Public Document Pack

URGENT BUSINESS AND SUPPLEMENTARY INFORMATION

Accounts, Audit and Risk Committee

12 April 2018

Agenda Item Number	Page	Title	Officer Responsible	Reason Not Included with Original Agenda
7.	Pages 1 - 190	Statement of Accounts 2016/17 Appendix 1 – Statement of Accounts 2016-2017 Annex to Appendix 1 – Annual Governance Statement For Information – Audit Results 2016-2017	Interim Deputy Section 151 Officer	Information being reviewed and finalised at time of agenda dispatch

If you need any further information about the meeting please contact Aaron Hetherington, Democratic and Elections aaron.hetherington@cherwellandsouthnorthants.gov.uk, 01295 227956

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Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Statement of Accounts for the year 2016/17

Contents

Introduction

Welcome to Cherwell District Council's Statement of Accounts for the year ending 31 March 2017. The Statement of Accounts is a statutory document providing information on the cost of services provided by Cherwell District Council to the council tax payer and detailing how those services were financed. In addition, it provides information, within the Balance Sheet on the value of our assets (what we own), what we are owed and the value of our liabilities (what we owe).

Should you have any comments or wish to discuss this statement in further detail then please contact the finance team by email on finance@cherwell-dc.gov.uk

We hope you find the financial statements of interest and we look forward to hearing your views.

Cecilie Booth CPFA
Deputy S151 Officer

Cherwell District Council
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Narrative Report

This document sets out the Council's statutory accounts for the financial year ended 31 March 2017. The format accords with statutory undertakings and the requirements for publication of financial information set out in the Code of Practice on Local Authority Accounting in the United Kingdom and complies with International Financial Reporting Standards (IFRS).

The narrative report gives readers a brief overview of the most significant matters reported in the accounts and an explanation in overall terms of the Council's financial position.

The Accounting Statements

Detailed below is an explanation of the Statements within these accounts and the relationship between them:

The Statement of Responsibilities for the Statement of Accounts - identifies the officer who is responsible for the proper administration of the Council's financial affairs.

The Accounting Statements:

Comprehensive Income and Expenditure Statement - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

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

Balance Sheet – The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, ie. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

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

The Supplementary Financial Statements:

The Collection Fund - The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government to council tax and non-domestic rates. A Statement of Accounting Policies (Note 1 to the Financial Statements) supports these statements and details the general accounting conventions used in preparing the accounts. Where accounting policies do not adhere to recommended practice, this is disclosed.

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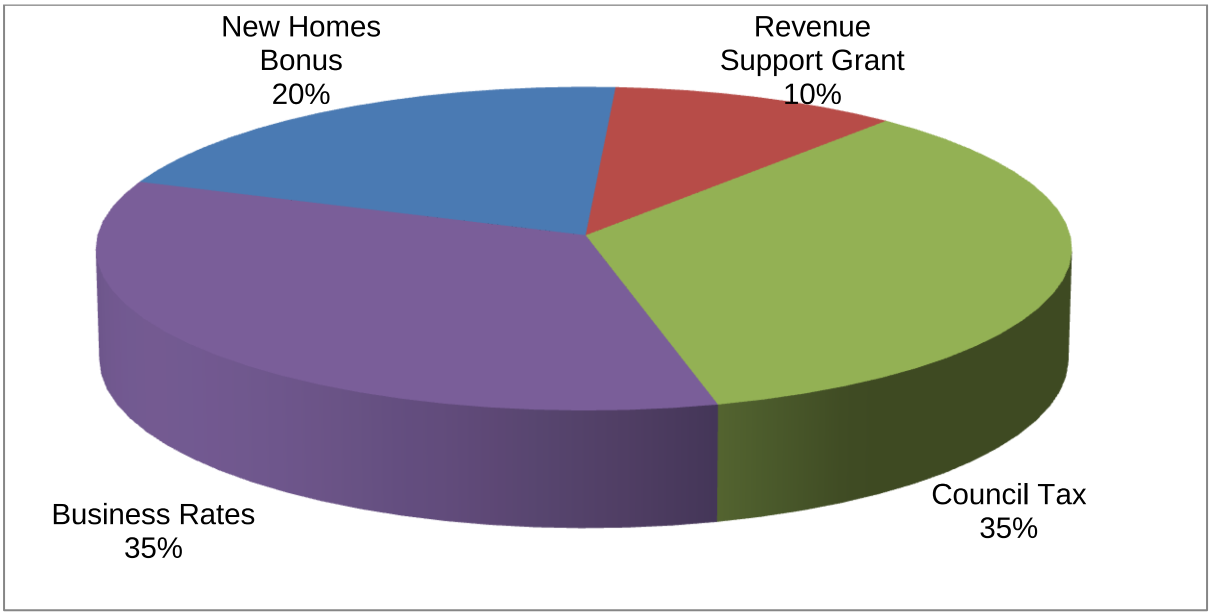
Accruals of Income and Expenditure -The de minimis level for manual accruals has been maintained at £20,000, which is reviewed annually. This removes small transactions at the end of the financial year that do not materially affect the accounts. The purchase orders processed automatically through the financial information system are all processed with no de minimis level for these transactions.

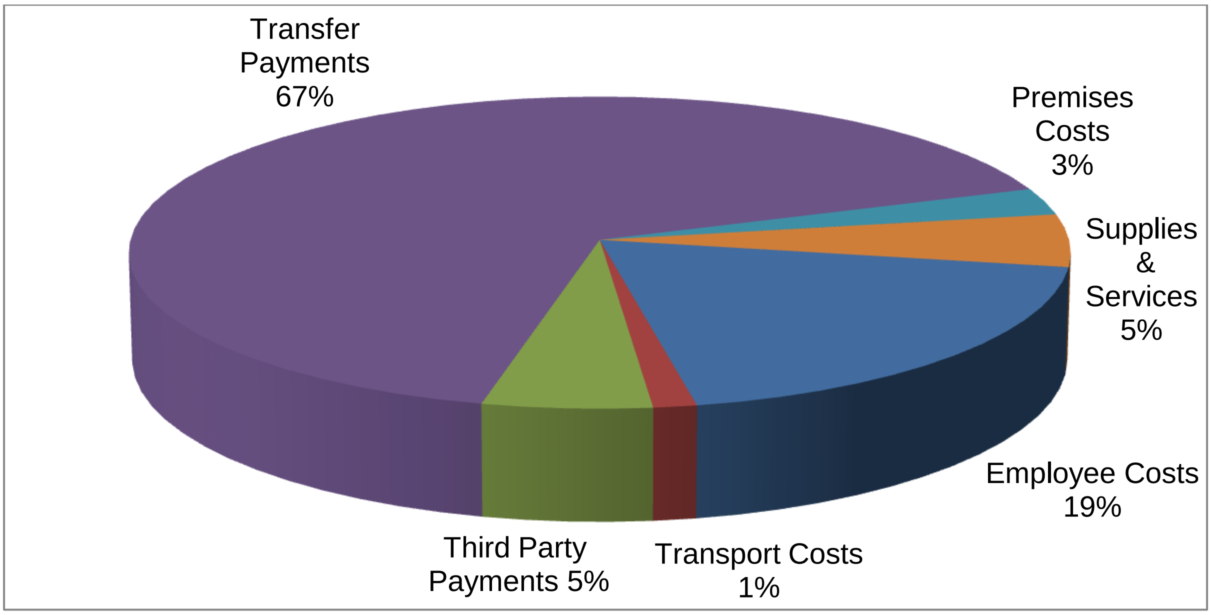
Revenue Expenditure
The charts below outline where the Council's revenue money came from, how it was spent and on which services. They show the overall position of the Council's revenue budgets for 2016/17.

The purpose of this Statement of Accounts is to present the financial results of the Council's activities for the year ended 31 March 2017, and to summarise the overall financial position of the Council as at this date.

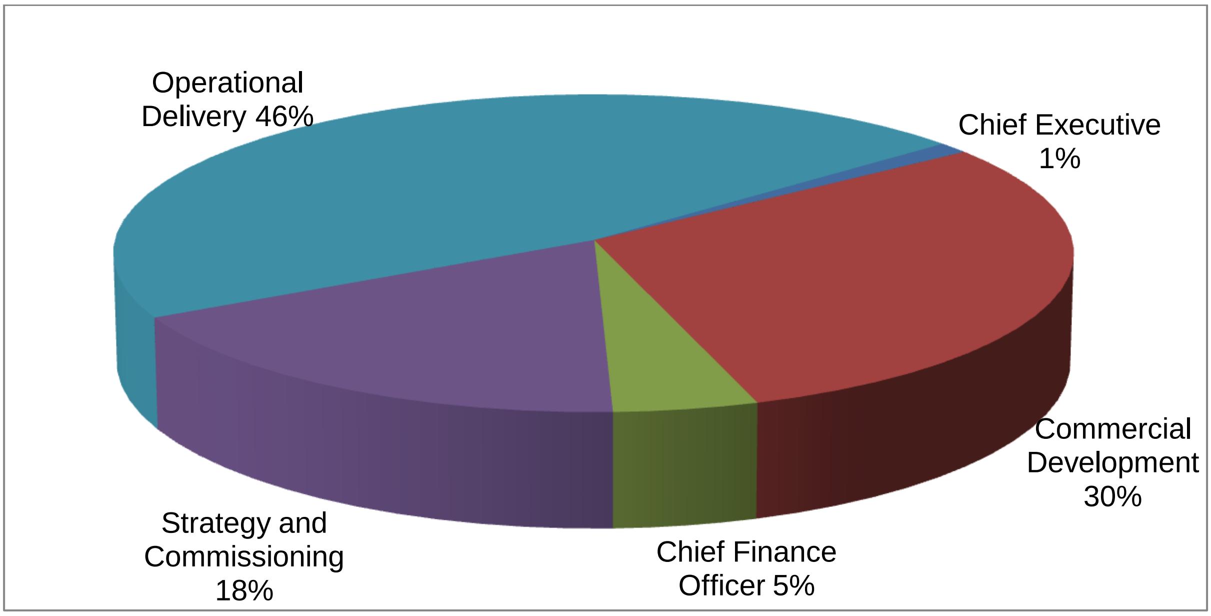
Where The Money Came From



What the Money Was Spent



What Services Have Been Provided



General Fund Revenue Account

The following table summarises the position for the General Fund for 2016/17.

	Adjusted Budget 2016-17 £000	Final Outturn 2016-17 £000	Variance 2016-17 £000
Expenditure			
Net Service Expenditure	22,560	23,190	630
Capital Financing Adjustments	(4,002)	(4,183)	(181)
Sub Total	18,558	19,008	450
Transfers To Reserves	(700)	(505)	195
Total Net Expenditure	**17,858**	**18,503**	**645**
Income			
Revenue Support Grant	(1,851)	(1,851)	(0)
Business Rates	(6,275)	(6,041)	234
Met by local council taxpayers	(6,219)	(6,219)	0
New Homes Bonus	(3,682)	(3,689)	(7)
Other Grants	169	169	0
Total Income	**(17,858)**	**(17,631)**	**227**
(Surplus)/Deficit for the year	**0**	**872**	**872**
Balance Brought Forward	**(3,761)**	**(3,761)**	**0**
Balance Carried Forward	**(3,761)**	**(2,889)**	**872**

Budget Variations

The outturn reflects a number of one off and ongoing savings. These have been achieved as a result of the significant work undertaken when preparing the 2016/17 budget. The total service underspend is (£872k).

It should be noted that due to the nature of the Council's budget, there are hundreds of individual budgets, many of which had some degree of variation. The items detailed above identify the significant areas only.

Capital Expenditure

Capital expenditure relates primarily to spending on Council assets (i.e. an item with an expected life of more than one year). Overall the expenditure during the year was £45.820m compared to the approved budget of £73.195m.

Directorate	BUDGET £000	ACTUAL £000	SLIPPAGE £000	VARIANCE £000
Chief Finance Officer	38	3	37	2
Commercial Development	67,111	42,714	24,688	182
Operations & Delivery	6,046	3,102	2,848	(97)
Total	**73,195**	**45,820**	**27,573**	**88**

Within the actual spend of £45.820m in 2016/17, £7.5m of this relates to the Build! Programme and £31.2m relates to the Graven Hill.

There has been slippage in the programme due to the many external factors. The projects with the largest slippage are shown below:

DESCRIPTION	**SLIPPAGE £000**	**COMMENTS**
HR / Payroll System replacement	37	Current supplier has agreed to continue provision until replacement system implemented. New system to be implemented for 1 March 2018
Bicester Community Building	94	Fit out for the 2nd floor remains unspent but plans are being drawn up to spend this in 16/17. The project as a whole is expected to be overspent by £80k due to construction delay.
Graven Hill	13,148	The company are currently preparing a revised forecast of spending and cashflow.
NW Bicester Eco Business Centre	3,726	Once the procurement exercise is complete in Sept the expected cash flow will become clearer. We should expect the majority of spend to be incurred in 2017/18. Funded from Eco Town Capital
East West Railways	580	Planned to spend in 2017/18 - there is a 5yr schedule of capital contributions to 2019/20
Build Programme	4,790	Project continues into 2017/18
Condition Survey Works	101	Work planned for completion in 2016/17. Planned to spend in 2016/17, has now been delayed. - Solihull Partnership
Bradley Arcade Roof Repairs	88	Order placed 11th May 16 for completion in 2016/17
Upgrade Uninterrupted Pwr Supp Back up	337	Work procured through Solihull Partnership. Work is urgent but has now been delayed.
Improvmts to Amenities Orchard Way	22	Work procured through Solihull Partnership. Likely to have a

		lengthy lead-in time and has now been delayed.
Woodgreen - Condition Survey Works	9	Project continues into 2017/18
Orchard Way Shopg Arcade Front Serv	288	Work procured through Solihull Partnership. Likely to have a lengthy lead-in time and has now been delayed.
Thorpe Lane Depot - CCTV Replacement	25	Project to continue in 2017/18
Banbury Museum - Refurbishment Programme	38	Project completion due in 2017/18
Community Buildings - Remedial Works	150	Project to commence in 2017/18
Spiceball Riverbank Reinstatement	50	Due for completion in 2016/17, has now been delayed.
Bolton Road	74	Demolition and construction of surface car park, retention sums.
Bicester Cattle Market Car Park Phase 2	90	Project to commence in 2017/18
Disabled Facilities Grants	493	Grants awarded as required. Underspend in 2016/17 is requested to be slipped into 2017/18
Discretionary Grants Domestic Properties	340	Grants awarded as required. Underspend in 2016/17 is requested to be slipped into 2017/18
Empty Homes Work-in-Default Recoverable	100	Grants awarded as required. Anticipate all will be used in 2016/17. Underspend in 2016/17 is requested to be slipped into 2017/18
Land & Property Harmonisation	6	Slippage to 2017/18 pending new IT strategy
IT Strategy Review	139	for implementation in 17/18
Biomass Heating Bicester Leisure Centre	14	Project works completed, however additional safety works to undertaken circa £14K. £70K not required. Need to slip £14k to cover safety works once a new maintenance supplier is procured in July 2017
Customer Self-Service Portal CRM Solutn	80	Depends on completion of website redevelopment, will now be 17/18.
The Hill Youth Community Centre	849	The Hill won't be complete until December 2017 and The Hall's budget is being used predominantly to fit out the new facility
Whitelands Farm Sports ground	909	Project construction on going slip £909k into 2017/18.
Community Centre Refurbishments	84	see comment above for the Hill Youth Community centre

Solar Photovoltaics at Sports Centre	80	Needs to be slipped for invertor replacements in 2017-18
Football Development Plan in Banbury	20	Slip £20k to fund the set up of football partnerships in all urban areas during 2017/18.
North Oxfordshire Academy Astroturf	150	Initial project discussions commenced with ULT any potential works to commence 2017-18 - therefore need to slip £150k
Stratfield Brake Repair Works	22	To spend during early in 2017/18 to upgrade building maintenance - slip £22k
Sports Centre Modernisation Programme	86	Defect dispute on going, retain £239k as relates to retention accrual.
Bicester Leisure Centre Extension	149	Slip £149k into 2017/18 as the feasibility studies have just commenced.
Spiceball Leis Centre Bridge Resurfacing	30	Bridge works on hold as the CQ2 works require bridge closure. Slip £30k into 2017/18 for these works to progress once the bridge re opens.
Energy Efficiency Projects	20	Due to staff resources, remaining £20k to be slipped to 17/18
Glass Bank Recycling Scheme	8	No purchases - remaining £8k to be slipped in to 17/18
Off Road Parking Facilities	18	Work not commenced, full £18k to be slipped in to 17/18 (Country Park)
Vehicle Replacement Programme	128	Budget fully committed for 16/17, 2 vehicles slipped in to 16/17 - late delivery, remaining £128k to be slipped in to 17/18
Wheeled Bin Replacement Scheme	170	Budget not fully committed for 16/17, remaining £170k to be slipped in to 17/18
Urban Centre Electricity Installations	30	Due to increased workload - £30k slippage required in to 17/18, anticipating tender out in qtr 1/2 17/18
Capital Total	**27,573**	

Material Transactions
The following material transaction relates to 2016/17:

- **Pensions**
  The value of the pension fund deficit for 2016/17 is £92.4m; this reflects an increase of £19.7m from the 2016/17 deficit position of £72.7m.

- **Non-Current Asset Valuations**
  The Council employed an external firm of valuers, Montagu Evans to provide an estimate of the value of its land and buildings, community assets and investment properties. For a number of non-current assets these estimates for 2016/17 are significantly lower than those obtained for 2015/16 and have resulted in the total value of non-current assets being revalued downwards by £34.7m at the 31 March 2017.

Reserves
The Council at 31 March 2017 has a General Fund balance of £2.9m, which is in line with the Council's Medium Term Financial Strategy. In addition, the Council has earmarked revenue reserves totalling £17.2m (details are included within Note 10.

Graven Hill
During 2014/15 the Council established two companies to deliver a self-build housing project at Graven Hill Bicester. Shares in Graven Hill Holding Company are 100% owned by the Council and Shares in Graven Hill Development Company are 99% owned by Graven Hill Holding Company and 1% by the Council.

The arrangements require the Council to prepare Group Accounts in 2016/17. The accounts for the company are prepared by the companies' accountants Clark Howes and are presented within Note for Group Accounts.

Investments in Iceland
Cherwell District Council was one of at least 123 local authorities that were affected by the collapse of Icelandic banking institutions in October 2008. The Council had £6.5m deposited with one of these institutions, Glitnir, with varying maturity dates and interest rates.

Following the Icelandic Supreme Court decision in March 2012 to grant UK local authorities priority status, the winding up board made a distribution to creditors in a basket of currencies. An element of the Council's distribution, £629,669, was in Icelandic Krona and placed in an escrow account in Iceland which earned interest at a blended rate of 3.97%. Since then interest has been accumulating and exchange rates have risen and dropped, with interest earned and exchange gains/losses being recognised in the Council's annual accounts.

The amount held on 31st March 2016 was ISK 310,416,820 (£1,741,371), converted from Icelandic Krona to Sterling with the 'sell' exchange rate as published on the Central Bank of Iceland website and in accordance with CIPFA LAAP Bulletin 82 Update 7

Following a decision by the Icelandic Parliament on 22nd May 2016, a further debt auction was held with the Central Bank of Iceland offering to settle the amounts on deposit by paying creditors in Euros between 65% and 75% of the official exchange rate. Cherwell District Council opted to place its entire deposit of ISK 313,703,286 into the auction held on 16th June 2016 and the auction rate was 73%. The final settlement, in Euros, was then subject to the rate of exchange between the Euro and Sterling on 29th June 2016, and the cash received on that date was £1,359,655.

Interest earned of £18,765 and an exchange rate loss of £400,481 have been recognised in the 2016/17 annual accounts .

National Non-Domestic Rates (NNDR) Mandy to update
National Non-Domestic Rates (NNDR) represents a major source of income for most local authorities. The total amount of NNDR due (less certain reliefs and deductions) is collected by the Council and a certain amount of the income collected is retained by the Council and the remainder paid to Department of Communities and Local Government and Oxfordshire County Council.

The Council currently receives approximately 34% of its annual revenue income from NNDR and during 2016/17 £6.0m of NNDR was used to support the Councils Net Expenditure requirement. From 2014/15 the Council has participated in a local "pooling arrangement" with Oxfordshire County Council and West Oxfordshire District Council to minimise the levy payment to Department of Communities and Local Government.

The calculation of reliefs and deductions applied to the calculation of NNDR is a complex and often fluid area that can evolve and change from year to year and also within year. During 2011/12 a decision was taken by Department of Communities and Local Government (DCLG), and reflected in national guidance that Ministry of Defence (MoD) properties would be exempt from paying NNDR. This change necessitated a recalculation of the Council's NNDR baseline, a reduction in the level of NNDR income and a £1.5m reduction in the amount paid to Department of Communities and Local Government.

During the course of the audit of the Council's 2014/15 Financial Statements it became clear that the £1.5m had been paid to Department of Communities and Local Government and the Council had over-paid its share of NNDR by £1.5m.

The regulations relating to NNDR changed in 2013, The Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452), state that the calculation of non-domestic rating income for 2013/14 and subsequent years is to be made on the basis of the amounts credited and charged to the Collection Fund.

As a result, changes to income in respect of previous years that were not recognised prior to 2013/14 now have to be treated in accordance with the rates retention scheme, and shared between central and local government in accordance with the relevant percentage shares under the scheme.

This debt has now been written off and incorporated in the Revised NNDR3 return 2015/16 in September 2016, where the following apportionment applies:

- £750k Department of Communities and Local Government incur
- £150k Oxfordshire County Council incur
- £600k Cherwell District Council

  No entries relating to the £1.5m have been made in the accounts for 2016/17.

In 2017/18, the £1.5m will form part of the estimated Collection Fund deficit report in the NNDR1 return January 2017.

- £750k will be recovered from Department of Communities and Local Government
- £150k will be recovered from Oxfordshire County Council
- £600k relating to the Council will be charged to the Income & Expenditure account

Impact of the current economic climate

The Council's financial strategy and 2016/17 budget were approved in February 2016 at the meeting of Full Council. The key messages in relation to the budget were;

The current economic climate presents unprecedented challenges in meeting spending priorities without placing undue burden on local taxpayers. The Council's successful approach to improving value for money and securing efficiencies on an ongoing basis provides a solid foundation.

The strategy for generating resources at the same rate as grant is expected to reduce is predicated on a strategy that focusses on three areas:

- **Joint Working**
  The Council's partnership with South Northants Council has delivered in excess of £3m pa savings. The potential for delivering further savings through not only joint working but the Council's plans to set up a confederation for commissioning services is significant.

- **Maximising Income**
  The Council has identified that residential and commercial growth presents an opportunity to improve income streams (Business Rates, New Homes Bonus and Council Tax). We in partnership with South Northants Council have set up a team focussed on maximising income from these areas

- **Investment**
  The Council has a significant role in creating prosperity in its area and is taking on ambitious regeneration projects, which will breathe new life into the areas targeted. Many of these projects will also deliver revenue and capital income streams over the medium term. This approach is expected to deliver significant community and financial benefits.

- **Financial Improvement Plan**
  The Financial Improvement Plan was a core outcome from the KPMG report "Review of NNDR Overpayment" and was adopted by the Accounts Audit and Risk Committee on 20 January 2016. The progress of the financial improvements and issues arising are reported and tracked by the Accounts Audit and Risk Committee.

Performance Indicators

In 2016/17 the Council set itself challenging performance targets and is delighted to report that it has met, or made satisfactory progress on, 96% of all the performance targets set out in the Corporate Performance Management Framework including Equalities, Programmes and Partnership plans.

A general summary of our performance at year end, against each of our scorecards is outlined in the table below:-

END OF YEAR 2016/17 Summary Outturn					
No. of measures	**Green ***	**Green**	**Amber**	**Red**	Total 81
District of Opportunity	**0**	**11**	**6**	**0**	**17 (21%)**
Safe, Clean, Green	**2**	**7**	**2**	**0**	**11 (13%)**
A Thriving Community	**8**	**25**	**3**	**1**	**37 (46%)**
Sound budgets & Customer focused Council	**0**	**10**	**4**	**2**	**16 (20%)**
Corporate Business Plan Total	**12%**	**65%**	**19%**	**4%**	**100%**

Areas of performance strength relating to each of the 4 strategic priorities:-

District of Opportunity	
Implement The Cherwell Local Plan as the framework for sustainable housing	
✓	The Banbury and Kidlington masterplans have been successfully adopted as the supplementary planning documents.
Complete and implement the Masterplan for Bicester	
✓	Work continues to develop the design and cost plan for the Eco Business centre. A planning application has been submitted and is due to be considered by the planning committee in June 2017. Delivery of the demonstration project on the Graven Hill site is continuing, 3 of the self build homes are at roof level and the remaining 7 are at foundation stage. Occupations on site from summer 2017. Positive engagement with residents in Bicester in respect to the growth and also with the production company with programme due to air spring 2018 at the end of the final self build.

Complete and implement the Masterplan for Banbury	
✓	Development steps in creating a Masterplan for Canalside in Banbury Town Centre redevelopment is progressing with the draft site assessment now completed. The Mill has successfully developed a 5 year business plan and is positioning itself for some redevelopment in the longer term. The County Council have renewed their lease of The Mill building for a further year and will continue to support the Trust through this next phase. The OCC revenue grant has now ceased as per their agreement. The Mill Arts Centre Trust has been funded by CDC with a special grant to purchase a new seating rake which is a critical element of their future development plans and should see increased repeat attendance.
Promote Inward Investment And Support Business Growth Within The District.	
✓	Throughout 2016-17, the results of the 'development pipeline' actively supported by CDC were seen to have created many hundreds of jobs on business parks, notably in Banbury. The Council's Banbury Town Centre Vitality programme completed its third year, contributing to a reduction of the number of vacant retail units from 54 to 35. In Bicester, 15 small retail businesses received expert mentoring and training over 6 months to develop their products and services, with advice also being provided to establish an independent traders association. Following a request from businesses, CDC's economic growth service commissioned a study to examine the feasibility of creating a Business Improvement District (BID) in central Banbury. 74% of businesses supported this which in February 2017 led CDC to commission the preparation of a business plan to be consulted upon during the spring/summer 2017, leading to a ballot in October. Meanwhile, a Shadow BID Board has been created and public meetings held to enable all town centre businesses to get involved. The tourism or 'visitor economy' sector in Cherwell is worth over £378m per annum and supports over 6,700 jobs. CDC has become an ambassador member of Experience Oxfordshire to ensure that local businesses have access to expert advice and opportunities to develop their businesses. CDC also invests in the visitor information centres in Banbury and Bicester with the aim of spreading the benefits of tourism throughout the district.
Deliver High Quality Regulatory Services	
✓	Our unique Regulators Forum brings together all regulatory service managers and provides an opportunity for services to work together, share learning and improve our services. Approximately 75% of our regulatory staff and legal representatives have now undertaken a bespoke regulatory skills qualification which will support our Operational Excellence Strategy and establish baseline competency. The final Organisational Awareness Day took place in February and feedback indicates that staff knowledge of business services was increased as a result of attending the event. Just under 70% of attendees felt that it made them think

	about how we could operate in a more commercial way. Over 300 staff have attended the events. Our Regulatory Services teams ran a single point of contact project which demonstrated the benefits of working with businesses and providing signposting to businesses. We continue as members of the SEMLEP Better Business for All programmes and are currently developing a website through SEMLEP providing and signposting to regulatory advice for businesses. The new shared Public Protection Team will be implemented in 17-18 and the new structure has been developed to maximize support and advice to businesses and to add value to business interactions.
Complete and implement the Masterplan for Bicester	
➢	The application 14/02121/OUT has now been considered by the planning committee and it has a resolution to grant planning permission. In total there are now 5200 homes with resolutions to grant planning permission and work continues on the completion of legal agreements.

Safe, Green, Clean	
Provide High Quality Street Cleansing Services, And Tackle Environmental Crime	
✓	The number of flytips has decreased by 75 this year, the team have been working to prevent people fly tipping and working with colleagues in identifying fly tips and prosecuting when possible. The team will continue to investigate fly tips and take appropriate action where the evidence supports it.
Work With Partners To Help Ensure The District Remains A Low Crime Area	
✓	Working with local police and licence holders to ensure town centres remain safe has included the Public Space Protection Order (PSPO). Working in partnership with Thames Valley Police to remove the anti-social begging, rough sleeping and street drinkers from the town centre environment. This has been positively received by traders and residents with many commenting how much safer the town centre feels.
Reduce our carbon footprint and protect the natural environment	
✓	Satisfactory year-end reports on the work of all biodiversity delivery partners as part of the Biodiversity Action Plan. The results from 2016/17 of the implementation of a new carbon management plan will be available from June 17 when the end of year greenhouse gas report is complete by NEF. Previous reports this year indicate we are on track.
Provide High Quality Street Cleansing Services, And Tackle Environmental	

Crime	
➢	Whilst there has been a small increase in the number of fly tips, there has not been the evidence to support some form of enforcement/formal action to be taken. We will continue to visit as many fly tips as possible and glean as much evidence as possible.
A Thriving District	
Deliver Affordable Housing & Work With Private Sector Landlords	
✓	The delivery of affordable units annual figure has exceeded the target of 190 affordable homes with 297 new affordable homes delivered in Cherwell at the end of March 2017. This has been through positive working with Registered Providers, delivery by the Build programme and negotiating successfully with developers to secure the Council's policy requirements. This work will be continuing in the next financial year, increasing investment into the district as well as providing affordable housing to meet the needs of those on Cherwell's Housing Register.
Work with partners to support financial inclusion	
✓	A new Debt and Money contract has successfully been procured this year and is due to start on 1st of April for two years. Cherwell has an option to extend the contract for an additional year at the end of the initial term if it wishes to continue with this new arrangement. The contract has been awarded to Citizens Advice North Oxfordshire and South Northants and includes additional service requirements on top of those provided in the previous contract and includes providing Personal Budgeting support for claimants of Universal Credit and promotion of Credit Union affordable loans and savings opportunities. Cherwell District will be going live with a full service for all new claims to Universal Credit from October 2017. To prepare residents and stakeholders for this change a project team has been established working very closely with DWP Job Centre Plus team. Work streams including digital inclusion and budgeting advice and there are plans to offer forums to customers and stakeholders. Performance is good and the project for Universal Credit is on track for successful implementation. Now in their 8th year, Cherwell Job Clubs and Fairs have proven themselves to be extremely popular with job seekers and employers alike. During 2016-17, 1,089 local residents attended the events alongside approximately 100 employers and their agents. The Banbury Job Fair on 2 March 2017 alone attracted 165 people seeking work or a change of career and feedback has been excellent. For the first time, Cherwell has a stand at the Milton Keynes Job Fair, drawing interest for Cherwell's employers from 202 job seekers over the weekend event in January. For Manor F1, proactive assistance was provided to management and to employees facing redundancy. Information on the new Apprenticeship Levy was provided to local employers in the Council's e-newsletter to businesses, with referrals being made to Oxfordshire

	Apprenticeships service. Work has commenced with SEMLEP on a survey of Cherwell's businesses which is expected to reveal any skills gaps and assistance required by local enterprises, along with other practical matters that the economic growth team can address.
Provide High Quality & Accessible Leisure Opportunities	
✓	Number of visits at Woodgreen Leisure Centre, North Oxfordshire Academy and Cooper Sports Facility has increased significantly this year and has contributed to the overall position of leisure facilities. The re-development of Woodgreen is also starting to take a positive step in terms of throughput.
Work To Ensure Rural Areas Are Connected To Local Services	
✓	As part of the work with BT/BDUK & Oxfordshire County Council to extend Superfast Broadband District wide so far (March 2016 to Dec 2016) 25 additional cabinets in Cherwell district were connected. This has meant that 1,932 business and residential premises have been enabled to receive superfast broadband speeds (Over 24mbps). This number is expected to reach 3,069 by Dec 2017. CDC is investing £545,000 to support OCC in phase two of the programme, bringing significant match-funding from BDUK, BT and SEMLEP. Meanwhile, the BDUK Better Basic Broadband Scheme continues to assist those premises that have less than 2mbs download speed and no prospect of being included within the BDUK or other provider schemes. In Cherwell, 25 applications have been approved (up to 6 April 2017). The Oxfordshire programme is benefitting from 'Gainshare' as a result of considerable take-up of Superfast Broadband where it is available. This investment is allowing the roll-out programme to be re-drawn and extended. Options for the final 3-5% of premises are being sought.
Provide High Quality Housing Options Advice & Support To Prevent Homelessness	
➢	We have exceeded the target of 41 households in Temporary Accommodation by 2 units at the end of the month. The current total is 43. Due to increasing demand we have now 44 commissioned units of temporary housing to try to ensure that the costs for Temporary accommodation are kept within reasonable levels. The rise in local house prices coupled with the changes in income for those claiming welfare benefits are an increasing pressure on low income households to maintain accommodation. We are therefore seeing a rise in the number of cases approaching in emergency situations that are previously unknown to us and are in situations which are becoming increasingly harder to prevent. This is resulting in higher numbers needing to being placed in TA. We also rely very much on new developments of affordable housing across the District to enable accepted cases to move on to settled accommodation and as the comments show in March 2017 there was less delivery although throughout the year the affordable housing target has been achieved. In view of the changing environment and also because of the new Homeless reduction Bill duties the Council may face there will be a full review of existing service delivery to inform a new Homelessness Strategy to be developed during 2017.

Sound Budgets and Customer Focussed Council	
Reduce the cost of providing our services through partnerships	
✓	Increasing the number of services that can be accessed and paid for online has made good progress; the website project is on track for the new sites to go live in September 2017. The new online bookings system project has also made good progress. 2017/18 Quarter 1 Launch new online bookings system 2017/18 Quarter 1 Launch Online Bookings for Banbury market stallholders. Maximising income coming into the authority to include NHB/NNDR/CTax/external funding has involved working to maximise all income coming into the authority. A further 1296 new properties have become subject to council tax in 2016-2017 which means additional income from council tax as well as New Homes Bonus. We are continuing to implement and deliver strategies for NNDR. The Rateable Value for the Council has been fairly constant this quarter, this is a variable we have little control over although we seek to mitigate this by having efficient processes in place to identify and monitor growth. We are still waiting for four significant assessments to come into the Rating List, but we have achieved our 'target' for retained business rates. With regard to external funding we have trialled the Grantfinder application, but have had limited success in departments securing funding which is becoming more scarce due to the economic climate.
Continue To Communicate Effectively With Local Residents & Businesses	
✓	Social media continues to develop with all releases and messages being included. Continued development throughout 2017/18 Developing business relationships e.g. with Graven Hill partners, and continue to promote council services, both to businesses and residents. We are expecting this to develop and continue further in 2017/18.
Deliver below inflation increases to the CDC element of Council Tax.	
✓	Council Tax was frozen for 2016/17 and has now been frozen for 2017/18. The percentage of Council tax collection rates are 0.10% above target of 98.25%. Business collection rates have also exceeded target again this year.
Reduce the cost of providing our services through partnerships	
➢	Delivery of the Information communications Technology Strategy has been progressed where possible in parallel with other processes. We now have a plan to deliver significant elements of the transformation programme by January 2018.

The Council has made strong progress towards delivering its ambitions to improve the services delivered to the public and against key projects and priorities, despite tough performance targets, a challenging economic environment, and on-going policy and organisational change.

With a 96% delivery rate against the key strategic priorities and the deliverables that sit underneath them, this clearly demonstrates that the council's performance is excellent, and that together we are making a significant and positive difference to the District, our residents, businesses and other key stakeholders.

Statement of Responsibilities for the Statement of Accounts

The Council's responsibilities
The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Deputy S151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Deputy S151 Officer's responsibilities
The Deputy S151 Officer (151 Officer) is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices, as set out in the CIPFA/ LASAAC *Code of Practice on Local Council Accounting in the United Kingdom* (the Code of Practice).

In preparing this Statement of Accounts, the Deputy S151 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 Deputy S151 Officer has also:
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Deputy S151 Officer's Certificate
I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31st March 2017.

Cecilie Booth CPFA CPFA
Deputy S151 Officer **Date:**

Chairman of Accounts, Audit and Risk Committee Certificate

I certify that the Statement of Accounts has received the full approval of Members.

Councillor Ian Corkin
Chairman of Accounts, Audit and Risk Committee **Date:**

Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the Comprehensive Income and Expenditure Statement and immediately precedes the Comprehensive Income and Expenditure Statement.

2015/16 Net Expenditure Chargeable to the General Fund Balance	2015/16 Adjustments	2015/16 Net Expenditure in the Comprehensive Income and Expenditure Statement		2016/17 Net Expenditure Chargeable to the General Fund Balance	2016/17 Adjustments	2016/17 Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	**£000**	**£000**		**£000**	**£000**	**£000**
197	(1)	196	Chief Executive	245	(2)	243
3,495	1,363	4,858	Commercial Development	5,776	5,916	11,692
972	50	1,022	Deputy S151 Officer	1,336	26	1,362
2,832	53	2,885	Strategy and Commissioning	3,759	(8)	3,751
6,193	3,394	9,587	Operations and Delivery	7,017	11,203	18,220
1,627	(50)	1,577	Non Distributed Services	1,838	(190)	1,648
15,315	**4,809**	**20,124**	**Net Cost of Services**	**19,971**	**16,945**	**36,916**
(18,582)	(672)	(19,254)	Other (Income) and Expenditure	(18,048)	(7,000)	(25,048)
(3,267)	**4,137**	**870**	**Surplus or Deficit on Provision of Services**	**1,922**	**9,946**	**11,868**
(18,376)			Opening Combined General Fund Balance	(21,643)		
(3,267)			Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	1,922		
(21,643)			**Closing Combined General Fund Balance**	**(19,721)**		

Expenditure and funding analysis adjustments are explained in Note 7a

Comprehensive Income and Expenditure Statement

2015/16 Restated				2016/17		
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000		£000	£000	£000
196	0	196	Chief Executive	243	0	243
10,359	(5,501)	4,858	Commercial Development	12,936	(1,244)	11,692
41,154	(40,132)	1,022	Deputy S151 Officer	39,760	(38,397)	1,363
5,763	(2,878)	2,885	Strategy and Commissioning	6,419	(2,668)	3,751
16,231	(6,644)	9,587	Operations and Delivery	24,870	(6,650)	18,220
1,577	0	1,577	Non Distributed Services	1,648	0	1,648
75,279	**(55,155)**	**20,124**	**Cost of Services**	**85,875**	**(48,959)**	**36,916**
4,084	(2,652)	1,432	Other Operating Expenditure	4,805	(3,644)	1,160
6,465	(5,232)	1,233	Financing and Investment Income and Expenditure	8,797	(10,288)	(1,491)
0	(21,919)	(21,919)	Taxation and Non Specific Grant Income	0	(24,718)	(24,718)
85,828	**(84,958)**	**870**	**(Surplus) or Deficit on Provision of Services**	**99,477**	**(87,609)**	**11,868**
		1,307	(Surplus) or deficit on revaluation of Property, Plant and Equipment			15,556
		0	(Surplus) or deficit on revaluation of available for sale financial assets			41
		(8,598)	Remeasurement of the net defined benefit liability / asset			17,520
		(7,291)	**Other Comprehensive Income and Expenditure**			**33,117**
		(6,421)	**Total Comprehensive Income and Expenditure**			**44,985**

Movement in Reserves Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2016	(3,390)	(18,253)	(3,161)	(47)	**(24,850)**	(74,806)	**(99,656)**
Movement in reserves during 2016/17							
Surplus or deficit on the provision of services	11,868	0	0	0	**11,868**	0	**11,868**
Other Comprehensive Income / Expenditure						33,117	**33,117**
Total Comprehensive Income and Expenditure	**11,868**	**0**	**0**	**0**	**11,868**	**33,117**	**44,985**
Adjustments between accounting basis and funding basis under regulations	(9,946)	0	216	(118)	**(9,848)**	9,848	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**1,922**	**0**	**216**	**(118)**	**2,020**	**42,965**	**44,985**
Transfers to / from Earmarked Reserves	(1,046)	1,046	0	0	**0**	0	**0**
Increase or Decrease in 2016/17	**876**	**1,046**	**216**	**(118)**	**2,020**	**42,965**	**44,985**
Balance at 31 March 2017	**(2,514)**	**(17,207)**	**(2,945)**	**(165)**	**(22,831)**	**(31,841)**	**(54,672)**

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2015	(1,726)	(16,649)	(11,658)	(47)	**(30,080)**	(61,928)	**(92,008)**
Movement in reserves during 2015/16							
Surplus or deficit on the provision of services	870	0	0	0	**870**	0	**870**
Other Comprehensive Income / Expenditure						(8,517)	**(8,517)**
Total Comprehensive Income and Expenditure	**870**	**0**	**0**	**0**	**870**	**(8,517)**	**(7,647)**
Adjustments between accounting basis and funding basis under regulations	(4,137)	0	8,497	0	**4,361**	(4,361)	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**(3,267)**	**0**	**8,497**	**0**	**5,230**	**(12,878)**	**(7,647)**
Transfers to / from Earmarked Reserves	1,604	(1,604)	0	0	**0**	0	**0**
Increase or Decrease in 2015/16	**(1,663)**	**(1,604)**	**8,497**	**0**	**5,230**	**(12,878)**	**(7,647)**

Balance at 31 March 2016	**(3,389)**	**(18,253)**	**(3,161)**	**(47)**	**(24,850)**	**(74,806)**	**(99,655)**

Balance Sheet

31 March 2016 £000		31 March 2017 £000
124,156	Property, Plant and Equipment	108,340
15,317	Investment Property	18,500
576	Intangible Assets	821
0	Assets Held for Sale	181
5,855	Long Term Investments	12,852
9,691	Long Term Debtors	23,172
155,595	**Long Term Assets**	**163,866**
25,779	Short-term Investments	11,519
3,082	Inventories	134
12,866	Short Term Debtors	9,868
12,317	Cash and Cash Equivalents	6,077
54,044	**Current Assets**	**27,598**
(13,815)	Short-Term Creditors	(15,500)
(1,269)	Provisions	(1,522)
0	Grants Receipts in Advance - Revenue	(1,963)
(15,084)	**Current Liabilities**	**(18,985)**
(1,787)	Provisions	(906)
(72,683)	Other Long-Term Liabilities	(94,043)
(20,431)	Grants Receipts in Advance - Capital	(22,858)
(94,901)	**Long Term Liabilities**	**(117,807)**
99,655	**Net Assets**	**54,672**
(24,850)	Usable Reserves	(22,831)
(74,806)	Unusable Reserves	(31,841)
(99,655)	**Total Reserves**	**(54,672)**

Cecilie Booth CPFA
Deputy S151 Officer Date:

Cash Flow Statement

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

2015/16 £000		2016/17 £000
870	Net (surplus) or deficit on the provision of services	11,868
(4,180)	Adjustment to surplus or deficit on the provision of services for noncash movements	(26,357)
(7,318)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	7,530
(10,628)	**Net cash flows from operating activities**	**(6,959)**
9,038	Net cash flows from investing activities	12,438
(2,512)	Net cash flows from financing activities	763
(4,102)	**Net (increase) or decrease in cash and cash equivalents**	**6,242**
8,215	Cash and cash equivalents at the beginning of the reporting period	12,317
12,317	**Cash and cash equivalents at the end of the reporting period**	**6,077**

Note 1 - Accounting Policies

General principles
The Statement of Accounts summarises the Council's transactions for the financial year 2016-17 and its position at the year end. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require 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 2016/17* and the *Service Reporting Code of Practice 2016/17*, supported by *International Financial Reporting Standards* (IFRS) and statutory guidance issued under section 12 of the 2003 Act and *Annual Improvements to IFRSs 2011-2013 Cycle applicable and adopted on 1 April 2015*

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

Accruals of Income and Expenditure
The de minimis level for manual accruals has been maintained at £20,000, which is reviewed annually. This removes small transactions at the end of the financial year that do not materially affect the accounts. The purchase orders processed automatically through the financial information system are all processed with no de minimis level for these transactions.

Income and expenditure is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Fees, charges and rents due are accounted for as income at the date the Council provides the relevant goods or services;

Supplies and services are recorded as expenditure when they are consumed (when supplies are held for future use they are carried as inventories on the Balance Sheet);

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

An exception to this policy is housing benefit transactions which are accounted for on a cash basis, that is, when the payment is made.

Interest receivable on investments is accounted for respectively as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the

Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

For business rates, the levy or safety net payments owed to or from Central Government for the financial year are reported in the year they relate to on an accruals basis. Cherwell is the lead authority for the North Oxfordshire Pool and has accounted for the amounts owing to the Pool for levy payments and owed to the other pool members for the gain from the pool on an accruals basis.

Cash and Cash Equivalents
Cash and Cash Equivalents comprises of cash on hand and demand deposits which are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. They must be held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

They must be repayable without penalty on notice of not more than 24 hours. Investments must mature in three months or less from the date of acquisition.

Collection Fund Income and Expenditure Account
The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates.

- **Council Tax**
  Collection Fund surpluses/deficits declared by the Billing Authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For Cherwell District Council, the Council Tax precepting bodies are Oxfordshire County Council and Police and Crime Commissioner.

- **Council Tax Reduction scheme**
  Prior to 2013/14 certain eligible taxpayers had some, or all, of their charge met by Council Tax Benefits. The amount of the benefit was credited to the Collection Fund and appeared as a charge in the billing authority's Central Services to the Public line in the Comprehensive Income and Expenditure Statement. This expenditure was financed by way of a Government grant. From 2013/14 Council Tax Benefits has been replaced by a Council Tax Reduction Scheme which is applied directly to the Council Tax base.

NNDR
In 2013/14, the Local Government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the district. It does, however, also increase the financial risk to the authority due to significant estimation uncertainties on non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NNDR received. The initial Cherwell District Council share is 40% with the remainder paid to precepting bodies. For Cherwell District Council, the NNDR precepting bodies are Central Government (50% share) and Oxfordshire County Council (10% share). The Cherwell District Council share is then subject to a tariff payment to Government, which was £23,745,566 in 2015/16. The residual amount is then compared to the assessment in the Local Government Finance Settlement and any growth above the Settlement level is subject to a levy payment to Government

NNDR surpluses/deficits declared by the Billing Authority in relation to the Collection Fund are apportioned to the relevant precepting bodies and Government in the subsequent financial in their respective proportions.

Cherwell District Council participated in a pool with Oxfordshire County Council and West Oxfordshire District Council from 2015/16 to minimise the levy payment due and thereby maximise the retention of locally generated business rates.

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

The Council has no Exceptional Items in 2016-17.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors
Changes in accounting policy no longer need to be material to result in a Prior Period Adjustment.

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

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

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

No material errors have been made in prior year accounts that need to be amended in the 2016-17 accounts.

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 service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement but as CDC does not hold any debt this requirement is not applicable.

Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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 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 entitlements (or any form of leave e.g. time off in lieu, flex-leave) 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 the service account, but then reversed out through the Movement in Reserves Statement so that holiday benefits accrual has no impact on Council Tax and holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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

- **Post Employment Benefits**
  Employees of the Council are members of the Local Government Pension Scheme, administered by Oxfordshire County Council. The scheme provides

defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government scheme is accounted for as a defined benefit scheme.

The pension fund liability is calculated every three years by the funds actuary, with annual updates in the intervening years. Methods and assumptions consistent with IAS19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 43. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

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

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a high quality corporate bond. The discount rates are based on the annualised yield on the iBoxx over 15 year AA rated corporate bond index.

The assets of the Oxfordshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value and include quoted securities at current bid price and property at market value.

The change in the net pension's liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

- Net interest on the net defined benefit liability (asset) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Actuarial gains and losses – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

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

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

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

Events after the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

- **Financial Liabilities**
  Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

- **Financial Assets**
  Financial assets are classified into two types:

  - loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
  - available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

  The Council has financial assets comprising of long-term and short-term investments, long-term debtors, short-term debtors (excluding statutory debts such as Council Tax, Non-Domestic Rates, rent allowances, precepts, etc) and cash & cash equivalents. These are assets that have fixed or determinable payments but are not quoted in an active market**.** They 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. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

  Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

The Council had investments in the collapsed Icelandic bank Glitnir hf. The winding up board of Glitnir hf. made a first and final distribution in a basket of currencies including the Icelandic Krona (ISK). Due to the capital controls on the Icelandic Krona the part of the distribution in ISK is held in an escrow account in Iceland which is credited with interest. The balance in the escrow account at 31 March each year is converted into £ sterling using the 'sell' price exchange rate as published on the Central Bank of Iceland's website. Losses and Gains are taken to the Comprehensive Income and Expenditure account and recognised on the balance sheet.

The Council has available for sale financial assets in the form of a UK Gilt and short term Certificates of Deposit. Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, 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 amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.
- The inputs to the measurement techniques are categorised in accordance with the following three levels:
- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/ loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

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

Foreign Currency Translation
Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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 Council when there is reasonable assurance that:

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Area Based Grant
Area Based Grant (ABG) is a general grant allocated by central government directly to local Council's as additional revenue funding. ABG is non-ring fenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Interests in Companies and Other Entities
The Council has material interests in companies in 2015/16 for the first time. The companies are the Graven Hill Holding Company and the Graven Hill Development Company. The Council is therefore required to complete Group Accounts for the first time and these are set out in Section 11.

Inventories and Long Term Contracts
Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

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

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the 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 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 and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Jointly Controlled Operations and Jointly Controlled Assets
Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

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

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

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

The Council as Lessee

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

  - Lease payments are apportioned between:
  - a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
  - a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

- **Operating Leases**
  Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

- **Finance Leases**

  Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

  Lease rentals receivable are apportioned between:

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

  The 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 in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

  The written-off value of disposals is not a charge against council tax, as the cost of noncurrent 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 and charged as an expense over the lease term on the same basis as rental income.

Property, Plant & Equipment

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

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

- **Measurement**
  Assets are initially measured at cost, comprising:

  - the purchase price;
  - any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
  - the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located if the cost is above the £5,000 deminimis threshold.

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

- the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

  - infrastructure, community assets and assets under construction – (depreciated) historical cost
  - dwellings – Current value, determined using the basis of existing use value for social housing (EUV–SH)
  - other land and buildings – Current value based on existing use value (EUV)** for
  - operational assets where there is an active market, or if there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold (ie EUV cannot be determined), depreciated replacement cost (DRC) using the 'instant build' approach

- surplus assets – Fair value based on 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
- all other assets – 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 as an estimate of fair value. At Cherwell District Council this applies to our sports centres.

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

Assets included in the Balance Sheet at current value are revalued regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits taken 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.

At Cherwell District Council, all property valuations are carried out by John Slack MRICS, Head of Regeneration and Estates. The bases of valuations are undertaken in accordance with the Statement of Asset Valuation Practice and Guidance Notes, published by the Royal Institute of Chartered Surveyors (RICS).

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

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

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

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

- **Impairment**

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

  Where impairment losses are identified, they are accounted for 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.

- **Depreciation**

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

  Depreciation is calculated on the following bases:

  - dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
  - vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer and/or Responsible Officer for that asset; and
  - infrastructure – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer, and/or Responsible Officer and/or valuer for that asset.

  Newly acquired assets and capital enhancements are depreciated from the year after acquisition, unless the variation in change is considered material. In this respect only, the Council does not fully comply with the requirements of IAS16 Property, Plant & Equipment but this is not a material consideration for the Council.

  Useful life of an asset is shown below for the relevant categories

• Infrastructure	10, 20 or 40 years
• Buildings	10 to 60 years
• Vehicles	5, 6 or 7 years
• Computer Equipment / systems	3, 5 or 10 years
• Other	3, 5 or 7 years

  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. All assets with a gross value over £50,000 are considered for componentisation. If on consideration a component is assessed to be greater than 20% of the total cost of the asset, it is componentised and the separate components depreciated using appropriate useful lives. Components that are individually less than 20% of the total cost of the asset are not treated as separate components for accounting purposes. They are valued and depreciated as part of the building structure.

The Council has a de-minimis limit of £5,000 for capital expenditure purposes which results in the capitalisation of expenditure above that limit as an asset in the balance sheet. Items below this limit charged to revenue.

A materiality level of £50,000 for property assets has been determined by analysing the gross book values of building assets and assessing the impact of using different thresholds. Using a £50,000 limit means that 75% and £73.2m of the Councils £98.2m property portfolio will be assessed for componentisation (figures correct as at 31st March 2014.

- The following five components have been identified:

  - Land;
  - Structure of Building;
  - Roof;
  - Electrical & Mechanical (inc. Plant & Equipment); and
  - Other / specialist.

Each component is considered to depreciate on a straight line basis. The useful life of a component will vary according to the type of property in which it is located and the amount of use to which it is put. The useful life of a component will be determined by the valuer when a component part is identified.

Where a component is replaced or restored, the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected at the cost or new carrying value.

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

- **Disposals and Non-Current Assets Held for Sale**
  When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, 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 and are kept under their original category.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the 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 (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings and 50% for land, net of statutory deductions and allowances) are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

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

Heritage Assets

- **Tangible and Intangible Heritage Assets**
  Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) 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. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on an annual basis.
  There is an annual programme of valuations and items are valued by an external valuer. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers and with reference to appropriate insurance values and commercial markets using the most relevant and recent information from sales at auctions.

- **Heritage Assets – General**
  The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, for example, 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 Council's general policies on impairment. The trustees of the Council's Museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council'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**.**

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.

  Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

- **Contingent Liabilities**
  A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the

occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Reserves
The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

Revenue Expenditure Funded from Capital under Statute REFCUS)
Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

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

Note 2 - Accounting Standards Issued, Not Adopted

Authorities are required to disclose information relating to the probable impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code of Practice. The accounting changes introduced in the 2017/18 Code relate to an amendment to the reporting of pension fund scheme transaction costs, and an amendment to the reporting of investment concentration. Neither of these are expected to have a material impact on the authority and will not require a restatement of this year's financial statements in 2017/18.

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the authority 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 as follows.

Future Funding of Local Government

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. The Council prepares a detailed Medium Term Financial Plan, which models the risk and helps identify what needs to be done to manage the risks.

Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation of Property, Plant & Equipment	The Council assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.	Where the Council determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset’s life or residual value is reflected in the Council’s accounts when the change in estimate is determined. The carrying value of assets in the balance sheet is £108,340k
Impairment of Property, Plant & Equipment & Intangible Assets	The Council assesses the impairment of property, plant and equipment and intangible assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards Factors that are considered important and which could trigger an impairment review include the following: • obsolescence or physical damage; • significant changes in technology and regulatory environments; • significant underperformance relative to expected historical or projected future operating results;	The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units requires significant judgement which is determined by a qualified valuer.

	• significant changes in the use of its assets or the strategy of the overall business; • significant negative industry or economic trends; and • significant decline in the market capitalisation relative to net book value for a sustained period.	
Fair Value Measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for *similar* assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 14, 15 and 16 below.	The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.
Impairment allowance for doubtful debt	The Impairment allowance for doubtful debt reflects the Council's estimates of losses arising from the failure or inability of the Council's customers to make required payments. The allowance is based on the ageing of customer accounts, customer credit worthiness and the Council's historical write-off experience.	Changes to the allowance may be required if the financial condition of the Council's customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

Pensions	The Council provides one defined benefit pension scheme for its employees. The asset (or liability) recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as: • the life expectancy of the Officers; • the length of service; • the rate of salary progression; • the rate of return earned on assets in the future; • the rate used to discount future pension liabilities; and • future inflation rates.	The assumptions used by the Council are set out in note 43 and are estimates chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice but have been comparable to the median estimates in this regard used by other Councils. Changes to these assumptions could materially affect the size of the defined benefit scheme's liabilities and assets disclosed in note 43.
Provision for Business Rates Appeals	Following the changes in accounting for Business Rates, the Council has set up a provision for Business Rates appeals. The provision has been calculated based upon the latest appeals list from the Valuation Office. Business Rates Pool have used their local knowledge to calculate their provisions, for Cherwell this equated to 6.4% of Net Rates Payable.	If the provision for appeals was increased by 1% the resulting increase would be £746,218 shared across Central Government (50%), the county council (10%) and Cherwell District Council (40%)

Note 5 - Material Items of Income and Expense

Pensions

The actuary carried out a valuation as at 31 March 2016. This has resulted in pension assets increasing from £80.5m 31 March 16 to £97.9m 31 March 17. Liabilities have also increased from £153.2m 31 March 16 to £190.3m 31 March 17, which results in a net increased liability of £19.8m.

Note 6 - Events After the Balance Sheet Date

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. The financial statements and notes have not been adjusted for the following events which took place after 31 March as they provide information that is relevant to an understanding of the authority's financial position but do not relate to conditions at that date.

Note 7a - Note to the Expenditure and Funding Analysis

	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	**£000**	**£000**	**£000**
Chief Executive	0	(2)	0	(2)
Commercial Development	5,945	(29)	0	5,916
Deputy S151 Officer	37	(6)	(5)	26
Strategy and Commissioning	21	(29)	0	(8)
Operations and Delivery	11,255	(51)	0	11,204
Non Distributed Services	0	(190)	0	(190)
Net Cost of Services	**17,258**	**(307)**	**(5)**	**16,946**
Other Income and Expenditure	(9,405)	2,554	(149)	(7,000)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**7,853**	**2,247**	**(154)**	**9,946**

	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	2015/16 Other Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000
Chief Executive	0	(2)	1	0	(1)
Commercial Development	1,370	(13)	6	0	1,363
Deputy S151 Officer	52	(3)	1	0	50
Strategy and Commissioning	61	(13)	5	0	53
Operations and Delivery	3,408	(23)	9	0	3,394
Non Distributed Services	0	(50)	0	0	(50)
Net Cost of Services	**4,891**	**(104)**	**22**	**0**	**4,809**
Other Income and Expenditure	(2,659)	2,549	(562)	0	(672)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**2,232**	**2,445**	**(540)**	**0**	**4,137**

Note 7b - Segmental Analysis of Income and Expenditure

	2016/17 Revenues from External Customers	Revenues from Other Segments	Interest Revenue	Interest Expense	Depreciation and Amortisation
	£000	£000	£000	£000	£000
Chief Executive	0	0	0	0	0
Commercial Development	(2,707)	(601)	0	0	791
Chief Financial Officer	(817)	(37,738)	0	0	25
Strategy and Commissioning	(2,349)	(595)	0	0	28
Operations and Delivery	(2,919)	(3,309)	0	0	3,158
Non Distributed Services	0	0	(690)	140	0
Total Managed by Segments	**(8,792)**	**(42,243)**	**(690)**	**140**	**4,002**

Note 7c - Expenditure and Income Analysed by Nature

2015/16 £000	Nature of Expenditure or Income	2016/17 £000
(20,233)	Fees, charges and other service income	(14,191)
(1,060)	Interest and investment income	(7,397)
(10,263)	Income from local taxation	(10,818)
(53,402)	Government grants and contributions	(55,204)
17,802	Employee benefits expenses	18,956
1,815	Depreciation, amortisation and impairment	12,199
2,549	Interest payments	2,694
4,084	Precepts and levies	4,805
(2,652)	Gain or loss on disposal of non-current assets	(3,644)
62,330	Other expenditure	64,468
870	**Surplus or Deficit for Year**	**11,868**

Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

2016/2017	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(2,247)			2,247
Council tax and NDR (transfers to or from the Collection Fund)	149			(149)
Holiday pay (transferred to the Accumulated Absences reserve)	5			(5)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(14,277)		(847)	15,124
Total Adjustments to Revenue Resources	(16,370)	0	(847)	17,217
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	5,578	(5,578)		
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	305			(305)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	541			(541)
Total Adjustments between Revenue and Capital Resources	6,424	(5,578)	0	(846)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		5,794		(5,794)
Application of capital grants to finance capital expenditure			729	(729)
Total Adjustments to Capital Resources	0	5,794	729	(6,523)
Total Adjustments	**(9,946)**	**216**	**(118)**	**9,848**

2015/2016	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(2,445)			2,445
Council tax and NDR (transfers to or from the Collection Fund)	562			(562)
Holiday pay (transferred to the Accumulated Absences reserve)	(22)			22
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(10,699)		0	10,699
Total Adjustments to Revenue Resources	(12,604)	0	0	12,604
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	8,465	(8,465)		
Total Adjustments between Revenue and Capital Resources	8,465	(8,465)	0	0
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		16,962		(16,962)
Total Adjustments to Capital Resources	0	16,962	0	(16,962)
Total Adjustments	**(4,137)**	**8,497**	**0**	**(4,361)**

Note 9 - Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.

	Balance at 1 April 2015	Transfers In 2015/16	Transfers Out 2015/16	Balance at 31 March 2016	Transfers In 2016/17	Transfers Out 2016/17	Balance at 31 March 2017
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserves:							
General Fund Reserves - Other	(13,341)	(5,528)	4,436	**(14,433)**	0	548	**(13,885)**
Area Based Grant	(83)	0	0	**(83)**	0	0	**(83)**
Bicester Fields Main Park	(97)	0	0	**(97)**	0	0	**(97)**
Brighter Futures - Skills Reward Grant	(43)	(52)	0	**(95)**	0	29	**(66)**
Brighter Futures Reserve Account	(48)	0	48	**0**	0	0	**0**
Bicester Garden Town	0	(1,521)	0	**(1,521)**	(314)	638	**(1,197)**
Bicester Youth Bus	(65)	0	0	**(65)**	0	0	**(65)**
Courtyard Youth Arts	(39)	0	0	**(39)**	0	0	**(39)**
Dovecote Milcombe	(56)	0	0	**(56)**	0	0	**(56)**
Eco Town Revenue	(845)	(4)	257	**(592)**	(204)	324	**(472)**
Flood Recovery Grant	(94)	0	54	**(40)**	0	0	**(40)**
Government Grant LABGI	(25)	0	25	**0**	0	0	**0**
Green Deal Pioneer Places	(69)	0	0	**(69)**	0	2	**(67)**
Home Improvement Agency	0	(235)	1	**(234)**	0	0	**(234)**
homelessness Prevention	(70)	0	0	**(70)**	0	0	**(70)**
New Burdens Grant	(247)	(2)	1	**(248)**	0	0	**(248)**
New Homes Bonus	(834)	0	834	**0**	0	0	**0**
Planning Delivery Grant	(322)	0	0	**(322)**	0	0	**(322)**
Plannint Policy Statement Climate Change	(82)	0	82	**0**	0	0	**0**
Performance Reward Grant ABG	0	(21)	0	**(21)**	0	0	**(21)**
Police & Crime Commissioner	(64)		0	**(64)**	0	0	**(64)**
Thames Valley Police	(61)	21	0	**(40)**	(25)	0	**(65)**
Sportivate Grant	(33)	0	0	**(33)**	0	0	**(33)**
Active Women	(22)	0	0	**(22)**	0	0	**(22)**
Corporate Training	(48)	0	0	**(48)**	0	48	**0**
Credit Union Development Officer	(23)	0	0	**(23)**	0	0	**(23)**
Laburnham Cres Ambrosden	(38)	0	0	**(38)**	0	0	**(38)**
Total General Fund	**(16,649)**	**(7,342)**	**5,738**	**(18,253)**	**(543)**	**1,589**	**(17,207)**

Note 10 - Other Operating Expenditure

2015/16 £000		2016/17 £000
4,084	Precepts	4,805
(2,652)	Gains/losses on the Disposal of Non-Current Assets	(3,644)
1,432	**Total Other Operating Expenditure**	**1,160**

Note 11 - Financing and Investment Income and Expenditure

2015/16 £000		2016/17 £000
0	Interest payable and similar charges	140
2,549	Net interest on the net defined benefit liability (asset)	2,554
(1,460)	Interest receivable and similar income	(690)
270	Income and expenditure in relation to investment properties and changes in their fair value	(3,274)
(126)	Other investment income and expenditure	(222)
1,233	**Total**	**(1,491)**

Note 12 - Taxation and Non-Specific Grant Income

2015/16 £000		2016/17 £000
(10,263)	Council tax income	(10,818)
(11,540)	Non-ringfenced government grants	(11,956)
0	Capital grants and contributions	(1,943)
(116)	Other tax or non-specific grant income / expenditure	0
(21,919)	**Total**	**(24,718)**

Note 13 - Property, Plant and Equipment

Movements to 31 March 2017

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation						
at 1 April 2016 (Restated)	97,082	12,066	5,439	324	22,564	**137,476**
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0	**0**
Additions	6,274	931	4	0	9,416	**16,625**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(15,556)	0	0	0	0	**(15,556)**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(11,559)	0	0	0	0	**(11,559)**
Derecognition – disposals	(27)	(796)	0	(300)	(1,883)	**(3,006)**
Reclassifications and transfer	12,143	0	0	0	(11,963)	**181**
Assets reclassified (to)/from Held for Sale	(181)	0	0	0	0	**(181)**
Other movements in cost or valuation	(2,695)	0	0	0	0	**(2,695)**
at 31 March 2017	**85,482**	**12,202**	**5,443**	**24**	**18,134**	**121,285**
Accumulated Depreciation and Impairment						
at 1 April 2016 (Restated)	(2,694)	(8,449)	(2,176)	0	0	**(13,319)**
Depreciation charge	(2,111)	(802)	(175)	0	0	**(3,087)**
Derecognition – disposals	0	767	0	0	0	**767**
Other movements in depreciation and impairment	2,695	0	0	0	0	**2,695**
at 31 March 2017	**(2,110)**	**(8,483)**	**(2,351)**	**0**	**0**	**(12,945)**
Net Book Value						
at 31 March 2017	**83,372**	**3,718**	**3,092**	**24**	**18,134**	**108,340**
at 31 March 2016	**94,388**	**3,617**	**3,263**	**324**	**22,564**	**124,157**

Movements to 31 March 2016

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation						
at 1 April 2015	112,690	10,439	5,424	386	13,261	**142,200**
Additions	163	912	15	0	14,909	**15,999**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(81)	0	0	0	0	**(81)**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	354	0	0	0	0	**354**
Derecognition – disposals	(208)	0	0	0	(5,607)	**(5,815)**
Reclassification	(156)	156	0	0	0	**0**
Other movements in cost or valuation	(1,837)	0	0	0	0	**(1,837)**
at 31 March 2016	**110,925**	**11,507**	**5,439**	**386**	**22,563**	**150,820**
Accumulated Depreciation and Impairment						
at 1 April 2015	(15,527)	(7,200)	(2,001)	(62)	0	**(24,790)**
Depreciation charge	(2,848)	(690)	(175)	0	0	**(3,713)**
Derecognition – disposals	2	0	0	0	0	**2**
Other movements in depreciation and impairment	1,837	0	0	0	0	**1,837**
at 31 March 2016	**(16,536)**	**(7,890)**	**(2,176)**	**(62)**	**0**	**(26,664)**
Net Book Value						
at 31 March 2016	**94,389**	**3,617**	**3,263**	**324**	**22,563**	**124,156**
at 31 March 2015	**97,163**	**3,239**	**3,423**	**324**	**13,261**	**117,410**

Property, Plant and Equipment Revaluations

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Total
	£000	**£000**	**£000**	**£000**
Carried at historical cost	15,644	16,699	13	32,356
Valued at current value as at:				
31/03/2017	64,492	0	0	64,492
31/03/2016	2,127	0	0	2,128
31/03/2015	0	0	0	0
31/03/2014	653	0	11	664
31/03/2013	1,307	0	0	1,307
Total Cost or Valuation	**84,223**	**16,699**	**24**	**100,946**

Note 14 - 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:

31 March 2016 £000	Investment Property Income and Expenditure	31 March 2017 £000
(977)	Rental income from investment property	(2,439)
736	Direct operating expenses from investment property	(995)
(241)	**Net (gain)/loss**	**(3,434)**

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.

Movement in the fair value of investment properties over the year:

31 March 2016 Non-Current £000	Investment Property Movements in Year	31 March 2017 Non-Current £000
15,701	Balance at start of year	15,317
	Additions:	
127	Purchases	90
0	Disposals	(146)
(511)	Net gains/losses from fair value adjustments	3,420
	Transfers:	
0	to/from Property Plant and Equipment	(181)
15,317	**Balance at the end of the year**	**18,500**

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2017 are as follows:

Fair Value Hierarchy

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2017
	£000	**£000**	**£000**	**£000**
Residential (market rental) properties	0	0	0	0
Office Units	0	1,210	0	1,210
Commercial Units	0	17,290	0	17,290
	0	**18,500**	**0**	**18,500**

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2016 are as follows:

Fair Value Hierarchy

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2016
	£000	**£000**	**£000**	**£000**
Residential (market rental) properties	0	0	0	0
Office Units	0	1,210	0	1,210
Commercial Units	0	14,107	0	14,107
	0	**15,317**	**0**	**15,317**

Transfers between Levels of the Fair Value Hierarchy
There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties:

Significant Observable Inputs – Level 2
The fair value for the commercial properties (let at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and Best Use of Investment Properties
In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

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

Valuation Process for Investment Properties
The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The authority's valuation experts work closely with finance officers reporting directly to the Deputy S151 Officer on a regular basis regarding all valuation matters.

Note 15 - Intangible Assets

The authority 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 both purchased licenses and internally generally software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the authority. The useful lives assigned to the major software suites used by the authority are:

31st March 2016			31st March 2017	
Other Assets	**Total**		**Other Assets**	**Total**
£000	**£000**		**£000**	**£000**
		Balance at start of year:		
4,451	4,451	Gross carrying amounts	4,563	4,563
(3,694)	(3,694)	Accumulated amortisation	(3,987)	(3,987)
757	**757**	**Net carrying amount at start of year**	**576**	**576**
0	0	Adjustments between cost/value & amortisation/impairment	0	0
		Additions:		
112	112	Purchases	492	492
(293)	(293)	Amortisation for the period	(248)	(248)
576	**576**	**Net carrying amount at end of year**	**821**	**821**
		Comprising:		
4,563	4,563	Gross carrying amounts	5,055	5,055
(3,987)	(3,987)	Accumulated amortisation	(4,235)	(4,235)
576	**576**		**821**	**821**

Useful Life (Years)	**Internally Generated Assets**	**Other Assets**
1 Year	None	Software and Licences
3 Years	None	Software and Licences
4 Years	None	Software and Licences
5 Years	None	Software and Licences
7 Years	None	Software and Licences
10 Years	None	Software and Licences

Note 16 - Financial Instruments

Accounting regulations require the ‘financial instruments’ (investment, assets and liabilities of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, assets & liabilities disclosed in the balance sheet are made up of the following categories of ‘financial instruments’

Financial Instruments

	Long-term 31 March 2016 £000	Long-term 31 March 2017 £000	Current 31 March 2016 £000	Current 31 March 2017 £000
Investments				
Loans and receivables	0	0	22,776	11,519
Available-for-sale financial assets	5,855	12,852	3,003	0
Total investments	**5,855**	**12,852**	**25,779**	**11,519**
Debtors				
Loans and receivables	9,691	23,172	0	0
Total included in Debtors	**9,691**	**23,172**	**0**	**0**

Analysis of Investments

Fixed-term loans and receivables

These investments are fixed term and fixed interest rate cash deposits with Banks and Building Societies. The carrying value includes the principal sum plus accrued interest.

Available for Sale Financial Assets

These current investments are Certificates of Deposit. These are valued at bid price and all material income, including gains and losses, is taken to the Comprehensive Income & Expenditure Account.

Income, Expense, Gains and Losses

	2017				
	Financial Liabilites: Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available-for-sale assets	Assets and Liabilities at Fair Value through Profit and Loss	Total
	£000	**£000**	**£000**	**£000**	**£000**
Interest expense	0	140	0	0	140
Total expense in Surplus or Deficit on the Provision of Services	**0**	**140**	**0**	**0**	**140**
Interest income	-	317	(1,007)	0	(690)
Total income in Surplus or Deficit on the Provision of Services	**0**	**317**	**(1,007)**	**0**	**(690)**
Net (gain)/loss for the year	**0**	**457**	**(1,007)**	**0**	**(550)**

	2016				
	Financial Liabilites: Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available-for-sale assets	Assets and Liabilities at Fair Value through Profit and Loss	Total
	£000	**£000**	**£000**	**£000**	**£000**
Interest expense	0	0	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	**0**	**0**	**0**	**0**	**0**
Interest income	-	(574)	(3)	(1)	(578)
Total income in Surplus or Deficit on the Provision of Services	**0**	**(574)**	**(3)**	**(1)**	**(578)**
Net (gain)/loss for the year	**0**	**(574)**	**(3)**	**(1)**	**(578)**

Note 16a - Financial Instruments - Fair Value

Financial Assets Measured at Fair Value

Recurring Fair Value Measurements - Available for sale:

	31 March 2016	31 March 2017
	£'000	£'000
Graven Hill	4,072	12,852
UK Gilt	1,783	0
Balance 31 March	**5,855**	**12,852**

Reconciliation of Fair Value Measurements for Financial Assets Carried at Fair Values Categorised within Level 3 of the Fair Value Hierarchy for Financial Assets

31 March 2017

	Unquoted Shares	Other	Total
	£'000	£'000	£'000
Opening Balance	4,072	0	4,072
Additions	8,780	0	8,780
Balance 31 March	**12,852**	**0**	**12,852**

31 March 2016

	Unquoted Shares	Other	Total
	£'000	£'000	£'000
Opening Balance	1,963	0	1,963
Additions	2,109	0	2,109
Balance 31 March	**4,072**	**0**	**4,072**

The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are required)

Financial Liabilities

	31 March 2016		31 March 2017	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Long Term Creditors	(13,815)	(13,815)	(15,316)	(15,316)
PFI and finance lease liabilities	0	0	(1,593)	(1,593)
Total	**(13,815)**	**(13,815)**	**(16,909)**	**(16,909)**

Financial Assets

	31 March 2016		31 March 2017	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Loans and Receivables	31,634	31,634	24,371	24,371
Long-Term Debtors	9,691	9,691	22,866	22,866
Total	**41,325**	**41,325**	**47,237**	**47,237**

Note 17 - Inventories

	General Stocks		Build		Total	
	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000	2015/16 £000	2016/17 £000
Balance outstanding at start of year	148	123	0	2,959	**148**	**3,082**
Purchases	0	510	8,600	0	**8,600**	**510**
Transferred to PPE in the year	(25)	(498)	(5,641)	(2,959)	**(5,666)**	**(3,458)**
Balance Outstanding at Year End	**123**	**134**	**2,959**	**0**	**3,082**	**134**

Build inventory has been categorised as property plant and equipment assets.

Note 18 - Debtors

An analysis of the debtors balance is shown below

31 March 2016 £000		31 March 2017 £000
3,468	Central Government Bodies	2,441
6,212	Other Local Authorities	3,538
24	NHS Bodies	205
3,163	Other Entities and Individuals	3,684
12,866	**Total Debtors**	**9,868**

Note 19 - Cash and Cash Equivalents

Cash and cash equivalents include cash at bank, short-term bank deposits and money market investments of three months or less from the start of the investment.

The balance of Cash and Cash Equivalents is made up of the following elements

31 March 2016 £000		31 March 2017 £000
14,036	Short Term Deposits	6,453
(1,719)	Bank Overdraft	(376)
12,317	**Total Cash and Cash Equivalents**	**6,077**

Note 20 - Assets Held for Sale

Current 31 March 2016 £000	Non-current 31 March 2016 £000		Current 31 March 2017 £000	Non-current 31 March 2017 £000
0	0	Balance outstanding at start of year	0	0
		Assets newly classified as held for sale:		
0	0	- Property Plant and Equipment	0	181
0	**0**	**Balance Outstanding year end**	**0**	**181**

Note 21 - Creditors

The table below provides details on the level of creditor balances set out in the Balance Sheet.

31 March 2016 £000		31 March 2017 £000
(4,657)	Central Government Bodies	(3,694)
(3,627)	Other Local Authorities	(5,385)
0	NHS Bodies	(20)
(5,531)	Other Entities and Individuals	(6,401)
(13,815)	**Total Creditors**	**(15,500)**

Note 22 - Provisions

Current Provisions

2016/17	Restructure Provision	Health Walks Training Provision	NNDR Appeals Provision	Total
	£000	£000	£000	£000
Opening Balance	0	(4)	(1,265)	(1,269)
Increase in provision during year	0	0	(253)	(253)
Closing Balance	**0**	**(4)**	**(1,518)**	**(1,522)**

2015/16	Restructure Provision	Health Walks Training Provision	NNDR Appeals Provision	Total
	£000	£000	£000	£000
Opening Balance	(25)	(4)	(2,681)	(2,710)
Utilised during year	25	0	1,416	1,441
Closing Balance	**0**	**(4)**	**(1,265)**	**(1,269)**

Long Term Provisions

2016/17	NNDR Appeals	Landlord Rent Guarantee	Resturcture	Landlord Rent Ex-Charter	Banbury Bowls Club	58 Bridge Street - Repair & Renewals	Housing Home Improvement Agency	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Opening Balance	(1,268)	(115)	(275)	(18)	(47)	(63)	0	(1,787)
Increase in provision during year	(393)	0	0	0	0	0	0	(393)
Utilised during year	1,268	5	0	0	0	0	0	1,274
Closing Balance	**(393)**	**(109)**	**(275)**	**(18)**	**(47)**	**(63)**	**0**	**(906)**

2015/16	NNDR Appeals	Landlord Rent Guarantee	Resturcture	Landlord Rent Ex-Charter	Banbury Bowls Club	58 Bridge Street - Repair & Renewals	Housing Home Improvement Agency	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Opening Balance	0	(113)	(275)	(18)	(39)	(53)	(211)	(709)
Increase in provision during year	(1,269)	(2)	0	0	(8)	(10)	0	(1,289)
Unused Amounts Reversed	0	0	0	0	0	0	211	211
Closing Balance	**(1,269)**	**(115)**	**(275)**	**(18)**	**(47)**	**(63)**	**0**	**(1,787)**

2015/16	Total Provisions	2016/17
£000		£000
(3,419)	Opening Balance	(3,056)
(1,289)	Increase in provision during year	(646)
1,441	Utilised during year	1,274
211	Unused Amounts Reversed	0
(3,056)	**Closing Balance**	**(2,428)**

Note 23 - Usable Reserves

The Council has a number of usable reserves in the balance sheet, those that can be applied to fund future expenditure or reduce local taxation. The purpose of each useable reserve is detailed in the table below or cross referenced to supporting notes.

Capital Receipts Reserve

31 March 2016 £000		31 March 2017 £000
(11,658)	Balance 1 April	(3,161)
(8,465)	Capital Receipts in year	(5,578)
16,962	Capital Receipts used for financing	5,794
(3,161)	**Balance 31 March**	**(2,945)**

Capital Grants Unapplied

31 March 2016 £000		31 March 2017 £000
(47)	Balance 1 April	(47)
0	Capital grants recognised in year	(847)
0	Capital grants and contributions applied	729
(47)	**Balance 31 March**	**(165)**

Note 24 - Unusable Reserves

The Council has a number of unusable reserves in the balance sheet, those that cannot be applied to fund future expenditure or reduce local taxation they are required to be held for statutory reasons and are needed to comply with proper accounting practice

The unusable reserves held by the Council are detailed in the below. The purpose of each usable reserve is cross referenced to supporting notes.

31 March 2016 £000		31 March 2017 £000
(41,770)	Revaluation Reserve	(25,267)
(41)	Available for Sale Financial Instruments Reserve	0
(104,161)	Capital Adjustment Account	(97,048)
72,683	Pension Reserve	92,450
(3,291)	Deferred Capital Receipts Reserve	(3,596)
1,579	Collection Fund Adjustment Account	1,430
195	Accumulated Absences Account	190
(74,806)	**Total**	**(31,841)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

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

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

31 March 2016 £000		31 March 2017 £000
(43,403)	**Balance 1 April**	(41,770)
(4,126)	Upward revaluation of assets	(10,750)
4,207	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	26,306
81	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**15,556**
1,552	Difference between fair value depreciation and historical cost depreciation	931
0	Accumulated gains on assets sold or scrapped	16
1,552	**Amount written off to the Capital Adjustment Account**	**947**
(41,770)	**Balance 31 March**	**(25,267)**

Available for Sale Financial Instruments Reserve

31 March 2016 £000		31 March 2017 £000
(39)	Balance 1 April	(41)
0	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	41
(2)	Other movements	0
(41)	**Balance 31 March**	**0**

Capital Adjustment Account

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

The account contains accumulated gains and losses on Investment Properties and also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 13 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

The movements on the Capital Adjustment Account for the year are:

31 March 2016 £000		31 March 2017 £000
(96,345)	**Balance 1 April**	(104,161)
3,713	Charges for depreciation and impairment of non-current assets	3,087
(354)	Revaluation losses on non-current assets	11,559
293	Amortisation of intangible assets	248
1,185	Revenue expenditure funded from capital under statute	2,362
5,813	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,385
10,650	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	19,640
(1,552)	Adjusting Amounts written out of the Revaluation Reserve	(947)
9,098	**Net written out amount of the cost of non-current assets consumed in the year**	18,693
(16,962)	Use of Capital Receipts Reserve to finance new capital expenditure	(5,794)
(462)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,825)
0	Capital expenditure charged against the General Fund and HRA balances	(541)
(17,424)	**Capital financing applied in year:**	(8,160)
511	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(3,420)
(104,161)	**Balance 31 March**	**(97,048)**

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

31 March 2016 £000		31 March 2017 £000
78,836	Balance 1 April	72,683
(8,598)	Remeasurements of the net defined benefit (liability)/asset	17,520
5,709	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	5,761
(3,264)	Employer's pensions contributions and direct payments to pensioners payable in the year	(3,514)
72,683	**Balance 31 March**	**92,450**

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.

31 March 2016 £000		31 March 2017 £000
(3,291)	Balance 1 April	(3,291)
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(305)
(3,291)	**Balance 31 March**	**(3,596)**

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.

31 March 2016 £000		31 March 2017 £000
2,141	Balance 1 April	1,579
(562)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(149)
1,579	**Balance 31 March**	**1,430**

Accumulated Absences Account

The Accumulated Absences Account absorbs the difference that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

31 March 2016 £000		31 March 2017 £000
173	**Balance 1 April**	195
(173)	Settlement or cancellation of accrual made at the end of the preceding year	(5)
195	Amounts accrued at the end of the current year	0
22	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(5)
195	**Balance 31 March**	**190**

Note 25 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2016 £000		31 March 2017 £000
(589)	Interest received	(878)
0	Interest paid	140
(589)	**Total**	**(738)**

The cash flows for operating activities include the following items:

31 March 2016 £000		31 March 2017 £000
(3,713)	Depreciation	(3,087)
354	Impairment and downward valuations	(11,559)
(293)	Amortisation	(248)
7,426	(Increase)/decrease in creditors	(9,906)
(2,484)	Increase/(decrease) in debtors	1,975
2,935	Increase/(decrease) in inventories	(2,948)
(2,445)	Movement in pension liability	(2,247)
(5,813)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(2,385)
(148)	Other non-cash movements charged to the surplus or deficit on provision of services	4,049
(4,180)	**Total**	**(26,356)**

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

31 March 2016 £000		31 March 2017 £000
(16,245)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(297)
8,465	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,883
462	Any other items for which the cash effects are investing or financing cash flows	1,943
(7,318)	**Total**	**7,529**

Note 26 - Cash Flow from Investing Activities

31 March 2016 £000		31 March 2017 £000
15,537	Purchase of property, plant and equipment, investment property and intangible assets	16,307
2,114	Purchase of short-term and long-term investments	10,000
4,699	Other payments for investing activities	21,955
(8,465)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,578)
0	Proceeds from short-term and long-term investments	(23,878)
(4,847)	Other receipts from investing activities	(6,368)
9,038	**Net cash flows from investing activities**	**12,438**

Note 27 - Cash Flow from Financing Activities

31 March 2016 £000		31 March 2017 £000
0	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(5)
0	Repayments of short-term and long-term borrowing	7
(2,512)	Other payments for financing activities	760
(2,512)	**Net cash flows from financing activities**	**762**

Note 28 - Trading Operations

2015/16 £000	Building Control	2016/17 £000
(339)	Income	(332)
341	Expenditure	372
2	**Net Surplus / Deficit for Year**	**40**

2015/16 £000	Corporate Properties & Industrial Estates	2016/17 £000
(1,103)	Income	(2,064)
1,261	Expenditure	(1,405)
158	**Net Surplus / Deficit for Year**	**(3,469)**

2015/16 £000	Markets	2016/17 £000
(49)	Income	(43)
35	Expenditure	38
(14)	**Net Surplus / Deficit for Year**	**(5)**

2015/16 £000	Trading Operations Total Income and Expenditure:	2016/17 £000
(1,491)	Income	(2,439)
1,637	Expenditure	(995)
146	**Net Surplus / Deficit for Year**	**(3,434)**

2015/16 £000	Analysis of Inclusion in The Comprehensive Income and Expenditure Statement:	2016/17 £000
146	Net surplus on trading operations	(3,434)
146	**Net surplus / deficit included in Financing and Investment Income and Expenditure**	**(3,434)**

Note 29 - Agency Services

2015/16 £000	Bicester Town Council	2016/17 £000
(314)	Income	(321)
304	Expenditure	303
(10)	**Net Surplus/Deficit on the Agency Arrangement**	**(18)**

2015/16 £000	Oxfordshire County Council	2016/17 £000
(19)	Income	(62)
41	Expenditure	103
22	**Net Surplus/Deficit on the Agency Arrangement**	**41**

2015/16 £000	Kidlington Parish Council	2016/17 £000
(113)	Income	(76)
110	Expenditure	67
(3)	**Net Surplus/Deficit on the Agency Arrangement**	**(9)**

2015/16 £000	South Northants Council	2016/17 £000
(19)	Income	(41)
18	Expenditure	33
(1)	**Net Surplus/Deficit on the Agency Arrangement**	**(8)**

2015/16 £000	Gosford & Water Eaton Parish Council	2016/17 £000
(7)	Income	0
7	Expenditure	0
0	**Net Surplus/Deficit on the Agency Arrangement**	**0**

Note 30 - Members’ Allowances

The total of Members’ Allowances paid in the year amounted to £308,000. This compares to £309,000 in 2015-16. A detailed list of allowances paid to each member is available for examination on the Council's website under "Councillors – Members’ Allowances"

The Local Councils (Members’ Allowances) Regulations 2003 requires local Councils to publish the amounts paid to members under the members’ allowances scheme. The allowances available in 2016-17 were as follows:

31 March 2016 £'000		31 March 2017 £'000
300	Allowances	303
9	Expenses	6
309	**Total Members' Allowances**	309

Note 31 - Officers’ Remuneration

The Council is required, under regulation 7(2) of the Accounts and Audit Regulations 2003, to include in the notes to the accounts the number of employees in the accounting period whose remuneration was in excess of £50,000 excluding pension contributions. This includes senior staff all accounted for in the table on the following page where they are employees of Cherwell District Council. Senior staff employed by South Northants Council are not included in the table below

Officer Remuneration

	2015/16	2016/17
£50,001 to £55,000	6	6
£55,001 to £60,000	1	2
£60,001 to £65,000	2	3
£65,001 to £70,000	0	1
Total	**9**	**12**

2016/17

Key	Post title	Basic Salary	Fees - Monitoring Officer, S151, Returning Officer Inc Elections Payments	Expenses Allowances	Total Remuneration excluding Pension Contribution	Pension Contributions	Total Remuneration including Pension conts	Cherwell District Council Total Renumeration including Penson Costs
		£s	£s	£s	£s	£s	£s	£s
7	**Interim Chief Executive**	96,188	677	1,388	**98,252**	13,178	**111,429**	**55,715**
1	**Sue Smith - Chief Executive**	167,926	22,204	1,705	**191,835**	5,480	**197,315**	**98,657**
6	**Director of Strategy & Commissioning**	93,927	225	319	**94,471**	12,868	**107,339**	**53,670**
3	**Director of Commercial Development/Bicester**	118,022	715	810	**119,548**	1,348	**120,896**	**96,717**
4	**Chief Finance Officer**	83,236	1,004	1,044	**85,284**	11,448	**96,732**	**48,366**
5	**Head of Regeneration & Housing**	109,090	526	991	**110,607**	0	**110,607**	**55,303**
2	**Head of Law & Governance**	79,218	918	661	**80,796**	10,140	**90,936**	**45,468**
2	**Head of Strategic Planning & The Economy**	76,718	655	2,772	**80,145**	0	**80,145**	**40,072**
2	**Head of Environmental Services**	76,718	480	1,908	**79,105**	10,510	**89,616**	**44,808**
2	**Head of Development Management**	76,718	373	502	**77,593**	12,982	**90,575**	**45,287**
2	**Head of Transformation**	71,463	734	373	**72,570**	9,147	**81,717**	**40,859**

1 Joint Management Team Post employed by CDC. (SNC bear 50% of costs from 1 October 2011). Post holder left
2 Joint Management Team Post employed by SNC. (CDC bear 50% of costs from 1 October 2011)
3 Joint Management Team Post employed by CDC only. Post started on 1 September 2013. Post holder took up new role as Commercial Director from 1 March 2016
4 Joint Management Team Post employed by CDC. Post holder started on the 15 September 2014. Post holder took up new role as Chief Finance Officer from 20 May 2016
5 Joint Management Team Post employed by SNC. (CDC bear 50% of costs from 1 October 2011). Post holder left
6 Joint Management Team Post employed by CDC. Post holder started on the 1 March 2016
7 Joint Management Team Post employed by CDC. Post holder started the role of Director of Operational Delivery on 1 January 2016. Post holder took up new role as Interim Chief Executive on 11 March 2017

2015/16

Key	Post title	Basic Salary	Fees - Monitoring Officer, S151, Returning Officer Inc Elections Payments	Expenses Allowances	Compensation for loss of office	Total Remuneration excluding Pension Contribution	Pension Contributions	Total Remuneration including Pension conts	Cherwell District Council Total Renumeration including Penson Costs
		£s	£s	£s	£s	£s	£s	£s	£s
1	**Sue Smith - Chief Executive**	129,744	18,542	2,586	0	**150,872**	20,302	**171,174**	**85,587**
7	**Director of Community & Environment**	68,505	325	942	0	**69,772**	9,385	**79,157**	**39,579**
8	**Director of Operations & Delivery**	23,750	0	437	0	**24,187**	3,254	**27,441**	**13,720**
5	**Director of Resources**	100,033	2,500	354	30,000	**132,887**	13,124	**146,011**	**73,006**
5	**Director of Development**	113,892	325	1,493	30,000	**145,710**	14,354	**160,063**	**80,032**
3	**Director of Bicester**	109,342	515	796	0	**110,652**	0	**110,652**	**110,652**
9	**Director of Commercial Development**	7,959	0	22	0	**7,981**	0	**7,981**	**6,385**
6	**Director of Strategy & Commissioning**	7,667	0	0	0	**7,667**	1,050	**8,717**	**4,359**
1	**Head of Environmental Services**	75,771	215	1,365	0	**77,351**	10,381	**87,731**	**43,866**
4	**Head of Finance and Procurement**	73,695	368	477	0	**74,539**	10,096	**84,635**	**42,318**
2	**Head of Law and Governance**	75,771	2,917	2,220	0	**80,908**	10,019	**90,927**	**45,463**
2	**Head of Transformation**	69,356	325	678	0	**70,359**	8,901	**79,260**	**39,630**
2	**Head of Development Management**	76,633	325	1,160	0	**78,118**	9,699	**87,816**	**43,908**
2	**Head of Strategic Planning and the Economy**	75,771	368	1,437	0	**77,575**	0	**77,575**	**38,787**
2	**Head of Regeneration and Housing**	75,975	0	893	0	**76,868**	0	**76,868**	**38,434**

1 Joint Management Team Post employed by CDC. (SNC bear 50% of costs from 1st October 2011)
2 Joint Management Team Post employed by SNC. (CDC bear 50% of costs from 1st October 2011)
3 Joint Management Team Post employed by CDC only. Post started on 1st September 2013. Post holder took up new role as Commercial Dire
4 Joint Management Team Post employed by CDC. Post holder started on the 15th September 2014
5 Joint Management Team Post employed by SNC. Post holder left on the 31st March 2016
6 Joint Management Team Post employed by CDC. Post holder started on the 1st March 2016
7 Joint Management Team Post employed by CDC. Post holder ended this role on the 31st December 2015
8 Joint Management Team Post employed by CDC. Post holder started this role on the 1st January 2016
9 Joint Management Team post employed by CDC. Took up new role from 1 March 2016. (SNC Bear 20% of costs from 1 March 2016

Note 32 - External Audit Costs

The Authority 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 Authority’s external auditors.

2015/16 £000		2016/17 £000
53	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	65
17	Fees payable in respect of other services provided by external auditors during the year	23
70	**Total**	**88**

Note 33 - Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17:

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

31 March 2016 £000		31 March 2017 £000
0	Revenue Support Grant	(1,851)
(2,712)	S106 Developer Contributions	0
(5,080)	NDR Section 31 Grant	(5,811)
(959)	Non Domestic Rates	(606)
(65)	Council Tax Freeze Grant	0
(2,723)	New Homes Bonus	(3,689)
0	New School Places Programme	(1,943)
(11,540)	**Total**	**(13,900)**

Credited to Services

31 March 2016 £000		31 March 2017 £000
(473)	Housing Benefit Administration Subsidy Grant	(449)
(37,949)	Rent Allowances	(36,666)
(40)	Credit Union	(18)
(8)	Area Based Grant	0
(39)	Individual Election Registration	(98)
(5)	Arts Grants	0
(370)	Developer contributions (S106)	(321)
(457)	Disabled Facilities Grant	(847)
(143)	Home Improvement Agency Grant	(73)
(1,670)	Homelessness Grant	(66)
(137)	Capacity Funding	0
(223)	Department of Communities and Local Government	0
(220)	NDR Cost of Collection Grant	(223)
(129)	New Burdens	(292)
0	Other Grants & Contributions	(334)
0	Universal Credit	(14)
0	Heat Network Delivery grant	(50)
0	Community Safety	(10)
0	European Election	(160)
0	Police and Crime Commissioner Election	(137)
0	Contributions for other Local Authorities	(1,546)
(41,862)	**Total**	**(41,304)**

Grants Receipts in Advance (Revenue Grants) - Current Liabilities

31 March 2016 £000		31 March 2017 £000
(1,543)	Section 106 developer contributions	(1,503)
(647)	Other Grants and contributions	(461)
(2,190)	**Total**	**(1,963)**

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

Grants Receipts in Advance (Capital Grants) - Long Term Liabilities

31 March 2016 £000		31 March 2017 £000
(9,482)	Section 106 Developer Contributions - Capital	(12,159)
(46)	Other Contributions	(46)
(4)	DECC Green Deal	(4)
(8)	DEFRA Monitoring and Modelling	(8)
(10,886)	Eco Town Grant	(10,636)
(5)	Community Build Banbury	(5)
(20,431)	**Total**	**(22,858)**

Note 34 - Related Parties

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

Central Government
Central Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

Members
Members of the Council have direct control over the Council's financial and operating policies. During 2016/17 works and services to the value of £328,676 (2015/16 £164,240) were made to parties where Members had declared an interest. Contracts were entered into in full compliance with the Council's Standing Orders. All transactions are recorded in the Register of Members' Interests, open to public inspection at Bodicote House, Bodicote, Banbury, OX15 4AA.

Officers
Cherwell District Council shares a number of officers with South Northants Council under a joint working relationship. The senior officers working in a shared capacity as at 31st March were:

Shared Post	Officer Employed by
Chief Executive Officer	Cherwell District Council
Director of Operational Delivery	Cherwell District Council
Director of Commercial Development	Cherwell District Council
Director of Strategy & Commissioning	Cherwell District Council
Chief Finance Officer	Cherwell District Council
Head of Community Services	Vacant
Head of Environmental Services	Cherwell District Council
Head of ICT	Vacant
Head of Law & Governance	South Northamptonshire Council
Head of Transformation	South Northamptonshire Council
Head of Development Management	South Northamptonshire Council
Head of Strategic Planning & the Economy	South Northamptonshire Council
Head of Regeneration & Housing	Cherwell District Council

Officers of the Council made no other material disclosures.

The Council works closely with South Northamptonshire Council and the cost of the joint working arrangements in 2016/17 was £337k.
Other Public Bodies

Grants to Parish and Town Councils amounted to £181,098 in 2016/17 (2015/16 £179,366). The purpose of this disclosure is to provide assurance to readers of these statements that any material transaction between the organisation and those in a position to influence its decisions are properly disclosed.

Graven Hill

Graven Hill Holding Company and Graven Hill Development Company Accounts are set out in a separate section at the end of these Statements.

A number of Officers and Councillors are directors of these companies:

Graven Hill Village Holdings Ltd:

Ms S Smith	
Councillor LT Col T.T. Hallchurch ((Mbe)	
Mr N Morris	
Mr D L Hughes	
Miss K Curtin	Resigned 4 January 2016
Mr C Stratford	Appointed 4 January 2016

Graven Hill Village Development Company Ltd:

Ms S Smith	
Mr D Sames	
Mr N Morris	
Mr P D Singleton	Resigned 31 October 2016
Mr I Corkin	Appointed 30 September 2015
Miss K Curtin	Appointed 4 January 2016
Mr A Unitt	Appointed 27 September 2016
Mr S Barnes	Appointed 28 February 2017

Entities Controlled or Significantly Influenced by the Authority

During 2016/17 grant funding payments of £297,750 (2015/16 £386,000) were made to the Banbury Museum Trust and of £2,500 (2015/16 £32,588) to the Mill Arts Centre. These transactions represent a significant part of the funding for these organisations and are therefore disclosed as being material.

Note 35 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), 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 authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

Capital Expenditure and Capital Financing

31 March 2016 £000		31 March 2017 £000
(5,879)	Opening Capital Financing Requirement	(5,880)
	Capital Investment:	
15,999	Property Plant and Equipment	16,625
127	Investment Property	90
112	Intangible Assets	492
1,185	Revenue Expenditure Funded from Capital Under Statute	2,362
17,423	**Total Capital Spending**	19,568
	Sources of Finance:	
(16,962)	Capital receipts	(5,794)
(462)	Government Grants and other contributions	(1,825)
	Sums set aside from revenue:	
0	- Direct revenue contributions	(541)
(17,424)	**Total Sources of Finance**	(8,160)
(5,880)	**Closing Capital Financing Requirement**	**5,528**

Explanation of movements in year

31 March 2016 £		31 March 2017 £
0	Increase in underlying need to borrow (unsupported by government financial assistance)	15,623
0	Assets acquired under finance leases	1,600
0	**Increase/(decrease) in Capital Financing Requirement**	**17,223**

Note 36 - Leases

Authority as Lessee - Finance Leases

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2016 £'000		31 March 2017 £'000
0	Other Land and Buildings	2,287
0	Vehicles, Plant, Furniture, Equipment and Other	0
0	**Total**	**2,287**

The minimum lease payments are made up of the following amounts:

31 March 2016 £'000		31 March 2017 £'000
	Finance lease liabilities (net present value of minimum lease payments):	
0	- current	4
0	- non-current	1,593
0	Finance costs payable in future years	0
0	**Minimum lease payments**	**1,597**

The minimum lease payments will be payable over the following periods:

Minimum Lease Paymenmts			Finance Lease Liabilities	
31 March 2016 £'000	31 March 2017 £'000		31 March 2016 £'000	31 March 2017 £'000
0	3	Not later than one year	0	191
0	21	Later than one year and not later than five years	0	765
0	1,576	Later than five years	0	5,617
0	**1,600**	**Total**	**0**	**(6,573)**

Authority as Lessee - Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

31 March 2016 £'000		31 March 2017 £'000
14	Not later than one year	14
31	Later than one year and not later than five years	16
0	Later than five years	31
45	**Total**	**61**

The expenditure charged to services in the CIES during the year in relation to these leases was:

31 March 2016 £'000		31 March 2017 £'000
0	Minimum lease payments	14
0	**Total**	**14**

Authority as Lessor - Finance Leases

31 March 2016 £'000		31 March 2017 £'000
	Finance lease debtor (net present value of minimum lease payments):	
0	- current	0
3,276	- non-current	2,855
0	Unearned finance income	0
0	Unguaranteed residual value of property	0
3,276	**Gross investment in the lease**	**2,855**

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	
31 March 2016 £'000	**31 March 2017 £'000**		**31 March 2016**	**31 March 2017 £'000**
0	0	Not later than one year	127	100
0	0	Later than one year and not later than five years	506	400
3,276	2,855	Later than five years	24,396	22,840
3,276	**2,855**	**Total**	**25,029**	**23,340**

Authority as Lessor - Operating Leases

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

31 March 2016 £'000		31 March 2017 £'000
938	Not later than one year	1,197
3,083	Later than one year and not later than five years	4,126
5,354	Later than five years	14,574
9,375	**Total**	**19,897**

Note 37 - Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure.

There are no impairment losses or impairment reversal in 2016/17.

Note 38 - Termination Benefits

The authority terminated the contracts of a number of employees in 2016/17, incurring liabilities of £96,391 (£156,751 in 2015/16).

CDC entirely responsible for these costs

[a] Exit package cost band (including special payments)	[b] Number of compulsory redundancies		[c] Number of other departures agreed		[d] total number of exit packages by cost band [(b) + (c)]		[e] Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0-£20,000	1	0	1	3	2	3	£3,736	£44,451
£20,001-£100,000	0	0	0	0	0	0	£0	£0
£100,001-£140,000	0	0	0	0	0	0	£0	£0
Total	**1**	**0**	**1**	**3**	**2**	**3**	**£3,736**	**£44,451**

CDC/SNC 50/50 responsible for these costs.

[a] Exit package cost band (including special payments)	[b] Number of compulsory redundancies		[c] Number of other departures agreed		[d] total number of exit packages by cost band [(b) + (c)]		[e] Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0-£20,000	0	0	2	0	2	0	£22,322	£0
£20,001-£100,000	0	0	2	2	2	2	£130,693	£69,087
£100,001-£140,000	0	0	0	0	0	0	£0	£0
Total	**0**	**0**	**4**	**2**	**4**	**2**	**£153,015**	**£69,087**

Note 39 - Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. The Cherwell District Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Oxfordshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie largescale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note. We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund [and Housing Revenue Account] via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

General Fund Transactions

2015/16 LGPS £000		**2016/17 LGPS £000**
	Comprehensive Income and Expenditure Statement	
	Cost of Services	
	Service cost comprising:	
3,111	Current service cost	3,110
0	Past service cost	44
49	Administration expenses	53
	Financing and Investment Income and Expenditure	
2,549	Net interest expense	2,554
5,709	**Total charged to Surplus and Deficit on Provision of Services**	**5,761**

Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement

£000		£000
	Remeasurement of the net defined benefit liability comprising:	
2,689	Return on plan assets (excluding the amount included in the net interest expense)	(14,955)
0	Actuarial gains and losses arising on changes in demographic assumptions	(1,425)
(11,287)	Actuarial gains and losses arising on changes in financial assumptions	33,900
0	Other movements in the liability / (asset)	0
(8,598)	**Sub Total**	**17,520**
(2,889)	**Total charged to the Comprehensive Income and Expenditure Statement**	**23,281**

2015/16 LGPS		**2016/17 LGPS**
	Movement in Reserves Statement	
£000		**£000**
(5,709)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(5,761)
	Actual amount charged against the general fund balance for pensions in the year:	
3,264	Employers' contributions payable to scheme	3,514
	Retirement benefits payable to pensioners	

2015/16	**Pensions Assets and Liabilities Recognised in the Balance Sheet**	**2016/17**
LGPS		**LGPS**
£000		**£000**
(153,190)	Present value of the defined obligation	(190,328)
80,507	Fair value of plan assets	97,878
(72,683)	Value of Assets / (Liabilities)	(92,450)
(72,683)	**Net (liability) / asset arising from the defined benefit obligation**	**(92,450)**

2015/16	Movement in the the Value of Scheme Assets	2016/17
LGPS		**LGPS**
£000		**£000**
81,207	Opening fair value of scheme assets	80,507
2,669	Interest income	2,891
	Remeasurement gain / (loss):	
(2,689)	- The return on plan assets, excluding the amount included in the net interest expense	14,955
3,264	Contributions from employer	3,514
741	Contributions from employees into the scheme	835
(4,636)	Benefits / transfers paid	(4,771)
(49)	Administration expenses	(53)
80,507	**Closing value of scheme assets**	**97,878**

2015/16	Movements in the Fair Value of Scheme Liabilities	2016/17
LGPS		**LGPS**
£000		**£000**
(160,043)	Opening balance at 1 April	(153,190)
(3,111)	Current service cost	(3,110)
(5,218)	Interest cost	(5,445)
(741)	Contributions from scheme participants	(835)
	Remeasurement gains and losses:	
0	- Actuarial gains / (losses) from changes in demographic assumptions	1,425
11,287	- Actuarial gains / (losses) from changes in financial assumptions	(33,900)
0	Past service cost	(44)
4,636	Benefits / transfers paid	4,771
(153,190)	**Balance as at 31 March**	**(190,328)**

Principal Actuarial Data Sources as at 31 March 2017

In completing our calculations for pension accounting purposes we have used the following items of data, which we received from Oxfordshire County Council:

- The results of the valuation as at 31 March 2016 which was carried out for funding purposes;
- Estimated whole Fund income and expenditure items for the period to 31 March 2017;
- Estimated Fund returns based on Fund asset statements provided (or estimated where necessary) as at 31 March 2016, 31 March 2016 and 28 February 2017, Fund income and expenditure as noted above, and estimated market returns thereafter for the period to 31 March 2017;
- Estimated Fund income and expenditure in respect of the Employer for the period to 31 March 2017; and
- Details of any new early retirements for the period to 31 March 2017 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost.

Although some of these data items have been estimated, we do not believe that they are likely to have a material effect on the results of this report. Further, we are not aware of any material changes or events since we received the data.

Employer membership statistics

The table below summarises the membership data, as at 31 March 2016 for members receiving funded benefits, and as at 31 March 2017 for any members receiving unfunded benefits.

Member Data Summary	Number	Salaries / Pensions £000	Average Age
Active members	402	11,185	45
Deferred pensioners	705	1,518	46
Pensioners	572	4,147	72
Unfunded Pensioners	86	233	78

The service cost for the year ending 31 March 2017 is calculated using an estimate of the total pensionable payroll during the year. The estimated total pensionable payroll during the year is £12,233,000, as advised by the Employer. The projected service cost for the year ending 31 March 2018 has been calculated assuming the payroll remains at this level over the year.

Scheduled contributions

The table below summarises the minimum employer contributions due from Cherwell District Council to the Fund over this inter-valuation period. The calculated cost of accrual of future benefits is 14.9% of payroll p.a. The monetary amounts shown below are based on payments being made monthly over the period to 31 March 2020. However, we understand that Cherwell District Council have an agreement with the administering authority that they will prepay an element of their monetary contributions by making a single lump sum payment in April 2017. This lump sum payment will receive an actuarially equivalent discount and the required amount is £4,707,000.

Minimum employer contributions due for the period beginning	**1 April 2014**	**1 April 2015**	**1 April 2016**
Percent of payroll	14.9%	14.9%	14.9%
Plus monetary amount £000	1,657	1,697	1,738

Cherwell District Council may pay further amounts at any time and future periodic contributions, or the timing of contributions may be adjusted on a basis approved by us.

Early retirements

The actuary requested data on any early retirements in respect of the Employer from the administering authority for the year ending 31 March 2017.
We have been notified of one new early retirement during the year which was not allowed for at the previous accounting date. The total annual pension that came into payment was £5,900.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2017 is estimated to be 21%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for Cherwell District Council as at 31 March 2017 is as follows:

	31-Mar-15		**31-Mar-16**	
Employer Asset Share - Bid Value	**£000**	**%**	**£000**	**%**
Equities	65.629	68	51,497	64
Gilts	10.608	12	10,670	13
Other bonds	3.232	3	2,832	4
Property	6.352	6	6,396	8
Cash	4.370	4	2,408	3
LLPs	3.298	3	3,172	4
Diversified Growth Fund	4.389	4	3,532	4
Employer Asset Share Total	**97,878**	**100**	**80,507**	**100**

The actuary has estimated the bid values where necessary. Please note that the individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100%. The final asset allocation of the Fund assets as at 31 March 2017 is likely to be different from that shown due to estimation techniques.

Based on the above, the Employer's share of the assets of the Fund is approximately 4%.

The actuary received the following information from the administering authority regarding the detail of their assets as at 28 February 2017, representing the percentages of the total Fund held in each asset class (split by those that have a quoted market price in an active market, and those that do not).

Employer asset share - Bid Value		29-Feb-17 % Quoted	% Unquoted
Fixed Interest Government Securities			
	UK	3.9%	-
	Overseas	2.3%	-
Index Linked Government Securities			
	UK	4.7%	-
	Overseas	-	-
Corporate Bonds			
	UK	3.2%	-
	Overseas	0.1%	-
Equities			
	UK	20.3%	12.9%
	Overseas	11.3%	22.6%
Property			
	All	-	6.5%
Others			
	Limited Liability Partnerships	-	3.4%
	Diversified Growth Fund	-	4.5%
	Cash/Temporary Investments	3.9%	-
Net Current Assets			
	Debtors	0.8%	-
	Creditors	-0.2%	-
Total		**50.2%**	**49.8%**

The actuary do not have any further detail on the current asset allocation of the Fund; we suggest that if further information is required the administering authority is contacted in the first instance. Please note that as above, no adjustments for presentational purposes have been made to the percentages shown.

Actuarial methods and assumptions

Valuation approach

To assess the value of the Employer's liabilities at 31 March 2017, we have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2016, using financial assumptions that comply with IAS19.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 March 2017 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March

2017 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information we have received there appears to be no evidence that this approach is inappropriate.

To calculate the asset share we have rolled forward the assets allocated to the Employer at 31 March 2016 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

Demographic/Statistical assumptions

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2016. The post retirement mortality tables adopted are the S2PA tables with a multiplier of 90% for males and females. These base tables are then projected using the CMI 2015 Model, allowing for a long-term rate of improvement of 1.5% p.a.

The assumed life expectations from age 65 are:

Life expectancy from age 65		31 Mar 16	31 Mar 17
Retiring today			
	Males	23.3	23.4
	Females	25.8	25.5
Retiring in 20 years			
	Males	25.6	25.6
	Females	28.1	27.8

The actuary have also assumed that:

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

Financial assumptions

The financial assumptions used to calculate the results are as follows:

Assumptions as at	31 Mar 15 % pa	31 Mar 16 % pa	31 Mar 17 % pa
Discount rate	3.3%	3.6%	2.7%
Pension increases	2.4%	2.3%	2.7%
Salary increases	4.2%	4.1%	4.2%

These assumptions are set with reference to market conditions at 31 March 2017.

Our estimate of the duration of the Employer's liabilities is 19 years.

The discount rate is the annualised yield at the 19 year point on the Merrill Lynch AA-rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. This is consistent with the approach used at the last accounting date.
The Retail Prices Index (RPI) increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England (BoE), specifically the 19 year point on the BoE market implied inflation curve. The RPI assumption is therefore 3.6% p.a. This is consistent with the approach used at the last accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.9% p.a. below RPI i.e. 2.7% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts. This is consistent with the approach used at the last accounting date.

Salaries are assumed to increase at 1.5% p.a. above CPI in addition to a promotional scale. However, we have allowed for a short-term overlay from 31 March 2016 to 31 March 2020 for salaries to rise in line with CPI.

Past service costs/gains

Past service costs/gains arise as a result of introduction or withdrawal of, or changes to, member benefits. For example, an award of additional discretionary benefits to a member such as added years by a member would be considered a past service cost.

We are not aware of any additional benefits which were granted over the year ending 31 March 2017.

Curtailments

We have calculated the cost of curtailments arising as a result of the payment of unreduced pensions on early retirement. The Employer may also have to account for non-pension related costs (e.g. lump sum payments on redundancy) but for the avoidance of doubt, we have only calculated the cost of curtailments which affect the Employer's LGPS pension liabilities.

We calculate the cost of curtailments at the point of exit, with interest applied to the accounting date accounted for separately.

Over the year, we understand that one former employee became entitled to unreduced early retirement benefits.

The capitalised cost of the additional benefits on IAS19 compliant assumptions is calculated at £43,916. This figure has been included within the service cost in the statement of profit or loss.

Settlements

We are not aware of any liabilities being settled at a cost materially different to the accounting reserve during the year.

Note 40 - Contingent Liabilities

NHS Trust

An application for mandatory relief on business rates from an NHS trust has been received. A number of Councils have received similar applications. The application has initially been rejected but there may be scope for the application still to be pursued and for the purported grounds for relief to be the subject of a test case brought against one or more of the councils involved.

Should the application be approved and mandatory charitable relief be granted then the impact on Cherwell would be a backdated cost of 40% of £1.2m which equates to £480,000 and an on-going reduction in business rates of 40% of £219,000 which equates to £88,000.

Note 41 - Contingent Assets

VAT Share

When the Council sold their housing stock an agreement was put in place so that they would be party to any input VAT refund received by the third party responsible for repairs and maintenance work. These amounts relate to the refurbishment of the properties sold to bring them up to the required standard. It is expected that a flow of economic benefit will occur in the future, however the value and timing is less certain.

Note 42 - Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements

The Council does not require debt financing and currently does not have any debt exposure. As such the key risks are in relation to financial assets.

Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy (TMS) . These include commercial entities with a minimum long-term credit rating of A-, the UK government and other local authorities. The TMS also restricts lending to a prudent maximum amount for each institution.

The table below summarises the credit risk exposures of the Council's investment portfolio:

Bank/Institution	Country	Long Term Credit Rating (Fitch)	Principal Amount 31 March 2017	Historical experience of default (adjusted to reflect market conditions)	Estimated maximum exposure to default 31 March 2017
			£000	%	£000
Goldman Sachs Asset Management	UK	AAA	2,457	0%	0
Federated Investors UK	UK	AAA	1,736	0%	0
Svenska Handelsbanken	Sweden	AA	2259	0%	0
Lloyds Bank plc	UK	A+	4,500	0%	0
Lloyds Bank plc	UK	A+	4,000	0%	0
Lloyds Bank plc	UK	A+	3,000	0%	0
			17,952		0

Credit Risk: Debtors

The Council generally allows 30 days credit for its trade debtors. Outstanding debt overdue for payment can be analysed by age as follows:

Duration outstanding	31 March 2016	31 March 2017
	£000	£000
One months	77	69
Two months	105	484
Three months	20	18
More than three months	490	584
	692	1,155

Liquidity Risk

The Council manages its liquidity position through the risk management processes set out in its annual TMS and Prudential Indicators, as well as through the active management of the cash flow position. This seeks to ensure that cash is available when it is needed.

In the event of an unexpected cash requirement, the Council has ready access to borrowing at favourable rates from the Public Works Loan Board, other local authorities, and at higher rates from banks and building societies to cover any short term cash flow need. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient funds are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments.

Market Risk: Interest Rates

The Council maintains a significant investment portfolio, and has no borrowing. Whilst the cash flow procedures above are considered against prevailing market conditions, a longer term risk to the Council relates to managing the exposure to replacing financial instruments, such as longer term financial assets, as they mature.

An assessment of interest rate exposure is fed into the setting of the annual budget (and on-going monitoring), as well as the Medium Term Financial Strategy.

The Council is exposed to risk in terms of interest rate movements on its investments. Movements in interest rates have an impact on the Council as investments at fixed rates will result in the Fair Value of the assets to fall.

Also, at times of low interest rates, the Council will only be able to obtain low percentages of return on its investments at fixed rates in any new investments placed. Other than short term fund held for liquidity purpose e.g. money market funds and call accounts, the Council currently does not have any investments at variable rates.

The Council currently does not have any borrowing, and it has a number of strategies for managing interest rate risk. The Treasury Management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the forecasted out-turn during the year. This allows for any adverse changes to be accommodated.

Market Risk: Other

Price Risk - The Council holds shares in Graven Hill Village Holdings Ltd, but these are not listed and are valued at cost price. The Council therefore has no exposure to loss arising from movement in the prices of shares.

Foreign Exchange Risk - The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Collection Fund

31 March 2016				31 March 2017		
Business Rates	**Council Tax**	**Total**	**Collection Fund**	**Business Rates**	**Council Tax**	**Total**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
			INCOME:			
	(79,806)	(79,806)	Council Tax Receivable		(85,162)	(85,162)
(75,491)		(75,491)	Business Rates Receivable	(74,622)		(74,622)
97	(1)	96	Transitional Protection Payments Receivable	188	(1)	187
(75,394)	**(79,807)**	**(155,201)**	**Total amounts to be credited**	**(74,434)**	**(85,163)**	**(159,597)**
			EXPENDITURE:			
			Apportionment of Previous Year Surplus/Deficit:			
(529)		(529)	Central Government	(1,945)		(1,945)
(424)	233	(191)	Cherwell District Council	(1,556)	180	(1,376)
(106)	1,365	1,259	Oxfordshire County Council	(389)	1,064	675
0	181	181	Thames Valley Police & Crime Commissioners	0	141	141
			Precepts, demands and shares:			
36,660		36,660	Central Government	38,994		38,994
29,328	10,043	39,371	Cherwell District Council	31,195	10,674	41,869
7,332	59,470	66,802	Oxfordshire County Council	7,799	64,540	72,339
0	7,899	7,899	Thames Valley Police & Crime Commissioners	0	8,408	8,408
			Charges to Collection Fund:			
1,773	164	1,937	Write-offs of uncollectable amounts	343	175	518
27	14	41	Increase/(decrease) in allowance for impairment	(23)	240	217
(369)		(369)	Increase/(decrease) in allowance for appeals	(1,555)		(1,555)
223		223	Charge to General Fund for allowable collection costs for non-domestic rates	223		223
			Other transfers to General Fund in accordance with non-domestic rates regulations [report separately for each major Scheme where transfers are material]			
556		556	Renewable Energy	589		589
74,471	**79,369**	**153,840**	**Total amounts to be debited**	**73,675**	**85,422**	**159,097**
(923)	**(438)**	**(1,361)**	**(Surplus)/Deficit arising during the year**	**(759)**	**259**	**(500)**
6,065	**(1,791)**	**4,274**	**(Surplus)/Deficit b/f at 1 April 2016**	**5,142**	**(2,229)**	**2,913**
5,142	**(2,229)**	**2,913**	**(Surplus)/Deficit c/f at 31 March 2017**	**4,383**	**(1,970)**	**2,413**

Notes to the Collection Fund

Council Tax income derives from charges raised according to the value of residential properties that have been classified into eight valuation bands (A to H). Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Oxfordshire County Council, Thames Valley Police and Crime Commissioner and Cherwell District Council together with each parish requirement and dividing this by the Council Tax base i.e. the number of properties in each valuation band converted to an equivalent number of band D dwellings and adjusted for discounts.

Note 1 - Council Tax Income

2016/17

Band	Valuation band limits	Calculated no of dwellings	Ratio to band D	Equated No of dwellings
	£	No		No
A	Upto and including - 40,000	3,995	6/9	2,663
B	40,001 - 52,000	12,376	7/9	9,626
C	52,001 - 68,000	14,485	8/9	12,876
D	68,001 - 88,000	9,232	9/9	9,232
E	88,001 - 120,000	6,652	11/9	8,130
F	120,001 - 160,000	3,124	13/9	4,512
G	160,001 - 320,000	2,225	15/9	3,708
H	More than - 320,001	193	18/9	386
			Adjustment	(777)
			Council tax base	50,357

2015/16

Band	Valuation band limits	Calculated no of dwellings	Ratio to band D	Equated No of dwellings
	£	No		No
A	Upto and including - 40,000	3,704	6/9	2,469
B	40,001 - 52,000	11,788	7/9	9,168
C	52,001 - 68,000	13,872	8/9	12,331
D	68,001 - 88,000	8,828	9/9	8,828
E	88,001 - 120,000	6,453	11/9	7,887
F	120,001 - 160,000	2,999	13/9	4,332
G	160,001 - 320,000	2,164	15/9	3,607
H	More than - 320,001	183	18/9	366
			Adjustment	(735)
			Council tax base	48,253

Group Accounts

Under the terms of the Code where the Council has an interest in any other entity, it is required to prepare a Group Income and Expenditure and Group Balance Sheet. On 25 June 2014 the company Graven Hill Village Holding Ltd and Graven Hill Village Development Company Ltd were created. Graven Hill Village Holding Ltd is a subsidiary of the council which holds 100% interest in this company. Graven Hill Village Development Ltd is a subsidiary of Graven Hill Village Holding Ltd which holds 99% and the council holds 1%. Cherwell District Council is the ultimate controlling party of Graven Hill Village Development Ltd

Group Accounts have been prepared as the Council has the 'control' as 100% shareholder of Graven Hill Village Holding Ltd. Per IFRS10, An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group accounts incorporate the Council's share of the net assets of Graven Hill Village Holding Ltd as a subsidiary and Graven Hill Village Development Co Ltd as the ultimate parent company, using the equity method.

The financial statements of Graven Hill Village Holding Ltd and Graven Hill Village Development Ltd are for the period ended 31 March 2016. This matches the financial statements period of the council and enables consolidation of the statements.

The Financial Statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).The Group Accounts are included in this document as separate Primary Statements, showing the extent of the Council's interest.

In addition to the Group Accounts the following significant judgements and assumptions have been disclosed to aid an understanding of the nature of the group relationship.

The registered name of the companies are	Graven Hill Village Holding Ltd	Graven Hill Village Development Co Ltd
Nature of the business	The company is a holding company and does not trade. It is intended that the company will continue as a holding company for the foreseeable future. The company borrows and lends funds from its parent company to its subsidiary company	The principal activity of the company during the period was that of a property development company
Undertaking	Subsidiary of Cherwell District Council	Subsidiary of Graven Hill Village Development Ltd

Controlling party	Cherwell District Council 100%	Graven Hill Village Holding Ltd 99% Cherwell District Council 1%
Ultimate parent	Cherwell District Council	Cherwell District Council
Deficit on provision of services (before consolidation)	£13,616	£924,066
Net Assets (before consolidation)	£12,828,500	£11,037,425

GROUP COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This statement includes the combined income and expenditure of the Council, its wholly owned subsidiary Graven Hill Village Holding Ltd and its subsidiary Graven Hill Village Development Ltd

Group Accounts Net Expenditure		Cherwell District Council Net Expenditure	Total Group Accounts movements	Group Accounts Net Expenditure
31-Mar-16		31-Mar-17	31-Mar-17	31-Mar-17
£000		£000	£000	£000
196	Chief Executive	243	0	243
6,001	Commercial Development	11,692	135	11,827
1,022	Deputy S151 Officer	942	109	1,472
2,885	Strategy and Commissioning	3,770	33	3,784
9,587	Operations and Delivery	10,327	(202)	18,018
1,577	Non Distributed Services	1,595	0	1,648
21,268	**Net Cost of Services**	**36,917**	**75**	**36,992**
1,432	Other Operating Expenditure	1,160	1,321	2,481
1,457	Financing and Investment Income & Expenditure	(1,491)	914	(577)
(21,919)	Taxation and Non-Specific Grant Income	(24,718)	(427)	(25,145)
2,238	**(Surplus) / deficit on Provision of Service**	**11,868**	**1,884**	**13,752**
81	(Surplus) / deficit on the revaluation of non-current assets	15,556	0	15,556
(8,598)	Actuarial (gains) / losses on pension assets & liabilities	17,520	0	17,520
0	(Surplus)/Deficit on Other items	41	0	41
(8,517)	**Other Comprehensive Income & Expenditure**	**33,117**	**0**	**33,117**
(6,279)	(Surplus)/ deficit on Total Comprehensive Income & Expenditure	**44,985**	**1,884**	**46,869**

GROUP BALANCE SHEET

This statement includes the combined income and expenditure of the Council, its wholly owned subsidiary Graven Hill Village Holding Ltd and its subsidiary Graven Hill Village Development Ltd

Group Accounts 31-Mar-16 £000		Cherwell District Council 31-Mar-17 £000	Total Group Accounts movements 31-Mar-17 £000	Group Accounts 31-Mar-17 £000
124,158	Property, Plant & Equipment	108,340	2	108,342
15,317	Investment Property	18,500	0	18,500
576	Intangible Assets	821	0	821
0	Assets held for sale	181	0	181
1,783	Long Term Investments	12,852	(12,852)	0
3,536	Long Term Debtors	23,172	(19,342)	3,830
145,370	**Long Term Assets**	**163,866**	**(32,192)**	**131,674**
25,779	Short Term Investments	11,519	0	11,519
36,147	Inventories	134	40,455	40,589
12,862	Short Term Debtors	9,868	578	10,446
12,485	Cash and Cash Equivalents	6,077	3,172	9,249
87,273	**Current Assets**	**27,598**	**44,205**	**71,803**
(24,151)	Short Term Creditors	(15,500)	(2,523)	(18,023)
(2,353)	Receipts in Advance	(1,963)	0	(1,963)
(1,269)	Provisions	(1,522)	0	(1,522)
(27,773)	**Current Liabilities**	**(18,985)**	**(2,523)**	**(21,508)**
(72,683)	Other Long Term Liabilities	(94,043)	0	(94,043)
(12,500)	Long Term Creditors	0	(13,571)	(13,571)
(1,787)	Provisions	(906)	0	(906)
(20,430)	Capital Grants Receipts in Advance	(22,858)	0	(22,858)
(107,400)	**Long Term Liabilities**	**(117,807)**	**(13,571)**	**(131,378)**
97,470	**Net Assets**	**54,672**	**(4,081)**	**50,591**
(22,666)	Useable Reserves	(22,831)	4,081	(18,750)
(74,804)	Unusable Reserves	(31,841)	0	(31,841)
(97,470)	**Total Reserves**	**(54,672)**	**4,081**	**(50,591)**

GROUP MOVEMENT IN RESERVES STATEMENT

This statement includes the combined income and expenditure of the Council, its wholly owned subsidiary Graven Hill Village Holding Ltd and its subsidiary Graven Hill Village Development Ltd

Group Accounts 31/03/2017	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Receipts Un-applied Account	Total Usable Reserves £000	Unusable Reserves	Total Reserves £000
Balance at 31 March 2016	(3,390)	(18,253)	(3,161)	(47)	**(24,850)**	(74,806)	**(99,656)**
Movement in Reserves during 2016/17							
Surplus or deficit on the provision of services	13,752	0	0	0	**13,752**	0	**13,752**
Other Comprehensive Income / Expenditure	0	0	0	0	**0**	33,117	**33,117**
Total Comprehensive Income and Expenditure	**13,752**	**0**	**0**	**0**	13,752	**33,117**	**46,869**
Adjustments between accounting basis and funding basis under regulations	(9,045)	0	216	(118)	**(8,947)**	9,848	**901**
Net Increase or Decrease before Transfers to Earmarked Reserves	**4,707**	**0**	**216**	**(118)**	4,805	**42,965**	**47,770**
Transfers to / from Earmarked Reserves	(1,046)	2,342	0	0	1,296		1,296
Increase or Decrease in 2016/17	**3,661**	**2,342**	**216**	**(118)**	**6,101**	**42,965**	**49,066**
Balance at 31 March 2017	**271**	**(15,911)**	**(2,945)**	**(165)**	**(18,750)**	**(31,841)**	**(50,591)**

GROUP CASHFLOW

This statement includes the combined income and expenditure of the Council, its wholly owned subsidiary Graven Hill Village Holding Ltd and its subsidiary Graven Hill Village Development Ltd

Group Accounts Cashflow	**Cherwell District Council**	**Group Accounts Movements**	**Group Accounts**
	2016/17	**2016/17**	**2016/17**
	£000	**£000**	**£000**
Net (surplus) or deficit on the provision of services	11,868	1,884	13,752
Adjustment to surplus or deficit on the provision of services for noncash movements	(26,357)	17,077	(9,280)
Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	7,530	0	7,530
Net cash flows from operating activities	**(6,959)**	**18,961**	**12,002**
Net cash flows from investing activities	12,438	(21,964)	(9,526)
Net cash flows from financing activities	763	0	763
Net (increase) or decrease in cash and cash equivalents	**6,242**	**-3,004**	**3,239**
Cash and cash equivalents at the beginning of the reporting period	12,317	168	12,485
Cash and cash equivalents at the end of the reporting period	**6,077**	**3,172**	**9,249**

Notes to Group Accounts

Long Term Investments (12,852) represents Cherwell District Council holding in Graven Hill Village Holding Ltd.

Long Term Debtors (19,342) represents loans and rolled up interest & fees owed to Cherwell District Council.

Inventories 40,455 represents work in progress for building works.

Cash and Cash Equivalents 3,172 represents short term investments.

Short and long term Creditors (16,094) comprise of loans from parent company, Cherwell District Council.

Useable Reserves 4,081 represents fully paid share capital.

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Annual Governance Statement 2016/17

Executive Summary

Governance is about how local government bodies ensure that they are doing the right things in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems, processes, cultures and values by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The Annual Governance Statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

This document describes our governance arrangements and assesses how closely we align with good practice. In overall terms this is a positive statement for the financial year 2016/17. This document relies on several assurance mechanisms including the internal audit annual review, internal audit reports throughout the year, the work of the Accounts, Audit and Risk Committee, the overview and scrutiny process and external audit.

External audit is undertaken by Ernst and Young and this provides assurance on the controls the Council has in place. Where the auditor identifies weaknesses in the Council's arrangements, these are highlighted in the Annual Audit and Inspection Letter. The Council received an unqualified audit opinion on its 2015/16 accounts, the latest published.

In common with all local authorities, the Council faced an extremely challenging year in 2016/17 as it sought to manage the implications of the local government resource review, welfare reform changes, budget reductions, increasing demand for key services and new ways of working. In order to manage this, the Council has developed a transformation programme, which through working in partnership with other local authorities, aims to deliver significant savings whilst protecting frontline services.

The Council's long term vision for the district is ambitious. Working with our partners in the public, private and voluntary sectors we are aiming to build a District with a diverse economy. A selection from the Council's Pledges is given below and listed in full within the Business Plan 2016/17.

- Graven Hill: deliver the demonstration project on the Graven Hill site,
- Work with the local police and licence holders to ensure our town centres remain clean, safe and vibrant at all times.
- Deliver at least 190 units of affordable housing including a high proportion constructed using self-build methods. Planning for 133 affordable rented homes and 57 shared ownership or other low cost home ownership scheme.
- Reduce the cost of providing our services through partnerships, joint working and other service delivery models.

As this statement will show, the Council has a strong system of internal control, performance and risk management and action plans are in place to address issues and progress will continue to be monitored during the course of 2017/18.

1.1 Scope of Responsibility

Cherwell District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Cherwell District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Cherwell District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Cherwell District Council has approved and adopted a code of corporate governance, which is consistent with the principles of CIPFA/SOLACE Framework for Delivering Good Governance in Local Government. A copy of the code is on the Council's website. This statement explains how Cherwell District Council has complied with the code and also meets the requirements of regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

1.2 The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the local community. It enables the authority 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 that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable, 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 Cherwell District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them economically, efficiently and effectively.

The governance framework has been in place at Cherwell District Council for the year ended 31st March 2017 and up to the date of the approval of the statement of accounts.

1.3 The Governance Framework

The following sections align to the 'Delivering Good Governance in Local Government Framework' (CIPFA/SOLACE) and provide evidence against each of sections contained within that document.

1.3.1 Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users

The Council's long term strategic objectives are set out in the five year Corporate Strategy which is supported by the annually reviewed business plan. Progress is monitored via the Council's Corporate Performance Framework which integrates financial and service planning. Our annual financial planning process is driven by the Council's medium term financial strategy to ensure our future priorities and ambitions are resourced.

The Council's long term strategic objectives are set out in the five year Corporate Strategy supported by the annual business plan. The plan identifies and communicates the vision of its purpose and intended outcomes for citizens and service users through a variety of media including its website, Cherwell Link magazine and consultation documents working with Cherwell Local Strategic Partnership (LSP). The Council chairs LSP for Cherwell with Membership of the LSP including members from the county, district, town and parish councils, Thames Valley Police, the faith, business and voluntary communities.

The Council's five year strategy sets out the organisation's vision and key strategic priorities. The business plan is refreshed on an annual basis and the updated version published. It sits alongside the budget as a key corporate document and is subject to the same public consultation process.

The Council's service and financial planning process incorporates substantial consultation with all sections of the community. At the corporate level this includes an annual customer satisfaction survey which identifies areas of customer satisfaction and priorities for improvement, and a budget consultation process that is focused on qualitative research with stakeholders. In addition we target harder to reach groups (older people, younger people, people with disabilities and people from minority ethnic communities) to ensure that all sections of the community are able to participate in the budget consultation.

At service level, individual service areas and teams undertake public consultation. The Council has a consultation and engagement strategy, and action plan to support this. During 2016/17 the Council, working with its partners, continued to work to improve opportunities for public feedback through Connecting Communities events and through our Annual Customer Satisfaction Survey that help us to set and test strategic direction.

The corporate agenda is communicated to staff through regular briefings from the Chief Executive, a "cascade" system and the staff magazine as well as through staff engagement in the service planning process. Additional communication activities are also undertaken in relation to key projects such as shared services.

1.3.2 Reviewing the Authority's vision and its implications for the Authority's governance arrangements

The Council reviews its vision and the implications for its governance arrangements by regularly updating its five year strategy, reviewing the annual business plan and major strategy documents. The Council has a Medium Term Financial Strategy (MTFS) in place to ensure future ambitions are resourced. The MTFS is the Council's key financial planning document. It is driven by our five year strategy and annual business plan and the four strategic priorities which lie at the heart of it:

- District of Opportunity
- Safe, green and clean
- A thriving community
- Sound Budgets and Customer Focussed Council

This strategy sets clear targets to ensure balanced resources are set and focus resources on front line services in a time when government funding has been reduced.

The Council agreed on the 8th December 2010 to joint working arrangements with South Northamptonshire Council and these arrangements were confirmed with the appointment of the Shared Chief Executive in May 2011. This was followed up by the appointment of three directors and eight heads of service in October 2011. Further joint working arrangements have either been implemented or are being investigated by directorate, based on individual business cases, to deliver further savings whilst protecting frontline services. In September 2013, Cherwell created a fourth director role for Bicester which isn't a shared post.

Cherwell District Council and South Northamptonshire Council remain separate independent entities, retaining their sovereignty. Elected members of both councils will remain in charge of decision making in line with their visions, strategic aims, objectives and priorities
During 2016/17 the councils also extended their joint working to cover a wider remit of services. Governance is underpinned by a joint committee (called the Joint Commissioning Committee) which oversees shared services.

1.3.3 Measuring the quality of services for users, ensuring they are delivered in accordance with the Authority's objectives and ensuring that they represent the best use of resources

Mechanisms are in place to measure the quality of services for users, ensuring they are delivered in accordance with Cherwell District Council's objectives and that they represent the best use of resources. The Council continues to improve performance management within the organisation. Service quality and best use of resources is ensured via:

- Performance Matters (a performance management system for monitoring and recording performance indicator data and business plans) responsibility of managers to report on a monthly and quarterly basis
- Quarterly Review of Financial Performance Reports
- Transformation and Projects

The Council recognises that to drive improvement it needs to closely monitor and review its performance. The Council routinely monitors it's spend against budgets, and its performance against Performance Indicators and also against service plans and strategies. This is encapsulated within the Performance Management Framework.

Financial reports comparing budget to actual and projections to end of year are distributed to all key officers on the first working day of each month, with access/drilldown facilities appropriate to role and responsibilities. This reporting tool, known as the dashboard, includes the reasons/actions to be taken for all red flagged items. Within a further five working days, a projections module is available which includes a detailed analysis prepared by each Head of Service and Service Accountant relating to full year outturn projection.

Financial reporting is effectively delivered through the financial dashboard which is produced and distributed on a monthly basis. This provides a robust mechanism for closely monitoring budgets and effectively challenging or addressing the variances identified with the relevant Heads of Service.

The dashboard provides comprehensive and timely budget monitoring, producing a year end outturn with no unexpected variances against budget. It has also enabled funds to be reallocated within year to alternative Council priorities.

The Council is constantly seeking to ensure that its resources are used economically, effectively and efficiently. The Council encourages staff involvement in the improvement process and actively uses the findings of external agencies and inspections and the national efficiency framework, to drive improvement. Every report to members carries a paragraph that assesses what efficiency savings the proposal might generate.

The external audit Annual Audit Letter gave an unqualified Value for Money conclusion in September 2015. This means that the Ernst & Young are satisfied that the Council has adequate arrangements in place for securing economy, efficiency and effectiveness in its use of resources.

1.3.4 Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

A clear statement of the respective roles and responsibilities of the executive, the members and the senior officers are held within:

- The Constitution (available on the Council's website)
- Officer job descriptions

The budget and policy framework is determined by full Council. The Executive has delegated authority to take most decisions within that framework other than legally specified non-executive decisions such as those relating to regulatory and staffing matters. Executive decisions are subject to scrutiny. All meetings are open to the public unless confidential or exempt items, as defined by the Local Government Act 1972 as amended, are discussed. All Executive meetings are webcast and are available in archived format for six months from the date of the meeting.

The Joint Commissioning Committee, which includes members from South Northamptonshire Council, has overall responsibility for the provision, to the adopting councils, of shared services arrangements both in respect of services the Councils have direct responsibility for and services provided to the Councils via the confederation company and its delivery units (if established).

The Overview and Scrutiny Committee has overall responsibility for the performance of all overview and scrutiny functions (under the Local Government Act 2000 and Local Government and Public Involvement in Health Act 2007) on behalf of the Council. In particular it is responsible for scrutinising decisions and decision making, developing and reviewing policy, exercising call-in procedures and investigating matters of local concern. The Committee can establish 'Task and Finish' groups to undertake particular reviews in accordance with the annual overview and scrutiny work programme.

A Joint Scrutiny Committee, which includes members from South Northamptonshire Council, has been established to scrutinise the work of the Joint Commissioning Committee when exercising executive functions delegated to it. It did not meet in 2016/17 but will do so in 2017/18.

The Budget Planning Committee is a Committee of Council which makes recommendations to the Executive on matters relating to the finances of the authority. Its role is to provide a strategic overview of all matters affecting the current and future finances of the authority and it also plays a key role in supporting the budget setting strategy and process.

The Standards Committee has responsibility for ensuring the highest standards of councillor behaviour. This meets when needed to consider reports on investigations into complaints of breach of the Councillors' code of conduct by councillors of this authority or any Town or Parish Council in the district. There is a common code of conduct throughout all Oxfordshire councils with limited exceptions which means that any Cherwell district councillors who are also County and/or parish councillors have to abide by a single consistent set of rules. The Head of Law and Governance as statutory monitoring officer has extensive delegated authority from the Committee to process and determine complaints in consultation with two statutory independent persons. It has not been necessary for the Committee to meet to consider any complaints against councillors in 2016/17.

The Accounts, Audit and Risk Committee has responsibility for risk management and financial probity, and signs off the Council's annual Statement of Accounts.

The Section 151 officer, his deputy and the Monitoring officer meet informally as necessary to review the governance arrangements of the Council and provide input into this Annual Governance Statement. The senior officer management team is the Joint Management Team which meets formally once a month.

1.3.5 Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

The key documents and techniques used to develop the code of conduct and high standards of behaviour that we achieve within Cherwell District Council comprise:

- The Constitution
- Codes of conduct and associated protocols
- HR policies and procedures
- Internal / External Communications Policy
- Whistle blowing policy
- Recruitment policy and Appraisal processes
- Registers of member interests
- Complaints policy and procedures
- Internal Audit work
- External Audit Reports
- Chief Executive briefings
- In Brief
- Staff Induction Programme
- Intranet and Website Messages

The Council has adopted codes of conduct for members and officers. The codes and protocols of the Council are in part three of the constitution. The code of conduct for councillors is a mandatory requirement and includes provision for the registration and notification of disclosable pecuniary interests backed up by criminal sanction.

1.3.6 Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

Under the Local Government Act 1972, as amended, the Council is able to delegate decisions to committees or officers but is required to have a scheme of delegation setting this out. The scheme of delegation is part of the Council's constitution. Since October 2012 the Council has adopted a joint scheme of officer delegations with South Northamptonshire Council so as to ensure that the shared management team members are working to substantially the same delegated powers at both Councils thereby mitigating the risk of misapplication of one Council's powers while acting for the other. This joint scheme was amended in October 2013 to reflect a re-allocation of roles amongst individual members of the shared management team. Since December 2012 the Council has also adopted joint Financial Procedure Rules and Contract Procedure Rules on a similar basis. An accurate up to date constitution reduces the risk of challenge to the Council's decisions.

One of the key aspects of the internal control environment is the management of risk. The Council has a risk management strategy which has been recently reviewed in April 2016. Recommendations and amended working practices have been discussed and will be embedded within Quarter 1 of 2016/17. Heads of Service are responsible for maintaining the risk management system and ensuring risks are appropriately mitigated and managed. All Heads of Service review and update their strategic, corporate and partnership risks online quarterly. Heads of Service and managers are responsible for managing their operational risk registers and escalating as and when necessary to the corporate register. For each risk noted on the register, responsible officers are required to identify controls that are in place to mitigate the risk.

A risk management workshop for members is held on an annual basis, the next one will be held within the first quarter following the recent elections. Management and officer training was held in April 2016, a working group will be set up and refresher training will follow later in the year. The purpose of these workshops is to review and revise the strategic risk register and provide an update on the Council's risk management strategy. Risks are categorised as either strategic, corporate, partnership or operational. All strategic, corporate and partnership risks are reviewed on a monthly basis at JMT level as of May 2016. The Audit, Accounts and Risk Committee receive quarterly risk reports. The risk management handbook has also been updated and training has been provided for the Accounts, Audit and Risk Committee. Operational risks are managed at the departmental level, reviewed by DMT on a quarterly basis.

The on-going working arrangements due to the joint working arrangements with South Northamptonshire Council require a shared approach around a Joint Risk strategy and Opportunities Management Strategy both Councils in achieving their objectives through pro-active risk management.

The risk register is considered by the Joint Management Team, and ensures that identification and consideration of risk corporately and across services is emphasised and highlighted. The South Northamptonshire Council's Audit Committee and the Cherwell District Council's Accounts, Audit and Risk Committee receive regular risk management updates and review the strategic risk register. This oversight of risk ensures there is senior officer level and political commitment to effective risk management.

The inclusion of risk registers within service plans and risk logs in key programmes and projects seeks to reinforce the importance of assessing and being aware of the risks associated with each service and major projects.

Joint working arrangements are in place, the following list summarises the key activities that were undertaken to ensure risk management is embedded across both councils.

1. A monthly process of risk review covering both the strategic and operational risk registers at JMT.

2. Quarterly monitoring reports will be presented to relevant council committees to ensure Councillors have good access to risk information.

3. Risk management awareness training sessions will be facilitated for Councillors and employees. Members of the committees with specific responsibility for the management of risk will be offered dedicated training events. The potential of risk management awareness to be included on induction programmes will be explored.

4. An internal audit of risk management will take place annually.

5. The Joint Management Team takes responsibility for ensuring that management actions highlighted in the risk registers are implemented.

6. Support is available to risk owners when assessing new risks. The 'bow tie' risk analysis model is available to use as part of the process.

7. A process of annual review is undertaken by the Joint Management Team to ensure the risk register remains up to date and that obsolete risks are removed in Quarter 4.

8. The Risk Officer working group is being re-established within Quarter 1 as required to embed, review or develop risk practices.

9. The councils will seek to learn from other organisations where appropriate, and to keep up to date with best practice in risk management.

Budget monitoring takes place monthly with all Heads of Service. Any variations to profile are reported on to JMT on a monthly basis with any required corrective action identified and agreed upon. Proposals to increase or reduce expenditure will have a risk assessment as to the consequences. There are specific earmarked reserves to deal with identified non-insurable risks.

The Council has staff with specific responsibility for health and safety, and operate Integrated Management Standards, ISO 14001:2004 Environmental Standard and OHSAS 18001 covering all aspects of the Councils work. Both these standards are audited twice a year by external auditors, in addition quarterly monitoring reports are produced for the Councils Health and Safety Committee and an annual report is submitted to the Integrated Management Board.

Following the transfer of Housing Benefit fraud investigations to the Department for Work and Pensions in February 2015 a new joint Corporate Fraud Investigation team was established with the aims to prevent, detect, investigate and sanction cases of non-Housing Benefit fraud including Council Tax discount fraud, housing tenancy fraud and grant fraud.

In 2016/17 151 investigations were completed by the joint team, fraud was proven in 28 of these cases. The strategy of publishing our prosecutions in the local papers and the Council's own publication acts as a deterrent against this type of abuse and give assurance to Cherwell District Council that the Council is discharging its responsibility to protect public Funds

The Council participates in the National Fraud Initiative, an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Council also participates in data matching exercises through the Housing Benefit Matching Service. This matches data held by the Council with that of other agencies such as DWP, to identify cases where fraud may have been committed.

The Anti-Fraud and Corruption Policy and the Whistle Blowing Policy have been updated and were endorsed by the Audit Committee in March 2015.

1.3.7 The Authority's financial management arrangements do conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

In June 2009, CIPFA launched its 'Statement on the Role of the Chief Financial Officer (CFO) in Public Service Organisations'.

The Statement supports CIPFA's work to strengthen governance and financial management across the public services. CIPFA's Statement sets out five principles that define the core activities and behaviours that belong to the role of the CFO and the governance requirements needed to support them.

The statement advocates that the CFO in a public services organisation:

- Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest

- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risk are fully considered, and alignment with the organisation's financial strategy
- Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- Must lead and direct a finance function that is resourced to be fit for purpose
- Must be professionally qualified and suitably experienced.

For each principle, the Statement sets out the governance arrangements required within an organisation to ensure that CFOs are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the CFO role within the organisation. Many day to day responsibilities may in practice be delegated or even outsourced, but the CFO should maintain oversight and control.

CIPFA has issued its 'Statement on the Role of the Chief Financial Officer in Local Government (2010)'. The statement draws heavily on the 'Statement of the Role of the Chief Financial Officer in Public Service Organisations' and applies the principles and roles set out in that document to local government.

With the implementation of joint working arrangements the joint Chief Finance Officer is the Council`s nominated Section 151 Officer and the Head of Finance and Procurement is deputy S151 officer to the CFO.

As CFO, responsibilities include

- attendance at Council, Executive and Joint Management Team meetings as required
- To service the Budget Planning Committee which carries out work on the budget and medium term revenue plan)
- To attend Accounts, Audit and Risk Committee as required

1.3.8 Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

The Council's Accounts, Audit and Risk Committee undertake the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities. In particular it has an on-going role in ensuring a responsive and effective internal audit function and the effective management of the Council's risks and provides 'robust challenge' to the internal control and other governance arrangements of the Council.

During 2016/17, the committee received the annual risk strategy and quarterly updates on the Risk Register. The committee received annual training on Treasury Management as part of the treasury strategy which was delivered by the Council's advisors Capita Asset Services.

1.3.9 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

Chief Officers and Heads of Service take responsibility for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

Cherwell District Council observes all specific legislative requirements and adheres to the general principles of good administrative law – rationality, legality and natural justice.

The Head of Law and Governance is designated as the Council's Monitoring Officer and it is his responsibility to ensure that the Council's business is conducted in a legal and proper fashion and in accordance with council policies. All reports that go before Council and Executive are reviewed by the Monitoring Officer to ensure the legality of the Council's actions. Additional external legal advice is sought where appropriate.

The Chief Finance Officer is responsible for the administration of the Council's finances under section 151 of the Local Government Act 1972 and ensures financial management of the Council is conducted in accordance with the Financial Procedure Rules (article 9 of the Constitution). Financial management facilitates service delivery through the five-year Medium Term Financial Strategy and the annual budget process, underpinned by the Treasury Management Strategy.

Cherwell District Council actively recognises the limits of lawful activity implicit in the ultra vires doctrine, and strives to employ our powers to the full benefit of our communities.

1.3.10 Whistle blowing and receiving and investigating complaints from the Public

The Council has well-developed processes for whistle-blowing and for receiving and investigating complaints both internally and from the public. The Whistle-Blowing policy has been amended to take account of the joint working arrangements with Cherwell District Council and was considered at the Audit Committee meeting in June 2012 and is updated on a regular basis to the Audit Committee. The policy is available to view on the intranet. All new members of staff receive a copy of the whistle blowing policy in their induction packs.

This policy aims to:

- encourage employees to feel confident in raising serious concerns that they may have about practices and procedures
- provide avenues to raise concerns and receive feedback on any action taken;
- allow employees to take the matter further if they are dissatisfied with the Council's response; and
- reassure employees that they will be protected from reprisals or victimisation for any disclosure made in the public interest.

The Council has a dedicated whistle blowing hotline which is publicised on the Council's website and intranet. There were no incidents of whistleblowing reported in 2016/17.

Complaints can be made by telephone, in writing or by visiting the Council. The Council aims to resolve all complaints at the point of contact wherever possible. Where this is not achievable, the Council's corporate complaints procedure (available on the website) outlines a formal two stage process for rectifying issues. The definition of a complaint is:

- a service being delivered at a lower standard than is set out in council policy or SLAs
- the attitude of staff
- neglect or delay in responding to customers
- failure to follow agreed procedures/policies
- evidence of bias or unfair discrimination.

Electronic training was rolled out in 2014/15 to all employees. The council reports its performance on a quarterly basis and complaints including Ombudsman investigations are included within this report. An annual summary is provided in the Council's Annual Report which is published in June/July each year.

1.3.11 Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The Member Development and Support Strategy was agreed by Executive in September 2009. The Strategy sets out the Council's commitment to member development and support. It explains the responsibilities of the Council in delivering effective support to members. All members are given a copy of the strategy upon election to the Council and it is available on the Council's website. The strategy has raised the profile of member development within the organisation. Executive responsibility for member development sits with the Leader of Council whose areas of responsibility include Democratic Services.

Members and officers are also invited to suggest topics for development sessions at any point during the year. The development programme for elected members offers a range of formal and informal learning events including conferences, briefings, seminars, workshops and forums.

In 2016/17 there were 16 formal training or briefing sessions arranged by Cherwell District Council. The total attendance at all events was 197 Cherwell District councillors and 30 external attendees (other district councillors, town/parish councillors, town/parish clerks, officers and partners). The training sessions are categorised to help members choose the appropriate training to suit their individual requirements. There are six training categories:

- essential, which cover the broad skills for being a councillor, providing information on some of the basic principles of local government such as finance, and statutory issues around planning and licensing;
- internal knowledge, which provides information specific to Cherwell District Council;
- Committee skills, which are targeted at specific committees and roles;
- Portfolio Holder, which focus on the knowledge and skills required in these roles;
- engagement, which relate to members' responsibilities as community leaders;
- information, which refer to briefings on specific subjects as required.

In 2016/17 all of the categories were included in the Member Development programme. Sessions included planning training, licensing training, finance training, presentations and briefings by external partners on major issues affecting the district and projects underway in the district. A trip to Westminster was also arranged in conjunction with the Parliamentary Outreach Service where Members had the opportunity to meet MPs involved in Select Committees and attend a Select Committee evidence gathering session.

Training needs for all staff are discussed as part of the annual appraisal process, and all requests for training go through the Council's human resources team to monitor both cost and link to the Council's strategic priorities.

1.3.12 Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

There is a Corporate Consultation Framework with a toolkit for staff providing support, guidance and a statement of our standards. The Council has an online consultation portal which provides access to consultations that are underway and information about what consultations are planned. The Council undertakes a statistically representative annual satisfaction survey and has an annual budget consultation programme that underpins the service and financial planning process.

When procuring the corporate consultation programme, an evaluation criterion was set to ensure that the research contractors took steps to ensure harder to reach groups are not excluded. Steps taken include recruiting a balanced citizen's panel to ensure all sections of the community can participate in key pieces of corporate consultation.

In addition to the corporate consultation programme, the Council also holds a number of consultative forums including and in partnership with other local public sector agencies, forums including the Faith and Disability Forums.

We also hold formal annual parish liaison events which provide clear channels of communication and engagement with the parish councils.

In the main accountability and consultation is achieved using the following methods:

- Website
- Committee Management Information System (Modern Gov) (where the public reports are available for inspection).
- Corporate Improvement Programmes
- Medium Term Financial Strategy
- Annual Report and Summary of Accounts
- Statement of Accounts
- Budget Book
- Customer Satisfaction Surveys
- Press releases
- Cherwell Link
- Intranet
- Corporate Briefings
- Corporate Communications Strategy
- Performance Management Reports

1.3.13 Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the Authority's overall governance arrangements

The Council's aim is to fully exploit the opportunities for partnership working and strengthen the governance and performance management arrangements. The Council's key strategic partnerships are included as part of the performance management framework and performance is reported quarterly. There is also a partnerships protocol.

The LSP is a key partnership for the Council, the role of Chairman is held by the Leader of the Council and there are clear terms of reference in place to cover membership, roles and responsibilities and the objectives of the partnership. The LSP Board provides the leadership and decision making body for the partnership that plans the work programme of the board and coordinates performance management and action planning. The Management Group is chaired by the LSP Board member with the role of performance champion.

To ensure the partnership listens to the wider views of the local community, it holds an annual conference which is open to all stakeholders and provides an annual report of its activity. Where appropriate the LSP sets up sub-committees to co-ordinate work programmes, examples include the Climate Change Partnership and the Brighter Future in Banbury Steering Group. Sub-partnerships have their own terms of reference, agreed by the LSP Board, and report back to the Board with performance and progress updates on a regular basis.

There are clear arrangements for Member roles on partnerships and outside bodies and this has been supported by relevant training and a process of annual review.

1.4 Review of Effectiveness of Governance

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 Joint Management Team which has responsibility for the development and maintenance of the governance environment, Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

1.5 The Authority's Assurance Framework

The review of the effectiveness of the system of internal control is underpinned by an Assurance Framework for internal control. The Framework is managed by the Corporate Governance Group, consisting of senior officers from a range of relevant disciplines, and seeks to provide assurance by adopting a dual approach, assessing information from a service perspective provided by service managers and a more corporate overview from each of the Group members.

Officers responsible for corporate governance are in regular contact with each other to ensure all the relevant governance processes are in place and are robustly followed.

Within the framework, individual service managers are required to complete a management assurance statement each year, in which they confirm the arrangements that they are operating to maintain internal control, and how effective they believe them to be. These assessments are then analysed centrally by the group to provide a picture of any local weaknesses and to help identify any corporate themes that may not be remarkable in one service, but may assume greater significance when exhibited across a range of services.

There is a process, whereby significant issues raised within the framework can be escalated to Joint Management Team and/or the Executive. There have been no issues escalated during 2016/17.

1.6 The Constitutional Framework

1.6.1 The Executive

The Local Government Act 2000 and regulations made thereunder set out the functions which the Executive may perform. The Executive is not permitted to carry out any regulatory or staffing function. The Leader of the Council selects the Executive which is a maximum number of ten. 'Portfolios' are given by the Leader to the individual Members of the Executive.

1.6.2 Accounts, Audit and Risk Committee

To monitor the audit and risk management processes of the Council and ensure they comply with best practice and provide value for money. To approve the Council's statement of accounts and respond to any issues raised by internal audit or the external auditor.

1.6.3 Overview and Scrutiny

The Overview and Scrutiny Committee has overall responsibility for the performance of all overview and scrutiny functions (under the Local Government Act 2000 and Local Government and Public Involvement in Health Act 2007) on behalf of the Council. In particular it is responsible for scrutinising decisions and decision making, developing and reviewing policy, exercising call-in procedures and investigating matters of local concern. This work is delivered by the Overview and Scrutiny Committee which can establish ‘Task and Finish’ groups to undertake particular reviews in accordance with the annual overview and scrutiny work programme.

The role of scrutiny in following up recommendations: At every meeting of each Overview and Scrutiny Committee, there is a standard agenda item: ‘Overview and Scrutiny Annual Work Programme’. This includes a follow up schedule for all previous scrutiny reviews. The committees normally review progress on the implementation of their recommendations at six month intervals, unless the nature of the review suggests a shorter or longer timescale is appropriate. The Lead Member and relevant Director and/or Service Head are asked to provide a written progress report and to attend the meeting to brief the committee. There were no call-ins during 2016/17.

Also part of the overall overview and scrutiny process is the Budget Planning Committee, further details of which are contained in section 1.3.4 above.

1.6.4 Standards Committee

The Localism Act 2011 required the Council to adopt new arrangements for ensuring the maintenance of high standards of councillor conduct, including a code of conduct which is consistent with the Nolan principles of good conduct in public life with effect from 1 July 2012. A new code was duly adopted and the Standards Committee was re-constituted so that its membership met the requirements of the 2011 Act. Two statutory independent persons were also appointed as part of the new arrangements. During 2016/17 there have been no complaints heard by the Committee.

The code adopted at Cherwell is consistent with that adopted by Oxfordshire County Council and all other principal authorities in the County. This has been done under the auspices of the Oxfordshire Monitoring Officers Group which meets six times a year and includes as a standing item on its agenda matters relating to standards issues. The vast majority of parish councils in the Cherwell district have also agreed to adopt the same version of the code. This means that, with limited exceptions, councillors throughout the Council’s district are covered by the same code of conduct thereby ensuring consistency of approach.

As Monitoring Officer, the Head of Law and Governance continues to review the relevance and effectiveness of the constitution. This is particularly in the light of the shared Joint Management Team with South Northamptonshire Council. As mentioned in section 1.3.6 above three key sections of the constitution have been redrafted and joined with South Northamptonshire Council to reflect the shared joint management team namely the scheme of officer delegations, the Financial Procedure Rules and the Contract Procedure Rules. Having common schemes and procedures such as these significantly mitigates the risk of any Joint Management Team members applying an incorrect rule with resultant unlawful action on the Council’s behalf. The scheme of officer delegation will be revised to match current post titles once phase 2 of the senior management restructure has been implemented

1.6.5 Chief Financial Officer

During the 2016/17 financial year, the Chief Finance Officer was designated as the person responsible for the administration of the Council's finances under section 151 of the Local Government Act 1972 and ensured the financial management of the Council was conducted in accordance with the Financial Regulations and Corporate Financial Procedures.

With the implementation of joint working arrangements the Chief Finance Officer was the Council`s nominated section 151 Officer and the Head of Finance and Procurement was deputy S151 officer.

1.6.6 Internal Audit

The Council's Internal Audit Service Annual Plan is developed using a risk based approach, aligned to the Corporate Risk Register where possible to ensure current and emerging risks were adequately covered. Internal Audit Service reports provide an overall risk assessment on the adequacy and effectiveness of the Council's internal control environment, with areas of weakness identified and agreed actions for improvements.

Public Sector Internal Audit Standards (PSIAS) and CIPFA's Audit Code of Practice requires that the Head of Internal Audit provides a written report to the Accounts Audit and Risk Committee, timed to inform the organisation's Annual Governance Statement. The purpose of this report is to present Internal Audit's view on the adequacy and effectiveness of Cherwell District Council's system of governance, risk management and control.

The draft Annual Internal Audit Report is presented to the Accounts, Audit and Risk Committee in June 2017, which details the reviews completed and the number of critical, high, medium and low risk items identified within each individual review. The full report is available on the Council's website through the June Accounts Audit and Risk Committee published committee papers.

There were three reviews that had an overall high risk rating that have been issued in 2016/17 that related to the Council's Business Continuity, Cyber Security and Programme Management arrangements. The following control weaknesses (individually critical or high risk items that are pervasive to the council as a whole) were identified that should be mentioned in the 2016/17 Annual Governance Statement, that have been considered further by the Council and have appropriate plans in place to address.

Cyber review

Technical security (high risk) - the Councils have limited ability to monitor, detect and prevent security incidents and weaknesses:

- There is no security incident and event monitoring tool to provide monitoring and alerting of security events across the Councils' systems and infrastructure;
- Firewall logs are monitored but it was noted that they are vulnerable to information driven attacks and misconfigurations that allow an attacker to overcome specific firewall protections.

Business Continuity Review

Disaster recovery arrangements do not adequately protect the Councils (High risk):

- Inconsistent application of disaster recovery sites across both councils. Exercises have not been performed to evaluate and validate the efficiency of these services. Backups held at the data centres are logged and tested by the Service Desk team to ensure appropriate recovery can be made but there is no validation or assurance over these activities to ensure these checks have been regularly performed.
- Lack of formal schedule to conduct periodic recovery tests and exercises to ensure resiliency and availability of services. Scope should prioritise and include all critical applications, services and associated back-up recoveries.

The BCM programme does not protect the critical applications of the Councils (high risk):

- The last BIA exercise was performed more than three years ago, but no documentation is available, and departmental business continuity plans are likely to be outdated. JICT have created a Business Continuity Management System (BCMS) that complement the disaster recovery procedures maintained by the IT infrastructure team for IT services. The disaster recovery procedures document consists of procedures to recover services provided by critical IT applications shared by CDC and SNC as assessed by JICT. It is not informed by an analysis of the Council's critical services, and is unlikely to cover all applications or services deemed to be critical by the business. The Councils' current action plan to review and update BCPs is informal and does not include agreed milestones and action owners.

There was also a special investigation that internal audit conducted in 2016/17 at the request of the Council. This has been reported and action taken by the Council through its Joint Commissioning Committee.

2016/17 Financial Statements Audit

The audit of the Council's 2016/17 financial statements was completed in April 2018, significantly after the statutory deadline of 30 September 2017. The delay arose as a result of the identification of changes in the valuation of certain items of property, plant and equipment. Given the delay in resolving these issues and preparing revised financial statements, the Council's External Auditor has issued an 'Except for' Value for Money Conclusion in relation to the Council's processes for Informed Decision Making. The Council is taking steps to strengthen its processes by:

- Increasing capacity within its finance team through the recruitment of additional specialist finance staff; and
- Improving processes for challenging information received from experts it engages (including valuers) to support the production of its financial statements.

This document has described our governance arrangements and assessed how closely we align with good practice. In overall terms this is a positive statement for the financial year 2016/17. The Council has a good system of internal control and action plans in place to address the issues highlighted in the internal audit report and seek to ensure continuous improvement of the systems is in place.

1.6.7 Performance and Value for Money

Progress in meeting targets for Performance Indicators is reviewed monthly by the Joint Management Team, and quarterly by Overview and Scrutiny and Executive as part of the Performance Management Framework. This ensures that senior managers know which targets are being met and that action is being taken where performance is not meeting targets. Financial performance is measured across a range of indicators that are reported quarterly to Overview and Scrutiny Committee and to the Executive. Budget monitoring is reported quarterly to Budget Planning Committee and to the Executive.

This document has described our governance arrangements and assessed how closely we align with good practice. In overall terms this is a positive statement for the financial year 2016/17. The Council has a good system of internal control and action plans in place to address the issues highlighted in the internal audit report and seek to ensure continuous improvement of the systems is in place.

Yvonne Rees
Chief Executive
12 April 2018

Cllr Barry Wood BSc ACMA
Leader of the Council
12 April 2018

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Cherwell District Council

Audit results report

Year ended 31 March 2017

Private and Confidential 9 April 2018

Dear Accounts, Audit and Risk Committee Members

Our audit of Cherwell District Council for the year ended 31 March 2017 is now substantially complete. We are finalizing our review of those financial statements, and expect to have completed all of our work prior to the Accounts, Audit and Risk Committee meeting on 12 April 2018. We will provide Members with a verbal update on progress of the items listed as outstanding in this report. However, subject to the satisfactory conclusion of the outstanding matters listed in our report, we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3.

Members of the Accounts, Audit and Risk Committee will be aware from our previous reports to the Committee that we questioned the valuation of a material level of assets leased to a third party providing leisure services on behalf of the Council and the accounting treatment adopted by the Council for these assets.

Over the past two months, the Council has undertaken considerable work to address the points we raised, and provided us with revised financial statements in March 2018. These financial statements resulted in significant amendments to all of the primary financial statements. Given the significant number of amendments to the draft accounts, our audit was undertaken on these revised financial statements, and not the statements reviewed by Members in June 2017. These revised financial statements will be considered by you at your meeting on 12 April 2018.

In terms of the Council’s arrangements to secure economy, efficiency and effectiveness in your use of resources, we intend to issue an except for Value for Money conclusion, reflecting weaknesses identified in relation to the Council’s arrangements for reliable and timely financial reporting. We have set out in more detail the reasons for this in our report.

This report is intended solely for the use of the Accounts Audit and Risk Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We look forward to discussing with you any aspects of this report or any other issues arising from our work.

Yours faithfully

Neil Harris
Executive Director

For and on behalf of Ernst & Young LLP

Contents

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk).

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Accounts, Audit and Risk Committee, other members of the Authority and management of Cherwell District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Accounts, Audit and Risk Committee, other members of the Authority and management of Cherwell District Council, as those matters we are required to state to them in this 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 Accounts, Audit and Risk Committee, other members of the Authority and management of Cherwell District Council for this report or for the opinions we have formed. It should not be provided to any third-party without obtaining our written consent.

01 Executive Summary

Overview of the audit

Scope and materiality

We presented our Audit Plan to the March 2017 meeting of the Accounts, Audit and Risk Committee. In our plan, we gave you an overview of how we intended to carry out our responsibilities as your auditor. We have carried out our audit in accordance with this plan.

We planned our procedures using a materiality of £1.7 million. We reassessed this using the actual year-end figures, which have increased this amount to £2 million. The threshold for reporting audit differences has increased from £85,000 to £100,000. The basis of our assessment of materiality has remained consistent with prior years at 2% of gross expenditure.

We also identified areas where misstatement at a lower level than materiality might influence the reader and developed a specific audit strategy for them. They include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits. As these disclosures are considered to be of interest to users of the accounts we have tested the disclosures in sufficient detail to ensure they are correctly disclosed. In particular we have confirmed the figures for senior officer remuneration in full.
- Related party transactions. The accounting standard requires us to consider the disclosure from the point of materiality to either side of the transaction. We have therefore considered the nature of the relationship in applying materiality as well as undertaking additional procedures to gain assurance over the completeness of the disclosures.
- Members' allowances. As these disclosures are considered to be of interest to users of the accounts we have tested the disclosures in sufficient detail to ensure they are correctly disclosed.

Executive Summary

Status of the audit

Our audit of Cherwell District Council's financial statements for the year ended 31 March 2017 is now substantially complete. Members of the Accounts, Audit and Risk Committee will be aware from their meetings of 27 September 2017 and 24 January 2018 that following receipt of the Council's draft financial statements in June 2017, we questioned the valuation of a material level of assets leased to a third party providing leisure services on behalf of the Council, and the accounting treatment adopted by the Council for these assets.

The Council has now completed a detailed assessment of the accounting treatment for each of these assets, having regard to relevant guidance within IFRICs 4 and 12, and IAS 17, and then engaged further work from its valuer to assess the valuation of these assets. As a result of this, the valuation of a number of items of property plant and account has changed significantly those included within the financial statements presented to Members on 28 June 2017. These revised valuation have now been reflected in revised financial statements for2016/17. Consequential amendments have also been made to the Movement in Reserves Statement, Cash Flow Statement, and Expenditure and Funding Analysis.

We are finalising our work on the revised financial statements prepared by the Council, and completing our testing in a small number of areas. We consider to the following to be the most significant:

- Completion of our testing of journal entries.
- Review of the Council's final adjusted financial statements and Annual Governance Statement.
- Final review procedures of completed audit work.
- Completion of subsequent events review up to the date of the audit report.
- Receipt of the signed management representation letter.

Until this work is complete, further amendments to the financial statements may arise. However, subject to satisfactory completion of this work, we expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3. We will provide Members of the Accounts, Audit and Risk Committee with a verbal update on the progress of the matters listed above at their meeting on 12 April 2018.

We have also completed the work necessary to give a view on the Council's arrangements for ensuring economy, efficiency and effectiveness in its use of resources. We have set out our detailed findings in Section 5 below. We have one matter to bring to your attention in relation to this. We consider that the issues around the valuation of property, plant and equipment, and the significant amount of time taken to consider the appropriate accounting treatment for the assets referred to above, obtain revised valuations, and prepare revised financial statements, are indicative of weaknesses in the Council arrangements for reliable and timely financial reporting to support the delivery of strategic priorities in the financial year ended 31 March 2017. We therefore intend to issue an except for Value for Money conclusion. The form of our opinion is included at Section 3 of our report.

Executive Summary

Areas of audit focus

Our Audit Plan identified key areas of focus for our audit of Cherwell District Council's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure.

We identified the risk of revenue recognition and management override of controls as significant audit risks and have undertaken specific audit procedures to address these risks. Although not identified in our Audit Plan, we have subsequently identified the valuation of property, plant and equipment, as a significant risk. The basis of this was the significant year on year movements identified in relation to certain assets, and concerns over the accounting treatment adopted by the Council in relation to a small number of assets leased to third parties providing leisure services on behalf of the Council.

An area of audit focus included in our Audit Plan was the introduction of the Expenditure and Funding Analysis (EFA) and restatement of the Comprehensive Income and Expenditure Statement (CIES) and Movement in Reserves Statement (MIRS). As noted elsewhere in this report, our work in relation to this is not yet complete.

We also identified two areas in our Audit Plan where we place reliance on experts; pensions and property valuations. We are in the process of evaluating each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work. As noted above, we have engaged specialists within our Real Estate team to review the valuation work undertaken by the Council's valuer.

We ask you to review these and any other matters in this report to ensure:

- There are no other considerations or matters that could have an impact on these issues
- There are no other significant issues to be considered.

There are no other matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Accounts, Audit and Risk Committee.

Value for Money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. As noted above, we intend to issue an except for Value for Money conclusion, reflecting weaknesses identified in relation to the Council's arrangements for reliable and timely financial reporting.

Executive Summary

Other reporting issues

We are required to give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2016/2017 with the audited financial statements. We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance. Our work in this area is currently in progress.

The Council submitted its pre-audit Whole of Government Accounts (WGA) submission in July. The Council falls below the threshold at which the National Audit Office (NAO) would require us to undertake detailed procedures on the submission. We will confirm this to the NAO alongside the issues of our audit report on the Council's 2016/17 financial statements.

Control observations

We have adopted a fully substantive approach, and so have not tested the operation of controls. We have, however, updated our understanding of key processes and the controls established by the Council to detect or prevent error.

On the basis of the work we have completed to date, we have one matter to bring to your attention. We consider that when we identified the issues in relation to the valuation of property, plant and equipment, the Council lacked sufficient capacity to investigate and resolve these matters in a timely basis. In highlighting this, we recognise the significant challenges the Council's Finance team is dealing with, across both Cherwell District Council and South Northamptonshire Council. However, given the significant challenges ahead, in terms of both the faster close agenda, and with IFRS 9, 15, and 16 becoming relevant to Local Government bodies in the next 2 – 3 years, it is important that the Council invests appropriately in its finance function to meet these challenges. As noted elsewhere within our report, we intend to issue an except for Value for Money conclusion, reflecting weaknesses identified in relation to the Council's arrangements for reliable and timely financial reporting.

Independence

Please refer to Appendix B for our update on Independence. We have no independence issues to bring to your attention.

Audit Fees

We have incurred additional costs in working with the Council to resolve the matters referred to above, the additional procedures we undertook in relation to the Council's group financial statements, and dealing with the matter referred to us by a member of the public. This has involved additional audit work that is not contained within the assumptions made by Public Sector Audit Appointments Limited (PSAA Ltd) in setting the Council's 2016-2017 audit fee.   Following the conclusion of our audit, we will discuss with the Deputy Section 151 Officer the quantum of the variation to the scale fee that we will seek from the Council. Any variation to our fee will need to be approved by PSAA Ltd.

02 Areas of Audit Focus

Audit issues and approach: Risk of Fraud in Revenue Recognition

Revenue Recognition

What are our conclusions?

On the basis of the work we have completed to date, we have not

Identified any material misstatements from revenue and expenditure recognition.

Identified any material issues or unusual transactions to indicate any misreporting of the Council’s financial position.

What is the risk?

Risk of fraud in revenue recognition

Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In this public sector this requirement is modified by Practice Note 10, issued by the Financial Reporting council, which states that auditors should also consider the risk that material misstatements may occur by manipulating expenditure recognition.

For the Council, we identified the potential for the incorrect classification of revenue spend as capital as a particular area where there is a risk of fraud in revenue recognition.

Significant Risk

What did we do?

Our testing of journal entries is substantially complete. On the basis of the testing completed to date, we have:

- Not identified any adjustments which were outside of the normal course of business.
- Confirmed that the journal entries tested have an appropriate business rationale.

We have tested material revenue and expenditure streams, including accounting estimates, and on the basis of the testing completed to date, have not identified any issues or evidence of management bias.

We have tested income and expenditure received around period end to assess whether the recognition or deferral of this income and expenditure was appropriate. Our testing of these transactions has not identified any matters to bring to your attention.

We have tested capital expenditure on property, plant and equipment. This testing has confirmed that this expenditure was appropriate to be capitalised.

Audit issues and approach: Management Override of Controls

Management override

What are our conclusions?

On the basis of the work we have completed to date, we have not identified

- Any material weaknesses in controls or evidence of material management override of controls.
- Any inappropriate journals.
- Any instances of inappropriate judgements being applied in relation to accounting estimates.
- Any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.

What is the risk?

Risk of management override of controls

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and to prepare fraudulent financial statements by overriding controls that otherwise seem to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We have assessed journal amendments, accounting estimates and unusual transactions as the area's most open to manipulation.

Significant Risk

What did we do?

To address this risk we carried out a range of procedures including:

- Gaining an understanding of the oversight given by those charged with governance of management's processes and controls in respect of fraud;
- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We obtained a full list of journals posted to the general ledger during the year and using our data analytics tool confirmed the completeness of the population and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation; and
- Undertook testing to identify any significant unusual transactions; no such transactions were identified, this includes our detailed review of the adjustments through the Movement in Reserves Statement.

Our testing of journal entries is substantially complete. Subject to the satisfactory completion of these procedures we have no matters to bring to your attention.

Audit issues and approach: Valuation of Property, Plant & Equipment

Valuation of Property, Plant & Equipment

What are our conclusions?

Our work in relation to the valuation of property plant and equipment is currently in progress. At the conclusion of our 2016/17 audit, we will provide the Council with our detailed findings from this testing.

What is the risk?

Valuation of Property, Plant & Equipment

Property, Plant and Equipment (PPE) represents the largest value on the Council's balance sheet, and the valuation of these represents a significant estimate in the Council's financial statements.

Although not identified in our Audit Plan, we have subsequently identified the valuation of property, plant and equipment, as a significant risk. The basis of this was the significant year on year movements identified in relation to certain assets, and concerns over the accounting treatment adopted by the Council in relation to a material level of assets leased to third parties providing leisure services on behalf of the Council.

Land and buildings are initially measured at cost and then revalued to fair value. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period.

Revaluations are generally undertaken by the Council's external valuer.

Annually assets are assessed to identify whether there is any indication of impairment.

△ Significant Risk

What did we do?

To address this risk we:

- Carried out specific work to understand the reasons for the significant year on year movements in the value of certain property plant and equipment assets, and whether this give rise to a need to restate prior periods in accordance with IAS 8;
- Review the terms of reference provided to your valuer, and agree the source data used by your valuer to supporting records;
- Assessed the work of your valuer;
- Engaged specialist support from our own valuation experts to assist us in assessing the valuation of those assets valued on the basis of depreciated replacement cost, and those assets where there has been a significant movement between the current year and prior year value;
- Agreed the outputs to your fixed asset register and financial statements;
- Tested whether impairment and depreciation charges are applied in line with the Council's accounting policies;
- Where the Council had changed valuation bases, we evaluated the rationale; and
- Where assets are not revalued in-year, we have reviewed the Council's impairment assessment and consider whether the carrying value of those assets remains appropriate.

Areas of Audit Focus

Other Financial Statement Risks	What did we do?
CIPFA Code Changes Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) this year changing the way the financial statements are presented. The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MiRS), and include the introduction of the new 'Expenditure and Funding Analysis' note as a result of the 'Telling the Story' review of the presentation of local authority financial statements. The Code no longer requires statements or notes to be prepared in accordance with CIPFA's Service Reporting Code of Practice. Instead the Code requires that the service analysis is based on the organisational structure under which the authority operates. We expect this to show the Authority's segmental analysis. This change in the Code will require a new structure for the primary statements, new notes and a full retrospective restatement of impacted primary statements. The restatement of the 2015/16 comparatives will require audit review, which could potentially incur additional costs, depending on the complexity and manner in which the changes are made.	To address this risk we: · Reviewed the Expenditure and Funding Analysis, CIES, MIRS and new notes to ensure disclosures are in line with the Code. · Reviewed the analysis of how these figures are derived, how the ledger system has been re-mapped to reflect the Authority's structure, and how overheads are apportioned across the service areas reported. · Agreed the restated comparative figures back to the Authority's segmental analysis and supporting working papers. Our work in this area is now complete. We made a number of observations to the Council in relation to this note, and the Council updated its financial statements to address the points we raised.

Areas of Audit Focus

Other Financial Statement Risks	What did we do?
Group Accounts The Council will continue to prepare group accounts in 2016-17, consolidating the balances and transactions of its wholly owned subsidiary company, Graven Hill Village Holdings Limited, as required by the Code of Practice on Local Authority Accounting in the United Kingdom (Code of Practice). We will review and test whether the Council has: · Adopted and correctly applied accounting policies that comply with the requirements of the Code. · Correctly consolidated the subsidiary accounts. · Made all appropriate disclosures in accordance with adopted accounting policies and requirements of the Code.	To address this risk we have: · Tested whether the Council has accounted for its interest in Graven Hill Village Holdings Limited in accordance with the Code. · Tested whether appropriate disclosure has been given of the Council's interest in Graven Hill Village Holdings Limited, including any related party transactions. · Engaged with Clark Howes (as the auditors of Graven Hill). Our involvement included: o Discussion with Clark Howes on the susceptibility of material misstatement to Graven Hill's financial statements due to fraud or error; o Reviewed the working papers prepared by Clark Howes to support their opinion on the financial statements of Graven Hill; and o Reviewed outputs from Clark Howes's audit of Graven Hill, including their ISA 260 report. We consider the Council has accounted for its interest in Graven Hill Village Holdings Limited appropriately, and have no significant matters to report to you.
Silverstone Heritage Experience In our audit plan, we identified the accounting treatment and the associated disclosures within the Statement of Accounts, of any loan made by the Council to the Silverstone Heritage Experience as an other risk. Subsequent to the preparation of our Audit Plan, the Council took the decision not to invest in the Silverstone Heritage Experience and, as such, we no longer consider this a risk to our opinion on the Council's financial statements.	

Audit issues and approach: Reliance on experts

Reliance on experts

Reliance on experts highlighted in the Audit Plan

We identified two areas in our Audit Plan where we place reliance on experts; pensions and property valuations.

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We will also considered the work performed by the specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area. As part of this work we have performed the following procedures:

- Analyse source data and make inquiries as to the procedures used by the expert to establish whether the source date is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

We set out our findings in relation to the two specialists we have relied on below.

Pension disclosures

We have assessed and are satisfied with the competency and objectivity of the Authority's actuary, Barnett Waddingham. EY's Pensions team and PwC (as Consulting Actuary to the NAO) have also reviewed the work of the actuary. We challenged the significant movement in the actuarial valuation and found no indication of management bias in this estimate. However, we noted that the methodology used to derive the discount rate and RPI inflation assumptions are not robust, as they do not take adequate account of the specific duration of the scheme's liabilities. While the RPI assumption of 3.6% are on the prudent side, the assumptions around the discount rate are such that overall, this does not result in an error in the liability recognised by the Council in 2016/17.

Property valuations

In relation to property plant and equipment assets, we:

- Assessed the adequacy of the work undertaken by the Council's own valuers in valuing property, plant and equipment.
- Engaged specialist support from our specialist valuation team to support us in testing the basis of the asset valuations disclosed in the Council's financial statements for a sample of assets.

We have reviewed the approach, methodology and assumptions used by the Council's expert in developing the reported value. We found that in relation to Leisure facilities held by the Council, the valuations obtained by the Council did not reflect relevant information relating to these assets, in particular a service concession granted by a third party operator. The Council has now completed a detailed assessment of the

Audit issues and approach: Reliance on experts

Reliance on experts

Reliance on experts highlighted in the Audit Plan

accounting treatment for each of these assets, having regard to relevant guidance within IFRICs 4 and 12, and IAS 17, and then engaged further work from its valuer to assess the valuation of these assets. As a result of this, the valuation of a number of items of property plant and account has changed significantly those included within the financial statements presented to Members on 28 June 2017. These revised valuation have now been reflected in revised financial statements for2016/17. Consequential amendments have also been made to the Movement in Reserves Statement, Cash Flow Statement, and Expenditure and Funding Analysis.

03 Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHERWELL DISTRICT COUNCIL

Opinion on the Authority's financial statements

We have audited the financial statements of Cherwell District Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement;
- Authority and Group Comprehensive Income and Expenditure Statement;
- Authority and Group Balance Sheet;
- Authority and Group Cash Flow Statement;
- the Collection Fund; and
- the related notes 1 to 42 of the Authority financial statements, note1 to the Collection Fund, and the related notes 1 to TBC of the Group financial statements.

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 2016/17.

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

Respective responsibilities of the Deputy S151 Officer and auditor

As explained more fully in the Statement of the Deputy S151 Officer's Responsibilities set out on page 19, the Deputy S151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Audit Report

Our opinion on the financial statements (cont.)

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Deputy S151 Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2016/17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Cherwell District Council and Group as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts for the year 2016/17 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- 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;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Our Value for Money Conclusion

Conclusion on Cherwell District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place 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.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether Cherwell District Council 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 Cherwell District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Cherwell District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Our Value for Money Conclusion (continued)

Basis for Qualified Conclusion

- *Informed decision making*

In the financial year ended 31 March 207, there were weaknesses in the Council's processes, capacity and ability to produce accurate and reliable financial statements with supporting working papers.

This is evidence of weaknesses in proper arrangements for how the Council uses reliable and timely financial reporting to support the delivery of strategic priorities.

Qualified conclusion on reporting by exception

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2015, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Cherwell District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the accounts of Cherwell District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Neil Harris (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
Luton
April 2018

The maintenance and integrity of Cherwell District Council's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

04 Audit Differences

Audit differences

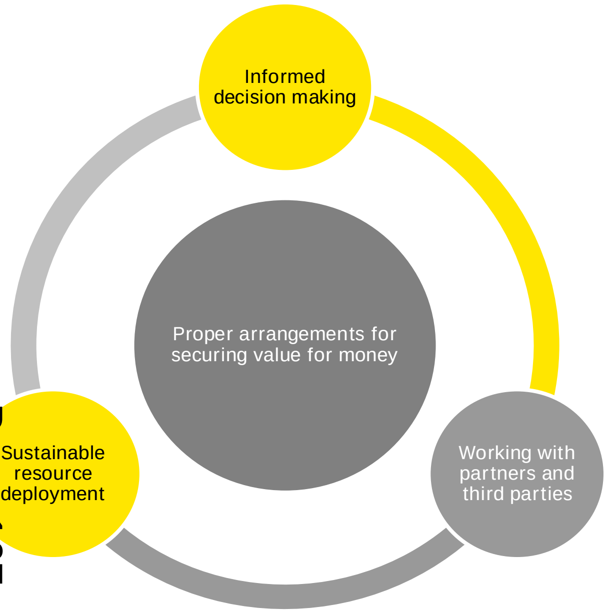
In any audit, we may identify misstatements between amounts we believe should be recorded in the financial statements and disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Members of the Accounts, Audit and Risk Committee will be aware from our previous reports to the Committee that we questioned the valuation of a material level of assets leased to a third party providing leisure services on behalf of the Council and the accounting treatment adopted by the Council for these assets.

Over the past two months, the Council has undertaken considerable work to address the points we raised, and provided us with revised financial statements in March 2018. These financial statements resulted in significant amendments to all of the primary financial statements. Given the significant number of amendments to the draft accounts, our audit was undertaken on these revised financial statements, and not the statements reviewed by Members in June 2017. These revised financial statements will be considered by you at your meeting on 12 April 2018. In terms of these revised financial statements, we have no significant unadjusted misstatements to bring to your attention.

05 Value for Money

Value for Money



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Economy, efficiency and effectiveness

We must consider whether you have 'proper arrangements' to secure economy, efficiency and effectiveness in your use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- take informed decisions;
- deploy resources in a sustainable manner; and
- work with partners and other third parties.

In considering your proper arrangements, we use the CIPFA/SOLACE framework for local government to ensure that our assessment is made against an already existing mandatory framework which you use in documents such as your Annual Governance Statement.

Overall conclusion

Our Audit Plan identified two significant risks around the Council's arrangements: These related to the Council's decision to:

- Invest in the Silverstone Heritage Experience; and
- The adequacy of the arrangements established by the Council to exercise oversight of its wholly owned subsidiary, Graven Hill Village Holdings Limited; and

Subsequent to the preparation of our Audit Plan, the Council took the decision not to invest in the Silverstone Heritage Experience. Therefore we no longer considered this a risk to our value for money conclusion. The table below presents our findings in relation to the remaining risks identified in our Audit Plan.

During the course of our audit, we responded to a matter raised with us by a member of the public in relation to the legality of the service charges paid the Council to Sanctuary Housing Association. We also identified this as an other risk to our value for money conclusion.

In addition to the risks noted above, we have noted elsewhere within our report our concerns around the Council's capacity to prepare financial statements on a timely basis that are adequately supported by appropriate working papers. We therefore intend to issue an except for Value for Money conclusion, reflecting weaknesses identified in relation to the Council's arrangements for reliable and timely financial reporting.

VFM risks

We are only required to determine whether there is any risk that we consider significant within the Code of Audit Practice, where risk is defined as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

What is the significant VFM risk?	What arrangements did this affect?	What are our findings?
Graven Hill Village Holdings Limited The Council has established a wholly owned subsidiary to deliver a self-build housing project at Graven Hill in Bicester. We assessed the effectiveness of the Council's arrangements to exercise oversight of its subsidiary, including: · The progress made by the Council in establishing an effective shareholder agreement. · Processes established by the Council to review and monitor the work of the subsidiary entities. · The processes established by the Council to set the remuneration of councillor directors of its subsidiary entities. · The adequacy of the audit arrangements established in relation to the subsidiary entity.	Take informed decisions Deploying resources in a sustainable manner Working with partners and other third parties	We consider that the arrangements the Council has in place during 2016/17 were appropriate, given the relatively small nature of Graven Hill. These included the steps taken by the Council to establish a formal shareholder agreement, and the establishment of a Committee to oversee the exercise the Council's shareholder function, and the remuneration of directors. We found that the audit work undertaken on Graven Hill Village Holdings by the entity's auditors had been appropriately planned and executed. As in previous years we note that both the accountancy and auditing functions continue to be undertaken by the same organisation, although safeguards have been established to maintain auditor independence. We consider that there is a need to keep the adequacy of these arrangements under review, in particular as the subsidiary is likely to grow considerably in size over the next 2 – 3 years, and other factors, for example, the development of Castle Quay, will stretch capacity within the Council's finance team. Given these factors, the way in which the Council works with other entities, and in particular the governance and decision making processes established by the Council, will feature as a risk in our future Audit Plans.

Value for Money

What is the significant VFM risk?	What arrangements did this affect?	What are our findings?
Service Charges paid to Sanctuary Housing Association During the course of our audit we responded to correspondence received from a local elector on the legality and appropriateness of the service charges paid by the Council to Sanctuary Housing Association. In responding to the local elector we · Considered the evidence obtained by the Council to support the amount of service charges paid. · Considered the legality of the service charges paid by the Council. · Considered whether any action is required of us under the Local Audit and Accountability Act 2014.	Take informed decisions Deploying resources in a sustainable manner Working with partners and other third parties	In responding to this matter, we raised a number of questions with both the Council and Sanctuary Housing Association, and took legal advice under a framework agreement entered into by the National Audit Office, and which all appointed auditors have access to. On the basis of the information made available to us, it was not possible to absolutely and definitively conclude the local elector raising this issue with us (and therefore the Council, through the Housing Benefit system) was liable to pay the service charge. We concluded, however, that the Council acted reasonably in exercising its powers to pay service charges through the Housing Benefit system. Therefore we concluded that no further action is required of us under the statutory powers available to us, or in relation to our value for money conclusion. However, while we received sufficient oral and written explanations from the Council, both we and the Council experienced significant delays in receiving appropriate responses to questions raised with Sanctuary Housing Association. We also considered that the Council could have been more rigorous and professionally sceptical in requesting and considering information and explanations received from Sanctuary Housing Association; and demonstrated this in a more open and transparent manner to the local elector raising the matter.

What is the significant VFM risk?	What arrangements did this affect?	What are our findings?
		Finally, we are aware the Council had not received a response to all of the matters it raised with Sanctuary Housing Association, and that the Council should pursue these to a conclusion.

06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We are required to give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2016/2017 with the audited financial statements. We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

We have agreed with the Council some additional wording for inclusion within the Annual Governance Statement. This additional wording draws attention to the matters that have resulted in our Except for value for money conclusion, and the steps the Council has taken to address these. We have no further matters to draw to your attention.

Whole of Government Accounts

Alongside our work on the Council's financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the NAO.

The Council submitted its pre-audit Whole of Government Accounts submission in July. The Council falls below the threshold at which the NAO would require us to undertake detailed procedures on its submission. We will confirm this to the NAO alongside completion of our work on the Council's financial statements.

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). On the basis of the work we have completed to date, we have not identified any matters which would require us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We have not identified any issues that would require us to make such a recommendation.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

On page 33 of our report, we have commented on the capacity of the Council's finance function. We have no other matters to report.

07 Assessment of Control Environment

Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

On the basis of the work we have completed to date, we have one matter to bring to your attention. We consider that when we identified the issues in relation to the valuation of property, plant and equipment, the Council lacked sufficient capacity to investigate and resolve these matters in a timely basis. In highlighting this, we recognise the significant challenges the Council's Finance team is dealing with, across both Cherwell District Council and Cherwell District Council. However, given the significant challenges ahead, in terms of both the faster close agenda, and with IFRS 9, 15, and 16 becoming relevant to Local Government bodies in the next 2 – 3 years, it is important that the Council invests appropriately in its finance function to meet these challenges. As noted elsewhere within our report, we intend to issue an except for Value for Money conclusion, reflecting weaknesses identified in relation to the Council's arrangements for reliable and timely financial reporting.

08 Appendices

Appendix A

Required communications with the Accounts, Audit and Risk Committee

There are certain communications that we must provide to the Accounts, Audit and Risk Committees of UK clients. We have done this by:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Accounts, Audit and Risk Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, including any limitations.	22 March 2017 Audit Plan
Significant findings from the audit	• Our view of the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Any significant difficulties encountered during the audit • Any significant matters arising from the audit that were discussed with management • Written representations we have requested • Expected modifications to the audit report • Any other matters significant to overseeing the financial reporting process •	12 April 2018 Audit Results Report
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ Whether the events or conditions constitute a material uncertainty ▸ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▸ The adequacy of related disclosures in the financial statements	No conditions or events were identified, either individually or together to raise any doubt about Authority's ability to continue for the 12 months from the date of our report
Misstatements	▸ Uncorrected misstatements and their effect on our audit opinion ▸ The effect of uncorrected misstatements related to prior periods ▸ A request that any uncorrected misstatement be corrected ▸ Significant corrected misstatements, in writing	12 April 2018 Audit Results Report

Appendix A

Required communications	What is reported?	Our Reporting to you: When and where
Fraud	▸ Asking the Accounts, Audit and Risk Committee whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▸ Unless all those charged with governance are involved in managing the entity, any fraud identified or information obtained indicating that a fraud may exist involving: (a) management; (b) employees with significant roles in internal control; or (c) others where the fraud results in a material misstatement in the financial statements. ▸ A discussion of any other matters related to fraud, relevant to Accounts, Audit and Risk Committee responsibility.	We have asked management and those charged with governance about arrangements to prevent or detect fraud. No matters have been brought to our attention.
Related parties	Significant matters arising during the audit in connection with the Authority's related parties including, where applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and/or regulations ▸ Difficulty in identifying the party that ultimately controls the entity	We have no matters to report
Subsequent events	▸ Where appropriate, asking the Accounts, Audit and Risk Committee whether any subsequent events have occurred that might affect the financial statements.	12 April 2018 Audit Results Report
Other information	▸ Where material inconsistencies are identified in other information included in the document containing the financial statements, but management refuses to make the revision.	We have no matters to report
External confirmations	▸ Management's refusal for us to request confirmations ▸ We were unable to obtain relevant and reliable audit evidence from other procedures.	We have received all requested confirmations
Consideration of laws and/or regulations	▸ Audit findings of non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on "tipping off" ▸ Asking the Accounts, Audit and Risk Committee about possible instances of non-compliance with laws and/or regulations that may have a material effect on the financial statements, and known to the Accounts, Audit and Risk Committee.	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations

Appendix A

Required communications	What is reported?	Our Reporting to you When and where
Significant deficiencies in internal controls identified during the audit	► Significant deficiencies in internal controls identified during the audit.	12 April 2018 Audit Results Report
Group Audits	► An overview of the type of work to be performed on the financial information of the components ► An overview of the group audit team's planned involvement in the component auditors' work on the financial information of significant components ► Instances where the group audit team's evaluation of a component auditor's work of gave rise to a concern about its quality Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted Fraud or suspected fraud involving group or component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.	22 March 2017 Audit Plan 12 April 2018 Audit Results Report
Independence	Communication of all significant facts and matters that have a bearing on EY's objectivity and independence. Communicating key elements of the audit engagement partner's consideration of independence and objectivity such as: ► The principal threats ► Safeguards adopted and their effectiveness ► An overall assessment of threats and safeguards ► Information on the firm's general policies and processes for maintaining objectivity and independence Communications whenever significant judgments are made about threats to objectivity or independence and the appropriateness of safeguards.	22 March 2017 Audit Plan 12 April 2018 Audit Results Report
Fee Reporting	Breakdown of fee information when the audit plan is agreed Breakdown of fee information at the completion of the audit Any non-audit work	22 March 2017 Audit Plan 12 April 2018 Audit Results Report

Independence

We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report presented to the Accounts, Audit and Risk Committee on 22 March 2017.

We complied with the APB Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you, and your Accounts, Audit and Risk Committee, consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Accounts, Audit and Risk Committee on 12 April 2018.

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2017.

We confirm that we have not undertaken non-audit work outside the PSAA Code requirements. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO in December 2016.

Description	Final Fee 2016/17	Planned Fee 2016/17	Scale Fee 2016/17	Final Fee 2015/16
Total Audit Fee – code work	TBC	£52,127	£52,127	£60,275
Certification of grant claims and return	£12,495	£12,495	£12,495	£8,844

We have incurred additional costs in working with the Council to resolve the matters referred to above, in testing the Council's group financial statements, and in responding to the matter raised with us by a member of the public. This has involved additional audit work that is not contained within the assumptions made by Public Sector Audit Appointments Limited (PSAA Ltd) in setting the Council's 2016-2017 audit fee. Following the conclusion of our audit, we will discuss with the Deputy Section 151 the quantum of the variation to the scale fee that we will seek from the Council. Any variation to our fee will need to be approved by PSAA Ltd.

Our work on the certification of grant claims and returns relates to our audit of the Council's housing benefit subsidy claim. This work was completed in November 2017. We do not intend to vary the scale fee.

Appendix C

Outstanding matters

The following items are outstanding at the date of this report:

Item	Actions to resolve	Responsibility
Completion of audit work in relation to the following areas:		
• Our testing of journal entries	EY in process of selecting a sample of journal entries and testing these against supporting documentation	EY
• Review of final version of the Council's Annual Governance Statement.	Management to provide revised Annual Governance Statement; EY to complete testing.	Management and EY
• Final Director and Manager review of completed audit work.		EY
The financial statements	Finalisation and review of the final version of the financial statements	Management and EY
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	Management and EY
Management representations	Receipt of the signed management representation letter (see Appendix E).	EY and Management

Accounting and regulatory update

Accounting update

Since the date of our last report to the Accounts, Audit and Risk Committee, new accounting standards and interpretations have been issued. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures	Impact on Cherwell District Council
IFRS 9 Financial Instruments	Applicable for local authority accounts from the 2018/19 financial year and will change: • How financial assets are classified and measured • How the impairment of financial assets are calculated • Financial hedge accounting • The disclosure requirements for financial assets • Transitional arrangements are included within the accounting standard, however as the 2018/19 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be and whether any accounting statutory overrides will be introduced to mitigate any impact.	Although some initial thoughts on the approach to adopting IFRS 9 have been issued by CIPFA, until the Code is issued and any statutory overrides are confirmed there remains some uncertainty. However, what is clear is that the Authority will have to: • Reclassify existing financial instrument assets • Remeasure and recalculate potential impairments of those assets; and • Prepare additional disclosure notes for material items The Council is awaiting clarification of the exact requirements before investing time in the above work.

Appendix D

IFRS 15 Revenue from Contracts with Customers	Applicable for local authority accounts from the 2018/19 financial year. This new standard deals with accounting for all contracts with customers except: • Leases; • Financial instruments; and • Insurance contracts. The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations. • There are transitional arrangements within the standard; however as the 2018/19 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be.	As with IFRS 9, some initial thoughts on the approach to adopting IFRS 15 have been issued by CIPFA. However, until the Code is issued there remains some uncertainty. However, what is clear is that for all material income sources from customers the Authority will have to: • Disaggregate revenue into appropriate categories • Identify relevant performance obligations and allocate income to each • Summarise significant judgements The Authority is awaiting clarification of the exact requirements before investing time in the above work.
IFRS 16 Leases	IFRS 16 will be applicable for local authority accounts from the 2019/20 financial year. Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease in a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet. There are transitional arrangements within the standard, although as the 2019/20 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be or whether any statutory overrides will be introduced.	Until the 2019/20 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area. However, what is clear is that the Authority will need to undertake a detailed exercise to classify all of its leases and therefore must ensure that all lease arrangements are fully documented. The Authority is yet to commence work in this area due to the timing of implementation.

Appendix D

Progress report on implementation of new standards and regulations

In previous reports to the Accounts, Audit and Risk Committee, we highlighted the issue of new accounting standards and regulatory developments. The following table summarises progress on implementation:

Name	Summary of key measures	Impact on Cherwell District Council
Earlier deadline for production and audit of the financial statements from 2017/18	• The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.	These changes provide challenges for both the preparers and the auditors of the financial statements. To prepare for this change the Authority has taken some steps in 2016/17. For example it has started to review and amend the closedown process to achieve earlier draft accounts production. As auditors, nationally we have: · Issued a thought piece on early closedown · As part of the strategic Alliance with CIPFA jointly presented accounts closedown workshops across England, Scotland and Wales · Presented at CIPFA early closedown events and on the subject at the Local Government Accounting Conferences in July 2017 Locally we have had discussions through the year on the Authority's proposals to bring forward the closedown timetable and on potential areas for early work. We all held a faster close in our Luton office on 17 October, and are holding further workshops across our London, Reading and Southampton offices throughout November and December. We have agreed with the Authority to engage early, following the completion of the 2016/17 audit, to facilitate early substantive testing for 2017/18 and also to consider steps the Authority can take, for example: · Streamlining the Statement of Accounts removing all non-material disclosure notes · Bringing forward the commissioning and production of key externally provided information such as IAS 19 pension information, asset valuations · Providing training to departmental finance staff regarding the requirements and implications of earlier closedown · Re-ordering tasks from year-end to monthly/quarterly timing, reducing year-end pressure · Establishing and agreeing working materiality amounts with the auditors

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Management representation letter

Management Representation Letter

This letter of representations is provided in connection with your audit of the consolidated and council financial statements of Cherwell District Council ("the Group and Council") for the year ended 31 March 2017. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and council financial statements give a true and fair view of the Group and Council as of 31 March 2017 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

We understand that the purpose of your audit of our consolidated and council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the Group and Council's financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the Group and Council's financial statements. We believe the Group and Council's financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and are free of material misstatements, including omissions. We have approved the Group and the Council's financial statements.

3. The significant accounting policies adopted in the preparation of the Group and the Council's financial statements are appropriately described in the Group and Council financial statements.

Management Rep Letter

4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 that are free from material misstatement, whether due to fraud or error.

5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

2. We have disclosed to you the results of our assessment of the risk that the Group and Council's financial statements may be materially misstated as a result of fraud.

3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Group and Council's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the Group and Council's financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the Group and Council's financial statements or otherwise affect the financial reporting of the Group and Council.

C. Compliance with Laws and Regulations

1. We have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Grpoup and Council's financial statements.

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

   - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

   - Additional information that you have requested from us for the purpose of the audit; and

   - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the Group and Council's financial statements.

Management Rep Letter

3. We have made available to you all minutes of the meetings of the Council, Executive and Accounts, Audit and Risk Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 3 April 2018.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Group and Council's financial statements.

5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the Council's financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the Group and Council's financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the Group and Council's financial statements all guarantees that we have given to third parties.

F. Subsequent Events

1. There have been no events subsequent to year end which require adjustment of or disclosure in the Group and Council's financial statements or notes thereto.

G. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the value of the Group and Council's property assets and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Group and Council's financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Management Rep Letter

H. Accounting Estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate.

2. We confirm that the significant assumptions used in making the property valuations appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.

3. We confirm that the disclosures made in the Group and Council's financial statements with respect to the accounting estimate(s) are complete and made in accordance with the applicable financial reporting framework.

4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Group and Council's financial statements due to subsequent events.

I. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

J. Going Concern

1. We have made you aware of any issues that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action and the feasibility of those plans.

Yours faithfully,

____

Deputy S151 Officer

____

Chair of the Accounts, Audit and Risk Committee

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About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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