council are required to declare any relationship with individuals, organisations or companies that might prejudice, or could be viewed as influencing, their professional judgement. On an annual basis, senior officers and officers within positions of influence within the Council are required to complete a related party declaration to highlight any potential conflicts of interest.

Declarations are sought even where no conflicts of interest have been reported. There were no declarations that required further disclosure in this statement of accounts.

Cotswold District Council

Up until November 2017 the Council shared a number of senior staff with Cotswold District Council. On the 1st November the majority of the Council's staff TUPE-transferred to Publica Group (Support) Limited. Following the transfer the Council now only share the legal function, counter fraud unit and Chief Finance Officer.

West Oxfordshire District Council shares its Chief Finance Officer (CFO) with Cotswold District Council under a joint working relationship. The CFO is an employee of, and paid by, Cotswold District Council. While the Officer is shared and has influence in both Cotswold District Council and West Oxfordshire District Council, she is required to act separately for each Council. Decisions on overall policy and the strategic direction are set by Cabinet and Council in each Council, with the CFO enacting their will.

Publica Group (Support) Limited

Publica Group (Support) Limited (the Company), is a not-for-profit company limited by guarantee with no share capital.

West Oxfordshire District Council, along with Cotswold, and Forest of Dean District Councils and Cheltenham Borough Council have jointly set up Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract.

Publica Group (Support) Limited is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

While Publica Group (Support) Limited works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.

At 31st March 2019, Publica owed the Council £918,910 and the Council owed Publica £20,191.

Ubico Limited

Ubico Limited. was established in 2011/12 by Cheltenham Borough Council and Cotswold District Council to deliver a range of integrated environmental services including household and commercial refuse collection, recycling, street cleansing and grounds maintenance. It commenced operations on 1 April 2012.

During 2015/16 West Oxfordshire District Council became a shareholder of Ubico Limited. The Council holds an equal 1/7th shareholding in the Company.

The company provides services to the shareholder councils on a not-for-profit basis and therefore qualifies for the teckal exemption (named after the EU case that established the principle). As a teckal company, Ubico Limited must ensure that the percentage of work undertaken outside of the shareholder contracts is less than 20% of its total activity.

While the Council has a 1/7th shareholding in Ubico Limited, and a place on the Board of Ubico Limited, the Council is not deemed to have significant influence over the company. The separate operating practices, management structure and majority-voting on the Ubico board do not constitute any means of joint-control over the company. The Council's interest is therefore classed as an investment in Ubico.

At 31st March 2019, Ubico owed the Council £133,772 and the Council owed Ubico £358,466.

Other Public Bodies

The Council collects precepts on behalf of Oxfordshire County Council, Thames Valley Police & Crime Commissioner and the Town and Parish Councils within the Council area. Precepts for the County Council and Police Authority are shown in the Collection Fund. Town and Parish precepts are shown in the Comprehensive Income and Expenditure Account.

The Local Government Pension Scheme (of which West Oxfordshire is a member) is administered by Oxfordshire County Council (see note F1).

F12. Events After The Balance Sheet Date

In December 2018 the Court of Appeal upheld a ruling that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.

In June 2019 the Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy.

The legal ruling around age discrimination (McCloud – Court of Appeal) has implications not just for pension funds, but also for other pension schemes where they have implemented transitional arrangements on changing benefits.

As a result a revised IAS19 report was issued in July 2019 with a revised estimate of the pension liabilities which also included actual rather an estimated returns on investment value resulting in an overall increase of the net pension liabilities of £506,000.

THE COLLECTION FUND

This "Agent's" statement shows the transactions of the Council as a billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and National Non Domestic Rates (Business Rates).

2017/2018 Business Rates £	2017/2018 Council Tax £	2017/2018 Total £		Note	2018/2019 Business Rates £	2018/2019 Council Tax £	2018/2019 Total £
0	(72,414,925)	(72,414,925)	Council Tax receivable	G1	0	(77,673,846)	(77,673,846)
(36,304,199)	0	(36,304,199)	Business Rates Receivable	G2	(38,129,421)	0	(38,129,421)
(2,333,656)	0	(2,333,656)	Transitional Protection Receipts		(1,229,164)	0	(1,229,164)
(200,876)	0	(200,876)	Contribution to previous year's deficit / (Surplus)		(165,461)	0	(165,461)
(38,838,731)	**(72,414,925)**	**(111,253,656)**	**Total Income**		**(39,524,046)**	**(77,673,846)**	**(117,197,892)**
			Apportionment of previous year's surplus				
0	0	0	Central Government		0	0	0
0	98,747	98,747	West Oxfordshire District Council		0	62,640	62,640
0	768,182	768,182	Oxfordshire County Council		0	485,963	485,963
0	100,071	100,071	Thames Valley Police & Crime Commissioner		0	61,497	61,497
0	967,000	967,000			0	610,100	610,100
			Precepts, Demands and Shares				
18,779,459		18,779,459	Central Government		18,955,808		18,955,808
15,023,566	7,385,412	22,408,978	West Oxfordshire District Council		15,164,646	7,628,508	22,793,154
3,755,893	57,296,178	61,052,071	Oxfordshire County Council		3,791,162	61,213,087	65,004,249
0	7,250,643	7,250,643	Thames Valley Police & Crime Commissioner		0	7,823,587	7,823,587
37,558,918	71,932,233	109,491,151			37,911,616	76,665,182	114,576,798
			Charges on the Collection Fund				
241,789	36,099	277,888	Write-offs of uncollectable amounts		345,617	51,419	397,036
1,172,214	93,127	1,265,341	Increase / (decrease) in Bad Debt / Appeals Provisions	G3	1,728,960	135,275	1,864,235
163,845	0	163,845	Cost of Collection		162,472	0	162,472
239,063	0	239,063	Disregarded Amounts - Renewable Energy Schemes	G4	228,415	0	228,415
321,923	0	321,923	Transitional Protection Payments		(80,193)	0	(80,193)
2,138,834	129,226	2,268,060			2,385,271	186,694	2,571,965
39,697,752	**73,028,459**	**112,726,211**	**Total Expenditure**		**40,296,887**	**77,461,976**	**117,758,863**
859,021	**613,534**	**1,472,555**	**(Surplus) / Deficit for the Year**		**772,841**	**(211,870)**	**560,971**
(315,558)	(971,000)	(1,286,558)	(Surplus) / Deficit brought forward		543,463	(357,466)	185,997
543,463	**(357,466)**	**185,997**	**(Surplus) / Deficit carried forward**	G5	**1,316,304**	**(569,336)**	**746,968**

G1. Council Tax System

Under the council tax system, West Oxfordshire District Council must collect each year enough money from local residents to cover the cost of the services we provide, which are not funded by other sources such as government grants and fees and charges.

Council Tax was introduced on 1 April 1993, and is a property based tax. The District Valuer valued all domestic property in the area and placed them into one of nine bands. In order to set the Council Tax, the Council estimates the number of dwellings in each of the nine valuation bands and convert these estimates into an "equivalent number of Band D dwellings". The table below shows the calculation for 2018/19.

Band	Total Chargeable Dwellings	Band 'D' Conversion	Band 'D' Equivalent Chargeable Dwellings	New Regulation Adjustments	New Band D Equivalent Chargeable Dwellings
A*	1.75	5/9	0.97	0.00	0.97
A	1,139.50	6/9	759.67	34.33	794.00
B	4,030.25	7/9	3,134.64	26.06	3,160.70
C	14,526.25	8/9	12,912.22	64.45	12,976.67
D	10,067.26	1	10,067.26	-2,532.64	7,534.62
E	6,504.50	11/9	7,949.94	101.45	8,051.39
F	3,675.75	13/9	5,309.42	58.76	5,368.18
G	2,394.25	15/9	3,990.42	113.33	4,103.75
H	304.50	2	609.00	50.00	659.00
Total	42,644.01		44,733.54	-2,084.26	42,649.28
Collection rate %					98.50%
Plus MOD contribution					911.17
TAXBASE					**42,920.71**

The total number of "equivalent Band D dwellings" is divided into the total cost of services to arrive at an "average Band D Tax" per dwelling. Dwellings in bands below "Band D" will pay proportionately less than this average and dwellings in bands above "Band D" will pay proportionately more than this average.

The above calculations resulted in an "average Band D Tax" of £1,788.45 per dwelling for 2018/19 (2017/18- £1,689.32. This included precepts payable to Oxfordshire County Council, the Police & Crime Commissioner for Thames Valley and West Oxfordshire District Council (but excludes amounts payable to the Town & Parish Councils within the district).

G2. National Non Domestic Rates

In April 2013 the government introduced the Business Rates Retention Scheme.

Under the scheme the Council acts as both principal and agent, in that it is able to retain 40% of the net standard business rates collected within the local area as income within its own budget (net of tariff to central government), as well as 100% of net rates from new properties within designated areas and also those relating to renewable energy schemes (Disregarded Amounts). The Council distributes the remaining net balance of standard business rate income to Central Government, who are allocated 50%, with the final 10% to Oxfordshire County Council.

	2017/18	2018/19
Total Non Domestic Rateable Value at 31 March	£98,497,076	99,093,471
National Non-domestic Rate Multiplier - Higher	47.9p	49.3p
National Non-domestic Rate Multiplier - Lower [Small Business]	46.6p	48p

The Business Rates receivable amount on the face of the Collection Fund Account is lower than the total of Non-domestic Rateable Value multiplied by the Non-domestic Rate Multiplier due to the award of various reliefs including Small Business Rate Relief and other mandatory and discretionary rate reliefs.

G3. Tax Payers' Arrears & Provisions for Uncollectable Amounts

Provision has been made for uncollectable tax payers' debts. At 31 March the provisions on the Collection Fund were as follows:

	2017/18 £	2018/19 £
Council Tax	(1,040,075)	(1,175,349)
National Non Domestic Rates	(4,253,642)	(4,486,527)
	(5,293,717)	**(5,661,876)**

G4. Business Rates – Disregarded Amounts

From April 2013 the Council was allowed to retain 100% of the growth from the business rates associated with renewable energy sites. All such growth is transferred to the Council's General Fund.

G5. Collection Fund Balance Sheet Apportionment

The apportionment of the balances on the Collection Fund as at 31 March is as follows:

2018/19	**West Oxon. District Council £**	**Oxfordshire County Council £**	**Central Govt. £**	**Thames Valley P&CC £**
Council Tax	10.0%	79.8%	0.0%	10.2%
Debtors	283,471	2,262,103	n/a	289,141
Bad Debt Provision	(117,535)	(937,928)	n/a	(119,886)
Prepayments and Overpayments	(106,171)	(847,244)	n/a	(108,294)
(Surplus) / Deficit at 31 March	(56,933)	(454,329)	n/a	(58,072)
Business Rates	40%	10%	50%	0.%
Debtors	384,846	96,212	481,058	n/a
Bad Debt / Appeals Provision	(1,794,610)	(448,653)	(2,243,264)	n/a
Prepayments and Overpayments	(296,391)	(74,097)	(370,489)	n/a
(Surplus) / Deficit at 31 March	526,523	131,632	658,152	n/a

NOTES TO THE COLLECTION FUND

2017/18	West Oxon. District Council £	Oxfordshire County Council £	Central Govt. £	Thames Valley P&CC £
Council Tax	10.3%	79.7%	0.0%	10.1%
Debtors	256,424	1,989,335	n/a	251,743
Bad Debt Provision	(106,786)	(828,451)	n/a	(104,837)
Prepayments and Overpayments	(101,552)	(787,840)	n/a	(99,698)
(Surplus) / Deficit at 31 March	(36,702)	(284,731)	n/a	(36,032)
Business Rates	40%	10%	50%	0.%
Debtors	551,625	137,906	689,531	n/a
Bad Debt / Appeals Provision	(1,701,457)	(425,365)	(2,126,820)	n/a
Prepayments and Overpayments	(363,955)	(90,988)	(454,943)	n/a
(Surplus) / Deficit at 31 March	217,387	54,347	271,732	n/a

Independent auditor's report to the members of West Oxfordshire District Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of West Oxfordshire District Council (the 'Authority') for the year ended 31 March 2019 which comprise, the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statement is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts other than the financial statements, our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 7, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and General Purposes Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of West Oxfordshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Julie Masci

Julie Masci, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
Bristol

ANNUAL GOVERNANCE STATEMENT 2018/2019

1. SCOPE OF RESPONSIBILITY

West Oxfordshire District Council is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards;
- Public money is safeguarded and properly accounted for;
- Public money is used economically, efficiently and effectively; and
- There is a sound system of governance, incorporating the system of internal control

The Council has a Best Value 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.

In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

The Council has developed and approved a Code of Corporate Governance, which is consistent with the core principles and sub-principles as set out in the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)" ('the Framework'). This statement explains how the Council has complied with the code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the Council to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

In addition to this, CIPFA issued its "Statement on the Role of the Chief Finance Officer in Local Government (2015)". The Annual Governance Statement (AGS) reflects compliance of this statement for reporting purposes. The Council's Chief Finance Officer is the Statutory Section 151 Officer (Section 151 Officer).

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled including activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the governance 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 on-going process designed to:

- Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
- Evaluate the likelihood of those risks occurring;
- Assess the impact should those risks occur; and
- Manage the risks efficiently, effectively and economically.

The governance framework has been in place at West Oxfordshire District Council for the year ended 31st March 2019 and up to the date of approval of the Annual Statement of Accounts.

3. THE GOVERNANCE ENVIRONMENT

The key elements of the Council's governance arrangements are outlined in the Local Code of Corporate Governance. The governance framework includes arrangements for:

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the Council's vision and its implications for the Council's governance arrangements;
- Measuring the quality of services for users, ensuing that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- Ensuring the Council's financial management arrangements conform with the governance requirements of the *CIPFA* Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit and General Purposes Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistleblowing and for receiving and investigating complaints from the public;
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council's overall governance arrangements.

The main areas of the Council's governance framework, and the key evidence of delivery, are set out below, under the headings of the core principles and sub-principles from the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- Behaving with Integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of the law

- The roles and responsibilities of Members generally and all office holders are set out in the Council's Constitution, along with the way in which the various elements of the Council interact and complement each other. The Constitution is supported and underpinned by separate Codes of Conduct for Members and Officers, and a joint Member / Officer Protocol, which sets out guidelines as to behaviour and practical issues.
- Declarations are made at meetings by Members, and Officers, where appropriate and are recorded in the minutes of the meeting. The Members Code of Conduct requires Members to make declarations of interest when necessary, these are also recorded.
- Registers of Interest are completed annually by Members and Officers and a Register of Gifts and Hospitality is maintained
- The Monitoring Officer and Section 151 Officer report directly to the Head of Paid Service and are members of the Corporate Leadership Team.
- Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures and all legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit and General Purposes Committee.
- Whistleblowing policies have been ratified by Cabinet. A counter-fraud unit has been established to help prevent and detect fraud and corrupt practices, including misuse of power. This service reports to Audit and General Purposes Committee twice a year.

B. Ensuring openness and comprehensive stakeholder engagement

- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging with individual citizens and service users effectively

- Annual accounts are published in a timely manner to help communicate the Council's financial position and performance.
- An Annual Report is published each year, which summarises financial and other performance over the previous financial year and sets out the Corporate Plan for the current year.
- All Committee, Cabinet and Council reports clearly outline their purpose, so the community can understand what the Council is trying to be achieve. Reports also address financial legal, equalities, risk and sustainability implications to aid understanding of the potential impact of their recommendations.
- The roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions are defined in the Council's Constitution
- A Scheme of Delegation for officers is included within the Constitution
- Communication channels with staff include one-to-one meetings, a weekly update email, an intranet site.
- A Customer Feedback form is available publicly for handling comments, complaints and compliments.
- The Council maintains clear channels of communication with all sections of the Community and other Stakeholders.

- The ability for Members of the Public to submit written questions with notice at Cabinet meetings, Overview and Scrutiny Committee meetings and meetings of the Full Council.
- A report is produced annually regarding the performance of the council and the achievement of its aims and objectives. The report is published on the Council's website.
- The Council publishes Transparency data on its website which includes, supplier payments, Senior Management Structure Charts, Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information Request and the procedure that will be followed to answer the request.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

- Defining outcomes
- Sustainable economic, social and environmental benefits

- The Council's vision is contained within the Corporate Strategy 2016-19, which also states the Aim and Priorities of the organisation. Corporate and Service Plans are drafted and updated annually to support the delivery of the Council's Aim and Priorities.
- Key tasks identified in Service Plans feed into individual work plans/appraisals.
- The Corporate Strategy deals with the Council's approach to environment and sustainability issues. Detailed proposals arising from the Corporate Strategy are Individually assessed as they are developed and are included within decision making reports to Members.
- The financial implications of delivering against the Council's Aim and Priorities are included within the Council's Medium Term Financial Strategy, Revenue Budgets, Capital Programme, Capital Strategy, Investment Strategy and Treasury Management Strategy. These key financial documents are updated annually in advance of the forthcoming financial year.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes

- The Council has, with three other Councils, created a company, Publica Group (Support) Ltd (Publica), to deliver more efficient and improved services. Where possible, processes have/are being aligned to ensure consistency across the partner Councils. However, the Councils have retained decision making powers over service policies, outcomes and standards. Publica is the Council's most significant contractor. In recognition of this, the Council will monitor the contractor's performance by:
  - ➢ Considering Publica's Annual Report at Council;
  - ➢ Considering Publica's draft Business Plan annually at the Finance and Management Overview and Scrutiny Committee and Cabinet in February/March each year;
  - ➢ Requiring, as appropriate, representatives from Publica to attend relevant Scrutiny Committee(s) to support discussion on quarterly performance reports;
  - ➢ Receiving monthly "Keeping You Connected" updates by email from Publica to all Members;
  - ➢ Meet with informal Cabinet together with invited Members from other parties/scrutiny representatives twice per annum to discuss: progress against the Business Plan; identify any key risks and challenges outside of the company or Council control; budget monitoring and service delivery matters;
  - ➢ Receiving all Member briefings from Publica twice per annum;
  - ➢ Develop informal mechanisms to share best practice, learning and Councillor development.

- In addition to the creation of Publica, the Council continues to secure savings through its procurement processes
- The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, development and delivery of Corporate and Service Plans, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.
- Corporate and Service risk registers are discussed and reported quarterly.
- Key Performance Indicators are identified and included in the Service Delivery Plans for each service, these are reported quarterly
- Budgets are prepared annually in accordance with Council objectives, strategies and the Medium Term Financial Strategy, following consultation with customers, stakeholders and officers.
- The Medium Term Financial Strategy (MTFS) is a live document and can be reviewed, updated and reported as necessary, to respond to the changing environment

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

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals

- One of the reasons behind the creation of Publica is to increase capacity across the four partner councils by sharing common processes and procedures and eliminating (as far as possible) single points of failure. By working in partnership, the Councils are able to share the cost of commissioning bespoke, specialist advice.
- The move to provision of services via wholly owned companies is providing the opportunity to engage with a number of Non-Executive Directors that bring a wealth of experience from a range of different economic sectors
- There is a Scheme of Delegation at Member level covering the Council, Cabinet, Individual Cabinet Members and Other Committees. Similarly, there is a Scheme of Delegation for officer decisions delegated to them. These are reviewed and revised as structures at Council and Officer level change.
- Financial Rules were published in 2012; minor changes to the Rules to reflect operational practice were made by the Council's Chief Finance Officer in July 2015 and reported to the Cabinet. The Financial Rules are due to be reviewed and updated during 2019/20 to reflect changes resulting from the introduction of the new service delivery company and any other operational updates.
- An induction programme is available to new employees and members alike. Training is also provided for both Members and Officers on an on-going basis as appropriate and necessary. Members on certain Committees (e.g. Planning and Licensing) are required to undertake training before attending the Committee meetings.
- Officers undertake regular 121 meetings with their line manager. As part of these 121 meetings, Officers discuss work plans/tasks and any training requirements associated with the successful delivery of the work plan. Officers are encouraged to complete Continuing Professional Development as relevant to their professional qualifications and service areas hold budgets to ensure that training can be undertaken to maintain skills and knowledge.
- The Head of Paid Service, the Section 151 Officer, the Monitoring Officer and The Leader of the Council have clear roles and responsibilities, and these are contained within the

Constitution along with the Member/Officer Protocol.

F. Managing risks and performance through robust internal control and strong public financial management

- Managing risk
- Managing performance
- Robust internal control
- Managing data
- Strong public financial management

- Responsible officers are required to maintain Service / Operational Risk Registers and Senior Officers review the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to Members and Cabinet on a regular basis.
- Risks are identified when undertaking Internal Audit reviews and reported when necessary.
- Performance Management, measures the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources.
- Performance is measured on a regular basis and reported to Overview and Scrutiny Committee and Cabinet.
- Minutes of meetings are published and highlight the challenge made by Members to Officers/Cabinet Members.
- The Internal Audit service is provided by SWAP Internal Audit Services and is run in partnership with other local authorities. The internal audit team will provide the internal audit service to both the Council and Publica Group (Support) Ltd which strengthens the Council's oversight of Publica as its most significant contractor.
- A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the Section 151 Officer. The Audit Plan is approved at Audit and General Purposes Committee prior to the financial year.
- Audit reports, once completed are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to Audit and General Purposes Committee, on a quarterly basis.
- Recommendations made in audit reports are followed up 6 months after the completion the audit and findings reported to Audit and General Purposes Committee.
- The Audit and General Purposes Committee's Terms of Reference are contained within the Constitution. Members of the Committee have experience of scrutinising financial and audit reports. Training is provided as appropriate.
- A Counter Fraud Unit supports West Oxfordshire along with all of the Gloucestershire District Council and other third parties. Where investigations identify possible improvements to the internal control framework the Counter Fraud Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by Management.
- An ICT Audit and Compliance Manager has responsibility for Data Protection policies and ensuring officers are informed.
- The Council is part of the Gloucestershire Information Sharing Partnership. This will enable data to be shared when necessary.
- Audit reviews ensure data is held securely whether electronic or hard-copy.
- The MTFS is reviewed and updated on a regular basis to ensure the Section 151 Officer, Directors and Members are aware of the financial standing of the Council

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability • Implementing good practice in transparency • Implementing good practices in reporting • Assurance and effective accountability
• The Council publishes an Annual Report which reports on the Council's activities for the previous financial year. Data in respect of transparency is published on the Council's website. • The Council's Statement of Accounts is produced and published annually in accordance with statutory requirements. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met it's governance reporting obligations • External Audit recommendations are reported to Audit and General Purposes Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported • Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed-up and reported to Audit and General Purposes Committee, further follow-up is planned if recommendations have not been actioned in full.

4. REVIEW OF EFFECTIVENESS

The Council has 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 the senior managers, the annual opinion from the Head of Internal Audit, the officer Corporate Governance Group and comments made by the external auditors, other review agencies and inspectorates.

The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:
Senior Managers within the Council and Publica complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement. Corporate Team (including the Section 151 Officer, Head of Paid Service and the Monitoring Officer) review the Corporate Risk Register and Service Risk Registers on a quarterly basis. The SWAP Assistant Director (Head of Internal Audit) provides the Audit and General Purposes Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements. Investigation of, and decisions on, allegations of failure to comply with Members Code of Conduct are considered and determined by the Monitoring Officer and an Independent Person(s). Induction processes are carried out for newly elected members. The Section 151 Officer ensures training and awareness sessions are carried out for the Audit and General Purposes Committee periodically. The External Auditors (Grant Thornton) present progress reports to the Audit and General Purposes Committee. The External Auditor's Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit and General Purposes Committee.

Quarterly performance reports, including the Corporate Risk Register and budget position, are presented to Cabinet and the appropriate Committee, demonstrating performance management against agreed Service Plans, performance indicators and budgets.

The Audit and General Purposes Committee review the Annual Governance Statement.

The Audit and General Purposes Committee review the Annual Statement of Accounts, the reports from both Internal Audit (SWAP) and External Audit (Grant Thornton), including quarterly progress reports.

The Finance and Management Overview and Scrutiny Committee consider the draft Medium Term Financial Strategy, Capital Programme, Capital Strategy, Investment Strategy and Treasury Management Strategy and provide feedback to Cabinet and Council as part of the process for approving these strategic documents.

Full Council approves the annual Budget, Medium Term Financial Strategy, Capital Programme, Capital Strategy, Investment Strategy and Treasury Management Strategy, following recommendations from Cabinet and in light of input from the Council's Scrutiny Committees.

Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the relevant Manager(s).

The Annual Internal Audit Opinion for 2018/19, in respect of the areas reviewed during the year, was "Reasonable Assurance".

The Council's Financial Rules and Contract Rules are kept under review and revised periodically.

Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government Ombudsman and reports from SWAP (Internal Audit) or Grant Thornton (External Audit).

5. SIGNIFICANT GOVERNANCE ISSUES DURING 2018/2019

In preparing this statement and reviewing the effectiveness of the governance arrangements a number of areas have been identified where the Council needs to focus attention and improve arrangements over the next financial year. These areas of work are planned to strengthen the control framework and are set out in the table below.

No.	Key Area of Focus	Planned Actions
1	Member induction following elections	The Council will be holding elections in May 2019 and will need to ensure that Members, particularly new Members, receive appropriate support and training to enable them to fulfil their role effectively.
2	Update Corporate Strategy	Following elections in May 2019, the Council will need to produce a new Corporate Plan, setting out its aims and objectives for the next four years.
3	Publica Ltd	The Council needs to embed the governance arrangements relating to Publica. This includes implementing new Service Delivery Plans which will enable improved performance reporting using a new set of Key Performance Indicators and new arrangements for engagement

		between Publica and Council Members.
4	General Data Protection Regulation (GDPR)	The Data Protection Regulatory framework changed in May 2018. The Council has an approved action plan which it needs to ensure is implemented in a timely manner to ensure it is compliant with the new requirements.
5	Ubico Ltd	A review to be carried out of the current governance arrangements with Ubico and how this can be strengthened.

The Annual Internal Audit Opinion, as drafted by the SWAP Assistant Director (Head of Internal Audit), lists 34 pieces of audit work being conducted during 2018/19, which includes consultancy and advisory services. 20 assurance reviews were completed during the year and a further 7 will be finalised during 2019/20. 5 assurance reviews provided “Substantial” assurance and 15 provided “Reasonable” assurance. There were no assurance reviews which resulted in either “Partial“ or “No Assurance” opinions.

Internal Audit follow-up reviews were conducted during 2018/19 on areas where weaknesses were identified in the previous year. Of 58 recommendations 2 “priority 2” recommendations and 2 “priority 3” recommendations remained outstanding. The internal audit team will continue to monitor progress against outstanding recommendations and this will be reported to the Audit and General Purposes Committee as part of regular performance reports.

6. APPROVAL OF LEADER AND HEAD OF PAID SERVICE

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and General Purposes Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed on behalf of West Oxfordshire District Council:

James Mills
Leader of the Council

Date:

Giles Hughes
Head of Paid Service

Date:

A

Accounting Period
The period of time covered by the accounts, normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accounting Statements
The Council's Core Financial Statements and Supplementary Financial Statements.

Accruals
Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which no payment has yet been made or received at the Balance Sheet date.

Actuarial Gains and Losses (Pension Schemes)
Changes in the net pensions liability that arise because events have not matched assumptions at the last actuarial valuation or because actuarial assumptions have changed.

Amortisation
A term used to refer to the charging of the value of a transaction or asset (usually related to intangible assets or deferred charges) to the Income and Expenditure Account over a period of time, reflecting the value to the authority; similar to the depreciation charge for non-current assets.

Appointed Auditors
The Local Audit and Accountability Act 2014 includes a statutory requirement that a local authority's annual Statement of Accounts be subject to external review by a duly appointed external auditor. For 2017/18 the responsibility for the appointment of said external auditor has been devolved to Grant Thornton UK LLP.

Approved Institutions
Funds that are not immediately required may be invested but only with third parties meeting the credit rating criteria approved annually as part of the Council's Treasury Management Policies and Practices.

Asset
An item having value in monetary terms. See also Current Assets, Non-Current Assets and Financial Asset.

Audit of Accounts
An independent examination of the Council's financial affairs.

B

Billing Authority
A local authority responsible for collecting Council Tax and National Non-Domestic Rates.

Budget
The forecast of net revenue and capital expenditure over an accounting period.

C

Capital Expenditure
Expenditure for the acquisition, provision or improvement of non-current assets, which will be of long-term value to the Council, providing services beyond the current accounting period.

Capital Programme
The capital schemes the Council intends to carry out over a specified time period.

Capital Receipts
Money received from the disposal of non-current assets or the repayment of grants and loans, which is available for financing future capital expenditure.

Collection Fund
A statutory fund maintained by a billing authority, which is used to record local taxes and Non-Domestic Rates collected by the authority, along with payments to precepting authorities, the national pool of Non-Domestic Rates and the billing authority's General Fund.

Community Assets
Assets which the Authority intends to hold in perpetuity, that have no determinable finite useful life and that may have restrictions on their disposal, e.g. parks, historical buildings. See also Non-Current Assets.

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

Contingency
Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income.

Contingent Asset
A possible asset that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability
A contingent liability is either:
- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient liability.

Council Tax
The main source of local taxation for local authorities. Council Tax is levied on households within its area by the billing authority and the proceeds are paid into the Collection Fund for distribution to precepting authorities and the Authority's General Fund.

Creditors
Amounts owed by the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been made.

Current Assets
Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities
Amounts which will become due or could be called upon during the next accounting period.

Current Service Cost (Pensions)
The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

Curtailment (Pensions)
An event that reduces the expected years of future service of present employees, or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

D

Debtors
Amounts due to the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been received.

Depreciation
The estimated benefit of an asset consumed during the accounting period, owing to age, wear and tear, deterioration or obsolescence.

Direct Revenue Financing (DRF)
Resources provided from an authority's revenue budget to finance the cost of capital projects.

E

Equity
The Authority's value of total assets less total liabilities.

Equity Instrument
A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Events After the Reporting Period
Those (non-adjusting) events, both favourable and unfavourable, of such materiality that their disclosure is required for the fair presentation of the Statement of Accounts, which occur between the Balance Sheet date and the date on which the Accounts are signed by the responsible financial officer.

Exceptional Items
Events or transactions that fall within the ordinary activities of the Authority and need to be disclosed separately due to their size to give fair presentation of the accounts.

External Audit
The independent examination of the activities and accounts of local authorities in order to give an opinion as to whether the Statement of Accounts have been prepared in accordance with legislative requirements and proper practices, and to ensure the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

F

Fair Value (FV)
The price an asset could be exchanged for in an arm's length transaction less any grant.

Fees and Charges
Income raised by charging users of services for facilities, e.g. leisure centres, trade refuse, etc.

Finance Leases
A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Accounting guidance requires that it should be presumed that such transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment, amounts to substantially all (normally 90% or more) of the fair value of the leased asset. The present value is calculated using the interest rate implicit in the lease.

Financial Asset
A right to future economic benefits controlled by the Authority that is represented by:
- cash
- an equity instrument of another entity
- a contractual right to receive cash (or another financial asset) from another entity
- a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the Authority.

Financial Instruments
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Liability
An obligation to transfer economic benefits controlled by the Authority that is represented by:
- a contractual obligation to deliver cash (or another financial asset) to another entity
- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the Authority.

G

General Fund (GF)
The main revenue fund of a billing authority, used to meet day-to-day spending.

Government Grants
Grants made by the Government towards either revenue or capital expenditure to support the cost of providing the Authority's services. These grants may be specifically towards the cost of particular schemes or to support the revenue spend of the Authority.

Gross Expenditure
The total cost of providing the Authority's services before taking into account income from government grants and fees and charges for services.

Growth
Any increase in spending from one year to another which enables the Authority to pay for more services rather than to meet higher costs.

H

Housing Benefit (Rent Allowance)
An allowance to persons on low (or no) income to meet, in whole or part, their rent. Benefit is allowed or paid by local authorities but central government refunds part of the cost of the benefit provided and of the running costs of the service to local authorities.

I

Impairment
A reduction in the value of a fixed asset, below its carrying amount on the Balance Sheet.

Income
Amounts that the Authority receives or expects to receive from any source, including fees and charges, sales and grants.

Infrastructure Assets
Non-current assets belonging to the Authority which do not necessarily have a resale value e.g. highways, and for which a useful life span cannot be readily determined.

Intangible Assets
Non-financial assets which do not have physical substance but are identified and controlled by the Authority through legal rights e.g. IT Software.

Interest Receivable
The money earned from the investment of surplus cash.

Inventories
Items of raw materials and stores an authority has procured to use on a continuing basis and which it has not yet used.

Investment Property
Land and Buildings non-current assets held only for investment potential.

J

Joint Arrangement
An arrangement under which the participants engage in joint activities but do not create a legal entity because it would not carry on a trade or business of its own.

L

Liability
A liability is where the Authority owes payment to an individual or another organisation. See also Contingent Liability, Current Liabilities and Financial Liability

Local Council Tax Support Scheme
Assistance provided by billing authorities to adults on low incomes to help pay their Council Tax bill. The cost is borne by the Council.

Long-Term Assets
Non-current and other assets which can be expected to be of use or benefit the Authority in providing its service for more than one accounting period.

Long-Term Liabilities
Amounts which will become due or could be called upon beyond the next accounting period.

M

Materiality
The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements to a reader.

Minimum Revenue Provision (MRP)
The minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for repayment of debt as required by the Local Government Act 2003.

N

National Non-Domestic Rates (NNDR)
A levy on businesses, based on a national rate in the pound set by the Government, multiplied by the rateable value of the premises they occupy.

Net Book Value (NBV)
The amount at which non-current assets are included in the balance sheet.

Net Debt
The Authority's total borrowings less cash investments.

Net Expenditure
Gross expenditure less specific service income.

Net Interest on the Net Defined Benefit Liability (Pensions)
The net interest expense - the change during the period in the net benefit liability that arises from the passage of time.

Non-Current Assets
Property, plant and equipment and other assets that bring longer term benefit or service potential to the Authority.

Non-Operational Assets
Assets held by the Authority but not directly occupied, used or consumed in the direct delivery of services, e.g. assets in the course of construction and surplus land.

O

Operating Leases
A lease other than a Finance Lease (see above). The future obligations relating to operating leases are disclosed to provide the reader with an estimate of the outstanding un-discharged obligations in relation to such leases.

Operational Assets
Non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Outturn
Actual income and expenditure in a financial year (accounting period).

P

Past Service Costs (Pensions)
The increase in the present value of the defined benefit scheme liabilities, related to employee service in prior periods, arising as a result of, or improvement to, retirement benefits.

Pension Fund
An employees' pension fund maintained by an authority, or group of authorities, in order to make pension payments on the retirement of its participants; it is financed from contributions from the employing authority, the employee and investment income.

Precept
A levy made by one statutory body (Precepting Authority) on another to meet the net cost of its services.

Precepting Authorities
Those authorities that are not Billing Authorities; i.e. do not collect the Council Tax and National Non-Domestic Rates. Police authorities are 'major' precepting authorities and town and parish councils are 'local' precepting authorities.

Prior Period Adjustments
Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provisions
Amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g. bad debts.

Prudence
The concept that income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

Prudential Code
The CIPFA Prudential Code for Capital Finance in Local Authorities – the guidance applicable from April 2004 for the greater freedom for authorities to borrow to fund capital investment (under the Local Government Act 2003). This Code requires the Authority to set and monitor a suite of Prudential Indicators, including its Affordable Borrowing Limit, and establish its policy for using the new freedoms.

R

Rateable Value
The annual assumed rental value of a hereditament that is used for NNDR purposes.

Revenue Expenditure Funded by Capital Under Statue (REFCUS)
Expenditure of a capital nature but for which there is no tangible asset, e.g. renovation grants.

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

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Examples of related parties to an authority include Central Government, Local Authorities and other bodies precepting or levying demands on the Council Tax, its Members, its Chief Officers and its Pension Fund.
For individuals identified as related parties, it is also presumed that members of the close family, or the same household, or any partnerships, companies in which the individual or a member of their close family, or the same household has a controlling interest, are deemed to be related parties.

Related Party Transactions
The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. The materiality of related party transactions is judged not only in terms of their significance to the Authority, but also in relation to its related party.

Reserves
Amounts set aside in the accounts for the purpose of meeting general, future expenditure. Reserves may also be used to smooth the cost of certain activities over a number of years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

Retirement Benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Return on Plan Assets (Pensions)
Changes during the period in the net benefit liability that arises from the passage of time excluding amounts included in Net Interest on the Net Defined Benefit Liability.

Revenue Expenditure
Spending on day-to-day items including employees’ pay, premises and transport costs and supplies and services.

Revenue Support Grant
A general grant paid by the Government to Council’s contributing towards the costs of their services.

S

Specific Grants
The term used to describe all government grants, including supplementary and special grants, to local authorities other than Revenue Support Grant and capital grants.

T

Total Cost
The actual cost of services reflecting all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service’s chief officer.

W

Work In Progress
The cost of work carried out on an uncompleted project at the Balance Sheet date, which should be accounted for within the accounting period.

INDEX OF NOTES TO THE ACCOUNTS