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Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Committee: Accounts, Audit and Risk Committee

Date: Wednesday 18 November 2020

Time: 6.30 pm

Venue: Virtual meeting

Membership

**Councillor Mike Kerford-
Byrnes (Chairman)**

Councillor Hannah Banfield
Councillor Conrad Copeland
Councillor Tom Wallis

Councillor Hugo Brown (Vice-Chairman)

Councillor Nathan Bignell
Councillor Nicholas Mawer
Councillor Sean Woodcock

AGENDA

1. Apologies for Absence and Notification of Substitute Members

2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3. Petitions and Requests to Address the Meeting

The Chairman to report on any requests to submit petitions or to address the meeting.

4. Minutes (Pages 7 - 10)

To confirm as a correct record the Minutes of the meeting of the Committee held on 23 September 2020.

5. Chairman's Announcements

To receive communications from the Chairman.

6. **Urgent Business**

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

7. **Monthly Performance, Risk and Finance Monitoring Report - Quarter 2 / September 2020** (Pages 11 - 42)

Report of Director of Finance, and Head of Insight and Corporate Programmes

Purpose of report

This report summarises the Council's Performance, Risk and Finance monitoring position as at the end of September 2020.

Recommendations

The meeting is recommended:

- 1.1 To note the monthly Performance, Risk and Finance Monitoring Report.

8. **Review of Those Charged with Governance** (Pages 43 - 52)

Report of the Director of Finance

Purpose of report

To set out the response to Ernst & Young (EY) regarding the review of management assurance.

Recommendations

The meeting is recommended to:

- 1.1 Note the draft response relating to management assurances from Those Charged with Governance at Appendix 1.
- 1.2 Agree that the Director of Finance, in conjunction with the Chairman of the Accounts, Audit and Risk Committee, make any further changes to the response relating to management assurances from Those Charged with Governance at Appendix 1 that may arise as a result of the audit.

9. **External Audit - Annual Audit Opinion 2019/20** (Pages 53 - 106)

Report of the Director of Finance

Purpose of report

To receive a report setting out the External Audit Opinion for 2019/20.

Recommendations

The meeting is recommended to:

- 1.1 Note the contents of the External Audit Opinion (ISA260) for 2019/20 from our External Auditors, Ernst & Young (EY).

10. Statement of Accounts Update (Pages 107 - 252)

Report of the Director of Finance

Purpose of report

To receive a report to ask Members to consider the following:

- Changes to be incorporated to the draft statement of accounts.

Recommendations

The meeting is recommended to:

- 1.1 Agree that the Draft Statement of Accounts 2019/20 be endorsed, subject to the changes required in Appendix 2, and once the final audit opinion is received the Director of Finance (S151 Officer), in consultation with the Chair of the Accounts, Audit and Risk Committee (or Vice Chair in case the Chairman is unavailable) be authorised to sign the accounts and it be noted that if any material changes to the accounts are required, then an additional committee meeting would be convened to consider the changes.
- 1.2 Agree that the Director of Finance, in consultation with the Chair of the Accounts, Audit and Risk Committee (or Vice Chair in their absence), can make any further changes to the letters of representation that may arise during completion of the audit.

11. 2018/19 Audit Fee (Pages 253 - 256)

Report of the Director of Finance

Purpose of report

To make the Committee aware of the updated in the 2018/19 Audit Fee

Recommendations

The meeting is recommended:

- 1.1 Note the £33,977 audit fee for work over and above the 2018/19 scale fee.

12. Treasury Management Report - Q2 (September 2020) (Pages 257 - 268)

Report of the Director of Finance

Purpose of report

To receive information on treasury management performance and compliance with treasury management policy and Prudential Indicators for 2020-21 as required by the Treasury Management Code of Practice.

Recommendations

The meeting is recommended:

- 1.1 To note the contents of the Q2 (September 2020) Treasury Management Report.

13. Progress of Counter Fraud Service (Pages 269 - 274)

Report of the Senior Investigation Officer – Corporate Fraud Team

Purpose of report

The report provides an overview of the current progress of the Authority's counter fraud response following the delegation of authority in July 2018 to Oxford City Council.

Recommendations

The Committee is recommended to:

- 1.1 Review and note the current performance of the Corporate Fraud team
- 1.2 Consider future work plans as described and the impact that this will have on future performance and income to the authority.

14. Update on Counter-Fraud Arrangements for 2021/22 (Pages 275 - 280)

Report of Director of Finance

Purpose of report

This report presents the revised arrangements for Counter-Fraud, to become fully operational from April 2021/22.

Recommendations

The meeting is recommended:

- 1.1 Comment and note the updated arrangements for Counter-Fraud for 2021/22.

15. Redmond Review into Local Government Audit (Pages 281 - 290)

Report of the Director of Finance

Purpose of report

To update the Accounts, Audit and Risk Committee on the outcome of the Redmond Review into Local Government Audit.

Recommendations

The meeting is recommended:

- 1.1 To note the findings of the Redmond Review

16. Work Programme (Pages 291 - 292)

To consider and review the Work Programme.

Information about this Meeting

Apologies for Absence

Apologies for absence should be notified to democracy@cherwell-dc.gov.uk or 01295 221554 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

Access to Meetings

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Mobile Phones

Please ensure that any device is switched to silent operation or switched off.

Queries Regarding this Agenda

Please contact Sharon Hickson, Democratic and Elections democracy@cherwell-dc.gov.uk, 01295 221554

Yvonne Rees
Chief Executive

Published on Tuesday 10 November 2020

Cherwell District Council

Accounts, Audit and Risk Committee

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Virtual meeting, on 23 September 2020 at 6.30 pm

Present:

Councillor Mike Kerford-Byrnes (Chairman)
Councillor Hugo Brown (Vice-Chairman)
Councillor Hannah Banfield
Councillor Conrad Copeland
Councillor Nicholas Mawer
Councillor Tom Wallis
Councillor Sean Woodcock

Also Present:

Councillor Tony Ilott; Lead Member for Financial Management and Governance
Councillor Barry Wood; Leader of the Council
Maria Grindley, Associate Partner, Ernst & Young (external audit)

Apologies for absence:

Councillor Nathan Bignell

Officers:

Lorna Baxter, Director of Finance & Section 151 Officer
Michael Furness, Assistant Director Finance
Belinda Green, Operations Director - CSN Resources
Sarah Cox, Chief Internal Auditor
Shaista Moughal, Strategic Business Partner
Tracey Holland, Team Leader - Systems, Performance and Subsidy (CSN)
Natasha Clark, Governance and Elections Manager
Sharon Hickson, Democratic and Elections Officer

16 **Declarations of Interest**

There were no declarations of interest.

17 **Petitions and Requests to Address the Meeting**

There were no petitions or requests to address the meeting.

18 **Minutes**

The Minutes of the meeting of the Committee held on 29 July 2020 were agreed as a correct record and signed by the Chairman.

19 **Chairman's Announcements**

The were no Chairman's announcements.

20 **Urgent Business**

There were no items of urgent business.

21 **Housing Benefit Subsidy**

The Director of Finance submitted a report which provided the committee with an update on the Housing Benefit subsidy claim audit for the financial year 2018-2019.

The Operations Director – CSN Resources explained that this report had been due to be submitted to the March 2020 committee meeting but due to the Covid-19 Pandemic had been delayed and therefore was being presented later than in previous years. The subsidy claim for 2019-2020 had been submitted in April 2020 and the auditors would undertake a detailed audit in Autumn 2020.

Resolved

- (1) That the contents of the report be noted.

22 **Internal Audit Progress Report 2020/21**

The Director of Finance submitted a report which presented the Internal Audit progress for 2020/21.

The Chief Internal Auditor updated members on resources confirming that appointments had now been made to the positions of Senior Auditor and Assistant Auditor Trainee.

Resolved

- (1) That the progress of the 20/21 Internal Audit Plan and the outcome of the completed audits be noted.

23 **Treasury Management Report - Q1 2020-21**

The Director of Finance submitted a report which provided information on treasury management performance and compliance with treasury management policy for 2020-21 as required by the Treasury Management Code of Practice.

Resolved

- (1) That the contents of the June 2020 Treasury Management Report be noted.

24 **2019/20 Accounts Update (Verbal)**

The Director of Finance and Associate Partner Ernst & Young, the council's external auditor, confirmed that the council had submitted the 2019/20 accounts on time. Ernst & Young began sampling work this week, in preparation for on-site work on 5 October.

Resolved

- (1) That the verbal update be noted.

25 **Work Programme**

The Committee considered its work programmes. The Director of Finance advised the Committee that a report on the Outcome of the Redmond consultation would be added to the November meeting

Resolved

- (1) That, subject to the addition of Outcome to the Redmond consultation report being added to the November agenda, the work programme be noted.

26 **Exclusion of Press and Public**

Resolved

That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part I, Paragraph 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

27 **Treasury Management Appendix 1 EXEMPT**

Resolved

- (1) That the exempt appendix be noted.

The meeting ended at 7.10 pm

Chairman:

Date:

Cherwell District Council

Accounts, Audit and Risk Committee

18 November 2020

Monthly Performance, Risk and Finance Monitoring Report – Quarter 2 / September 2020

Report of: Director of Finance, and Head of Insight and Corporate Programmes

This report is public

Purpose of report

This report summarises the Council's Performance, Risk and Finance monitoring position as at the end of September 2020.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the monthly Performance, Risk and Finance Monitoring Report.

2.0 Introduction

- 2.1 The Council is committed to performance, risk and budget management and reviews progress against its corporate priorities on a monthly basis.
- 2.2 This report provides an update on progress made during September 2020 to deliver the Council's priorities through reporting on Performance, the Leadership Risk Register and providing an update on the financial position.
- 2.3 The Council's performance management framework sets out the key actions, projects and programmes of work that contribute to the delivery of the 2020-21 business plan and the priorities of the Council. These measures and key performance indicators are reported on a monthly basis to highlight progress, identify areas of good performance and actions that have been taken to address underperformance or delays.
- 2.4 As part of monthly reporting the Insight Team provides the Senior Management Team with a corporate complaints report, complaints received during the month are monitor and analysed. The mandatory lessons learned data have been implemented for more than a year now and we are starting to see a decrease in the number of upheld complaints. Lessons learned are reported to CEDR (Chief

Executive Direct Reports) and progress is monitored to ensure actions are implemented to avoid the same complaint being reported.

2.5 The Council maintains a Leadership Risk Register that is reviewed on a monthly basis. The latest available version of the risk register at the date this report is published is included in this report.

2.6 The Report details section is split into three parts:

- Performance Update
- Leadership Risk Register Update
- Finance Update

2.7 There is one appendix to this report:

- Appendix 1 - Leadership Risk Register

3.0 Report Details

3.1 The Council’s performance management framework sets out the key actions, projects and programmes of work that contribute to the delivery of the 2020-21 business plan (see Appendix 1) and the priorities of the Council.

3.2 The 2020-21 business plan set out four strategic priorities:

- Housing that meets your needs.
- Leading in environmental sustainability.
- An enterprising economy with strong and vibrant local centres.
- Healthy, resilient and engaged communities.

3.3 This report provides a summary of the Council’s performance in delivering against each strategic priority. To measure performance a ‘traffic light’ system is used. Where performance is on or ahead of target it is rated green, where performance is slightly behind the target it is rated amber. A red rating indicated performance is off target.

Colour	Symbol	Meaning for Business Plan Measures	Meaning for Key Performance Measures (KPIs)
Red		Significantly behind schedule	Worse than target by more than 10%.
Amber		Slightly behind schedule	Worse than target by up to 10%.
Green		Delivering to plan / Ahead of target	Delivering to target or ahead of it.

Priority: Housing that meets your needs

3.4 The Council is committed to deliver affordable housing, raising the standard of rented housing and find new and innovative ways to prevent homelessness. Also, to promote innovative housing schemes, deliver the local plan and supporting the most vulnerable people in the District.

3.5 Overview of our performance against this strategic priority:

Number of Housing Standards interventions is reporting Red for September and Amber for Year to Date (49 against a target of 55). Although the team's ability to carry out visits in response to service requests from tenants and other parties is increasing, the ability to carry out proactive and unannounced visits to properties is still significantly restricted by COVID-19 which is limiting the number of enforcement interventions they can deliver. The situation is expected to improve if COVID-19 restrictions ease.

The number of residents placed into temporary accommodation has reduced during September due to the work of the Housing Team to move on clients accommodated during the pandemic as quickly as possible. Since March lockdown, advice and accommodation has been provided to all rough sleepers; over 40 people placed have also been offered move-on accommodation. The team has given priority to homeless households, where appropriate, to secure settled accommodation via the Housing Register or Private Rented homes through the Cherwell Bond Scheme. Some people, 8 currently, are still reported as rough sleeping in Cherwell, the Outreach Team is working together with the Housing Options Team to verify individual circumstances, offering assessment and support to make suitable offers of accommodation.

Maintain 5 Year Land Supply (Quarterly) is reporting Red for September and Year to Date (4.40 against a target of 5). The 2019 Annual Monitoring Report (AMR) reports a dip below 5 years (to 4.4 years). However, confirmed housing delivery in 2019/20 (1,159) was higher than our annualised plan requirement (1,142) and the Government has provided the Oxfordshire authorities with a 3-year flexibility while the Oxfordshire Plan is produced.

Net Additional Housing Completions (Quarterly) is reporting Red for September and Year to Date (190 against a target of 285). Provisional quarterly net housing completions (Q2) are 190 (figures are verified at the end of the Financial Year). Year to date figure (Q1 & Q2) is 408. Delivery is lower than required due to the national working & economic conditions Housing projections are being reviewed for the December Annual Monitoring Report.

Homelessness prevention – The COVID-19 emergency has changed working practices and presentations seen by the Housing Options Team. More single people have approached the council in crisis, which has required a shift in the way we respond to emergency situations rather than upstream work to prevent homelessness. 85 clients have been assisted since the March lockdown started and the Government required local housing authorities to accommodate rough sleepers. Many clients have been helped to secure move-



on accommodation and the number of single clients in emergency accommodation has now reduced to 8 placements. The team has continued to provide advice and prevent homelessness wherever possible and the number of households with children approaching the council remains low. The stay on evictions until 21st September has helped with this.

Deliver Innovative and Effective Housing Schemes is reporting Amber for September and Year to Date. All 'Hope Close' completions were achieved in September. The handover of 14 units at Admiral Holland were achieved on 24th September, also, 7 rented houses were let by the end of September. The 'Bullmarsh Close' scheme started on site 28th September.

Priority: Leading in environmental sustainability

3.6 The Council is committed to deliver on our commitment to be carbon neutral by 2030, to promote the Green Economy and increase recycling across the district. This priority includes the protection of our natural environment and our built heritage, working in partnership to improve air quality in the district and the reduction of environmental crime.

3.7 **Overview of our performance against this strategic priority:**



During September residents of north Oxfordshire, who are keen to keep their neighbourhood neat and tidy, were offered help to get involved in the **Keep Britain Tidy Great British September Clean** initiative. The event ran from 11th to 27th September and Cherwell District Council offered gloves, hi-viz jackets, litter pickers and rubbish sacks to local people who wanted to be involved. Also, the council picked up the rubbish collected.

sacks to local people who wanted to be involved. Also, the council picked up the rubbish collected.

Reduction of fuel consumption used by fleet is reporting Red for September and Amber for Year to Date (39,878 against a target of 32,627). Tonnages collected are 13% higher than last year, with more vehicles being used. Extra rounds are being done due to the growth in the district, there are more commercial and bulky waste customers than last year meaning, more income for the Council, but also more fuel usage.

Reduce Environmental Crime - Interviews under caution are able to restart now at Bodicote House; a risk assessment has been put in place for this to be possible and the interview room is COVID-19 compliant.

Protect the Built Heritage is reporting Amber for September and Year to Date. The Team continues to Work on Conservation Area Appraisals (Bloxham and Glimsbury). A number of officer reports on completed Conservation Area Appraisals require finalisation. Heritage advice continues to be provided to inform Development Management decision making.

The percentage of Waste Recycled & Composted during September was 58.13% (against a target of 56%). During the first six months of the year 1,971 tonnes of



Recycling and 1,699 tonnes of Residual waste were collected. This is a 13.4% increase in waste and recycling collected. In a normal year we would expect to collect less than 1% extra in 12 months.

Priority: An enterprising economy with strong and vibrant local centres

3.8 The Council is committed to support business retention and growth, developing skills and generating enterprise; also, securing infrastructure to support growth in the district and securing investment in our town centres. This priority also contributes towards making communities thrive and businesses grow promoting the district as a visitor destination, committing to work with businesses to ensure compliance and promote best practice.

3.9 **Overview of our performance against this strategic priority:**

% of Council Tax collected, increase Council Tax Base – Is reporting Green for September and Amber for Year to Date. The team have achieved a cumulative collection rate of 55.14% against a target of 57.00%. The shortfall equates to approximately £2m, which is lower than last month's shortfall, this is due to the commencement of reminder notices. The team has been issuing smaller batches of reminders, in accordance with guidance from the Magistrates Court; whilst the numbers issued are vastly reduced the reminders increased our in month collection by £300k. Summonses for these reminders will be issued in October.



% of Business Rates collected, increasing NNDR Base - Is reporting Green for September and Amber for Year to Date. We have achieved a collection rate of 56.44% as at end of September against a target of 58.50%. Whilst the collection rates are still slightly short of our cumulative target, the shortfall reduced from £2.4m last month to just under £1m this month. We issued summonses during September with court on early October. We will continue to monitor accounts with large overdue balances and will proactively chase debtors via email and telephone calls as well as issuing formal reminder notices, final notices and summonses to prompt payment.

Work continues to support the **Development Our Town Centres**, a review has been made on the impact of COVID-19 on the district's urban centres. Also, a study on Bicester Footfall has been undertaken to monitor the town centre vitality, and work continues with the Bicester Town Centre Task Force to develop projects which will help mitigate the impact of the pandemic.



The team continues to **Support Business Enterprise, Retention, Growth and to Promote Inward Investment**, providing support for the implementation of the COVID-19 Government grant schemes (Small Business Grant Fund; Retail, Hospitality and Leisure Grant Fund; and Discretionary Grant Fund) to local businesses, working in close liaison with colleagues at local authorities in Oxfordshire, with OxLEP and Government departments to ensure support to businesses during the COVID-19 pandemic.

Priority: Healthy, resilient and engaged communities

3.10 The Council is committed to enable all residents to lead an active life, improving and developing the quality of local sports and leisure facilities, promoting health and wellbeing in our communities. Also, supporting community and cultural development; working with our partners to address the causes of health inequalities and deprivation, and to reduce crime and anti-social behaviour.

3.11 Overview of our performance against this strategic priority:

As part of our efforts to **Improve Leisure & Communities Facilities**, works had commenced in relation to the feasibility studies for Leisure provision within the District linked to our Active Communities Strategy. Consultation has commenced with some stakeholders and two workshops were held in September with the consultants supporting on the project and Council Officers.

Following the success of **StreetTag in Cherwell**, funding has been secured to launch it across Oxfordshire and to promote a competition between schools to promote active travel to school. Street Tag is a family friendly initiative that rewards families and individuals for their physical activities such as walking, running, cycling,



among a host of other fitness activities. Street Tag brings people together to participate in outdoor physical activities, by turning streets into a giant virtual playground, and increasing their outdoor experiences. Extra points are offered to families by signing up with their FAST (Families Active Sporting Together) card number.

The 'Community Hubs Emergency Relief Grant' was launched with a budget of £70k, By the end of September £15k of funding has been awarded.

During September **the Community Safety team continued to deliver core community safety work in the district**, including contributing with the Police led "Operation Stronghold week", seeking to disrupt organised crime, Cherwell officers supported this week through late night operations around the NightTime Economy. Also, Community Safety and Licensing teams' members carried out evening visits to licensed premises to monitor compliance with COVID-19 control measures and guidance.

Summary of Performance

3.12 The Council reports monthly on performance against 41 Business Plan Measures, with 22 Programme Measures and 19 Key Performance Indicators. The full details, including commentary against each measure and key performance indicator can be found in Appendix 2.

Programme Measures and Key Performance Indicators (41)

Status	Description	September	%	DoT	YTD
Green	On target	34	83%	↑	27
Amber	Slightly off target	2	5%	↓	8
Red	Off target	4	10%	↑	5
	No data	1	2%	NA	1

Please note that the KPI measure “High risk food businesses inspected” will no longer be relevant this year due to the Food Standards Agency changing the national food law enforcement programme as a consequence of COVID-19. Food safety will be assured through alternative, targeted measures.

Risk Update

- 3.13 The Council maintains a Leadership Risk Register that is reviewed on a monthly basis. The latest available version of the risk register at the date this report is published is included in this report.
- 3.14 The heat map below shows the overall position of all risks contained within the Leadership Risk Register.

Risk Scorecard – Residual Risks

		Probability				
		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
Impact	5 - Catastrophic			L09		
	4 - Major			L04, L07, L11 & L12	L01, L17, L19	
	3 - Moderate		L16	L02, L05, L14, L15, L18, & L21	L08 & L20	
	2 - Minor				L10	
	1 - Insignificant					

3.15 The table below provides an overview of changes made to the Leadership Risk Register during the past month. Any significant changes since the publication of the report will be reported verbally at the meeting.

Leadership Risk	Score	Direction	Latest Update
L01 Financial Resilience	16 High risk	↔	Risk reviewed 07/10 – Comments updated
L02 Statutory functions	9 Low risk	↔	Risk Reviewed 07/10 – No changes
L04 CDC Local Plan	12 Medium risk	↔	Risk Reviewed 07/10 – Comments updated
L05 Business Continuity	9 Low risk	↔	Risk Reviewed 08/10 – Comments updated
L07 Emergency Planning	12 Medium risk	↔	Risk Reviewed 08/10 – Comments updated
L08 Health & Safety	12 Medium risk	↔	Risk Reviewed 08/10 – No changes
L09 Cyber Security	15 Medium risk	↔	Risk Reviewed 08/10 – Mitigating actions updated
L10 Safeguarding the Vulnerable	8 Low risk	↔	Risk Reviewed 08/10 – No changes
L11 Sustainability of Council owned companies and delivery of planned financial and other objectives.	12 Medium risk	↔	Risk Reviewed 05/10 – Comments updated
L12 Financial sustainability of third-party suppliers including contractors and other partners	12 Medium risk	↔	Risk Reviewed 01/10 – No changes
L14 Corporate Governance	9 Low risk	↔	Risk Reviewed 08/10 – Comments updated
L15 Oxfordshire Growth Deal	9 Low risk	↑	Risk Reviewed 05/10 – Score, mitigating actions and comments updated
L16 Joint Working	6 Low risk	↔	Risk Reviewed 06/10 – No changes
L17 Separation	16 High risk	↔	Risk Reviewed 06/10 – No changes.
L18 Workforce Strategy	9 Low risk	↔	Risk Reviewed 06/10 – Comments updated
L19 Covid19 Community and Customers	16 High risk	↔	Risk Reviewed 08/10 – Mitigating actions updated.
L20 Covid19 Business Continuity	12 Medium risk	↔	Risk Reviewed 06/10 – No changes
L21 Post Covid19 Recovery	9 Low Risk	↔	Risk Reviewed 06/10 – No changes.

During September the leadership risk had one score change L15 Oxfordshire Growth Deal (see Appendix 3 for details)

Finance Update

- 3.16 The Council's forecast financial position up to the end of September shows a forecast underspend of £0.3m. This is made up of a £3.4m overspend related to Covid-19 costs (para 3.19), offset by a £3.7m underspend on business as usual costs (para 3.17).
- 3.17 Before taking into account funding held for Covid costs, the directorate revised budgets have forecast a net overspend of £0.8m. This is mainly driven by a £1.2m forecast overspend in Leisure. There is £1.2m budget available within the Executive Matters Budget to offset costs when they are incurred. Taking this into account, there is an overall underspend of £0.4m across the services.
- 3.18 The following assumptions have been made in assessing the costs of Covid-19 to the Council:
- Phased reopening of businesses from June to August
 - All businesses able to reopen from September
 - Full economic recovery does not happen before the end of financial year
 - Contract support to some service providers will continue until the end of October in line with Government guidance.
- 3.19 Applying these assumptions gives a forecast cost of Covid-19 of £6.5m for 2020/21. This is a combination of additional costs and loss of income arising from the impact of the Covid-19 pandemic on Council services. This is partially met by Covid-19 support grant funding of £1.8m and an estimated grant of £1.3m to partially meet income losses. This reduces the in-year Covid-19 pressure to £3.4m.
- 3.20 For more detail on the movements across all budgets please see Table 1 showing the main reasons for the variances in 2020/21.
- 3.21 CDC has identified options for how it will meet any funding shortfall that may remain for 2020/21 which were considered by the Executive on 20th August and approved by the Council on 7th September.
- 3.22 There are further risks to the forecasts for service delivery such as the possibility of a second period of lockdown, either nationally or locally, to respond to a second peak in Covid-19 cases. This scenario is difficult to model as this would impact different services to different degrees with some services forecasting higher costs in the recovery phase than the response phase.

Table 1: Forecast Revenue Outturn

Revenue Monitoring	Revised Budget £m	BAU £m	Covid £m	Total Forecast Outturn £m	Variance to Budget £m	Prior Month Forecast £m	Forecast movement £m
Communities	7.937	6.666	1.319	7.985	0.048	7.954	0.031
Place and Growth	3.906	3.288	0.630	3.918	0.012	3.937	-0.019
Customers and Org. Dev.	3.808	3.610	0.126	3.736	-0.072	3.730	0.007
Adults and Housing Services	3.025	2.529	0.354	2.883	-0.142	2.962	-0.079
Public Health and Wellbeing	2.911	2.422	1.721	4.143	1.232	4.319	-0.177
Comm. Dev. Assets and Inv.	4.131	1.478	2.358	3.836	-0.295	4.054	-0.218
Total Directorates	25.718	19.993	6.508	26.501	0.783	26.955	-0.455
Executive Matters	3.061	1.885	0.000	1.885	-1.176	1.845	0.040

Total Cost of Services	28.779	21.878	6.508	28.386	-0.394	28.800	-0.415
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Total Income	-28.779	-25.604	-3.054	-28.658	0.121	-28.600	-0.058
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(Surplus)/Deficit	0.000	-3.727	3.454	-0.273	-0.273	0.200	-0.473
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Please note:

1. This assumes the Government will compensate partially for losses of sales, fees and charges income for the full year.
2. Some numbers may not agree to paragraphs 3.16 and 3.19 due to rounding.

Communities

Communities predicts an overspend of £0.048m against a revised budget of £7.937m (0.6%).

Environmental Services	The £0.039m overspend is mainly due to pressures in employment costs due to sickness and the requirement of agency staff cover and salary review (£0.266m). Offsetting this is £0.138m reduction in transport and contractor costs relating to gate and transfer fees not being as high as expected and a reduction in tonnage of waste recycling/disposal costs. In addition, car park, vehicle repairs and street scene income is expected to be £0.114m higher. There is an expected increase in premises costs of £0.025m
Variation £0.039m overspend	
Variance to last month's forecast £0.009m	

Regulatory Services	Regulatory services are reporting a small overspend this month to the revised budget. Some forecast increase in supplies and services costs have been mostly offset by a new vacant post which will not be recruited to in 2020/21
Variation £0.009m overspend	
Variance to last month's forecast £0.022m	

Place and Growth

Place and Growth predict an overspend of £0.012m against a revised budget of £3.906m (0.3%).

Planning & Development	The forecast £0.018m underspend against the revised budget is an improvement of £0.035m from the August forecast. This improvement relates to additional salary savings from not filling vacant posts and an improvement in Building Reg fee income.
Variation -£0.018m underspend	
Variance to last month's forecast -£0.035m	

Growth &	As of September, Build are currently forecasting
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Economy	£0.030m overspend on consultancy fees relating to the Build review taking place. All other departments within this service area are on budget.
Variation £0.030m overspend	
Variance to last month's forecast £0.016m	

Customers and Organisational Development

Customers & Organisational Development predict an underspend of £0.072m against a revised budget of £3.808m (-1.9%).

Customers & Organisational Dev.	On target with the exception of Land Charges which is showing a £0.072m underspend as income appears to be recovering faster than expected.
Variation -£0.072m underspend	
Variance to last month's forecast £0.007m	

Adults and Housing Services predict an underspend of £-0.142m against a revised budget of £3.025m, (-4.7%).

Housing & Social Care	September's underspend of £0.142m is due to the receipt of a £0.120m grant which partially offsets the previously reported £0.150m allocated by the council to help with move-on for rough sleepers accommodated during the pandemic. There is also a £0.030m saving on consultancy budget relating to the Growth Deal.
Variation -£0.142m underspend	
Variance to last month's forecast -£0.79m	

Public Health & Wellbeing

Public Health & Wellbeing predict an overspend of £1.232m against a budget of £2.911m (42.3%).

Wellbeing	The forecast overspend of £1.2m is a direct result of Covid-19. The main cost is the contractual relief payments made to support the survival of the leisure operator during the pandemic. Budget to cover this cost is held in Executive matters and will be transferred when costs are realised.
Variation £1.230m overspend	
Variance to last month's forecast -£0.172m	
Healthy Place Shaping	Healthy Place Shaping are on budget
Variation £0.002m overspend	
Variance to last month's forecast -£0.005m	

Commercial Development, Assets and Investments

Comm. Dev. Assets and Invests. predicts an underspend of £0.295m against a revised budget of £4.131m (-7.1%).

Property	£0.170m underspend against the revised budget relates to Castle Quay Shopping Centre and the new Waterside Development. Since the revised budget was looked at in June the year end forecast position for CQ has improved. Also included are the apparent savings on the running costs of the Council Offices (including the Stables) as a result of lower occupancy as well as savings of approximately £0.175m relating to a reduction in utilities, security and repairs & maintenance. Finally, there are forecast savings of £0.035m attributed to salaries due to a vacancy, £0.054m of General Equipment and £4k on refreshments
Variation -£0.439m underspend	
Variance to last month's forecast -£0.386m	
	£261k of budget for 'cost of dilapidations work if cannot recharge to outgoing tenants' is proposed to be transferred to reserves at year end to offset anticipated pressures in 2021/22
Finance and Procurement	The forecast outturn for Finance and Procurement has improved by £0.011 since August. There is an overall forecast overspend against the revised budget of £0.104m. Finance's £0.056m overspend is primarily due to the requirement of agency staff required for completion of the accounts. Revs & Bens are now forecasting on budget. Procurement: £0.047m overspend relates to consultant costs.
Variation £0.104m overspend	
Variance to last month's forecast £0.081m	
Law and Governance	£0.040m overspend is due to use of agency staff covering vacant posts
Variation £0.040m overspend	
Variance to last month's forecast £0.040m	

Executive Matters predicts an underspend of £1.176m against the budget of £3.061m (-38.4%).

Interest Costs

There is now an overall positive variance of £0.013m on interest payable/receivable against the revised budget.

Corporate

£1.163m budget is being held to cover Leisure Management and will be drawn upon when required to meet the costs surrounding Covid-19

3.24 Capital

There is a forecast in-year underspend of £25.321m, of which £22.043m is anticipated to be reprofiled in future years. There is an overall forecast reduction in the total cost of schemes of £3.278m. A review of the capital programme will be undertaken as part of the budget process to consider what schemes the Council will progress in the future.

Directorate	Budget £000	Outturn £000	Re- profiled beyond 2020/21 £000	Current Period Variances £000	Prior Period Variances £000
Adult Housing Total	2,177	1,258	490	(429)	(429)
Comm Dev Assets total	62,665	49,962	12,111	(592)	(336)
Communities Total	1,864	1,201	662	(1)	(1)
Customers, Org Dev total	696	703	0	7	7
Finance Total	3,559	3,559	-	-	0
Place and Growth Total	34,344	23,657	8,440	(2,247)	(102)
Public Health Wellbeing Total	717	361	340	(16)	(16)
Total	106,022	80,701	22,043	(3,278)	(877)

Please note:

1. This table now reflects the current structure and prior period figures have been adjusted accordingly

3.25 Current Period Variances

Adult Housing:

Housing: are forecasting (£0.429m) underspend due to significantly reduced activity with regards to Disabled Facilities Grant (£0.375m), (£0.004m) for the Arbritas upgrade and Discretionary grants works (£0.050m) as a result of COVID.

Comm Dev Assets:

Property: are forecasting (£0.592m) underspend. The largest savings are against the refurbishment of Banbury Health Centre (£0.153m) due to ongoing discussions with the tenant regarding the extension of the lease which may affect the scope of the project. And also, the refurbishment of the Mill (£0.250m) as similarly there are ongoing discussions around the purchase of this property. General savings of (£0.189m) across the remaining capital schemes.

Communities:

Environmental Services: are forecasting (£0.001m) underspend

Customers & Org Development:

Human Resources: are forecasting £0.007m overspend for the HR/Payroll system

Place and Growth:

Build Phase 1 is reporting unbudgeted spend of £0.109m. Build Phase 1b is forecasting to spend £1.361m in this financial year and reprofiling the remaining budget into 2021/22 to complete the programme. Build Phase 2 programme is forecasting to spend £0.674m in this financial year. However, as a result of certain schemes no longer progressing (Trades & Labour Club, Nizewell Head, Park Road and Wykham lane) a saving of £2.126m is now being forecast. The majority of the spend against the remaining programme will be reprofiled in to 2021/22. The agreed capital programme does overlap financial years. The Hill Community centre has a £0.229m underspend that is currently being investigated.

Public Health & Wellbeing:

Wellbeing are forecasting a small saving of £0.016m, (£0.008m) against Physical Activities programme and (£0.008m) against the Sunshine Centre programme for extension to the front of the site as the projects have reached completion.

Adult Housing

£0.490m Disabled Facilities Grant capital - Covid significantly reduced activity in the first 6 months of the year but activity has begun to increase. As a result, not all of the Better Care Fund will be spent in this financial year and will be reprofiled into 2021/22

Comm Dev Assets

Castle Quay Shopping Centre (£2.771m) and Castle Quay Waterside (£9.240m). These are ongoing schemes that straddle several financial years

Communities

£0.100m Thorpe Lane Depot Capacity Enhancement - anticipating slippage in to 2021/22 as a result of awaiting approval of other capital schemes.

£0.055m Bicester Country Park - Covid delayed the purchasing and progression of the country park, remaining spend to reprofiled into 2021/22.

£0.275m Vehicle replacement Programme - currently under review, further investigation needed into larger electric vehicles before committing to diesel equivalents. Remaining spend to be reprofiled into 2021/22.

£0.045m Car Park Refurbishments - Covid significantly delayed progression on the installation of pay on exit barriers. Remaining spend will take place in 2021/22.

£0.012m On Street Recycling Bins - purchases are expected in 20/21 but delivery and installation is anticipated in early 2021/22.

£0.125m Car Park Action Plan - there are no costs anticipated in this financial year but spend is anticipated in 2021/22.

£0.050m Depot Fuel System Renewal - commitments are expected in 2020/21 but installation is anticipated in early 2021/22.

Place & Growth:

£0.672m Phase 1b Bicester Library is in the early stages of development. Planning permission is being considered at Planning Committee on 5th November. Actual site work is due to commence in January 2021 with likely completion by the end of 2021. Admiral Holland works formally completed end of September 2020 but CDC will have to budget for retention payments due in September 2021 of £0.065m.

£7.768m Phase 2. We are still working on the land assembly for Bretch Hill and are about to submit a pre-application to planning. Leys Close is also under discussion with the planners as they have issues relating to parking.

Public Health Wellbeing:

£0.183m North Oxfordshire Academy Astroturf capital scheme - currently under discussion with United learning Trust regarding the outstanding planning application and their contribution.

£0.043m Energy Efficiency schemes at leisure centres - there are no costs anticipated in this financial year but spend is anticipated in 2021/22 on Energy Efficiency schemes.

£0.084m Bicester Leisure Centre extension capital scheme - spend to date on a feasibility study but no other spend anticipated this year. Remaining spend will take place in 2021/22.

£0.030m Spiceball Leisure Centre bridge resurfacing capital scheme - No spend is expected this financial year but will take place in 2021/22 on completion of Castle Quay Waterside and reinstatement of the bridge.

4.0 Conclusion and Reasons for Recommendations

4.1 It is recommended that the contents of this report are noted.

5.0 Consultation

5.1 This report sets out performance, risk and budgetary information for the first quarter of this financial year and as such no formal consultation on the content or recommendations is required.

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: This report illustrates the Council's performance against the 2020-21 business plan. As this is a monitoring report, no further options have been considered. However, members may wish to request that officers provide additional information.

7.0 Implications

7.1 Financial implications are detailed within section 3.16 to 3.25 of this report.

Comments checked by:

Lorna Baxter, Executive Director Finance, 07393 001218, Lorna.Baxter@cherwell-dc.gov.uk

Legal Implications – Mandatory paragraph

7.2 There are no legal implications from this report.

Comments checked by:
Sukdave Ghuman, Head of Legal and Deputy Monitoring Officer,
Sukdave.Ghuman@cherwell-dc.gov.uk

- 7.3 This report contains a full update with regards to the Council's risk position at the end of September 2020. A risk management strategy is in place and the risk register has been fully reviewed.

Comments checked by:

Celia Prado-Teeling, Performance Team Leader, 01295 221556, Celia.prado-teeling@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision (Executive reports only; state N/A if not Executive report)

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Richard Mould – Lead member for Performance Management
Councillor Tony Ilott – Lead member for Finance and Governance

Document Information

Appendix number and title

Appendix 1 Leadership Risk Register

Background papers

None

Report Author and contact details

Louise Tustian – Head of Insight and Corporate Programmes
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Appendix 1 – Leadership Risk Register as at 08/10/2020

Level of risk	How the risk should be managed
High Risk (16-25)	Requires active management to manage down and maintain the exposure at an acceptable level. Escalate upwards.
Medium Risk (10 -15)	Contingency Plans - a robust contingency plan may suffice together with early warning mechanisms to detect any deviation from the profile.
Low Risk (1 – 9)	Good Housekeeping - may require some risk mitigation to reduce the likelihood if this can be done cost effectively, but good housekeeping to ensure that the impact remains low should be adequate. Re-assess frequently to ensure conditions remain the same.

Risk Scorecard – Residual Risks						
		Probability				
		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
Impact	5 - Catastrophic			L09		
	4 - Major			L04, L07, L11 & L12	L01, L17 & L19	
	3 - Moderate		L16	L02, L05, L14, L15, L18 & L21	L08 & L20	
	2 - Minor				L10	
	1 - Insignificant					
Risk Definition						
Leadership	Strategic risks that are significant in size and duration, and will impact on the reputation and performance of the Council as a whole, and in particular, on its ability to deliver on its corporate priorities					
Operational	Risks to systems or processes that underpin the organisation’s governance, operation and ability to deliver services					

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
2020/21																	
L02 -	Statutory functions - Failure to meet statutory obligations and policy and legislative changes are not anticipated or planned for.	Legal challenge Loss of opportunity to influence national policy / legislation Financial penalties Reduced service to customers	3	4	12	Embedded system of legislation and policy tracking in place, with clear accountabilities, reviewed regularly by Directors.	Partially	Councillor Barry Wood	Steve Jordan	Sukdave Ghuman	3	3	9	↔	Establish corporate repository and accountability for policy/legislative changes.	Service plans for 2019-20 received and currently being reviewed. Performance framework for 2020-21 to be agreed.	Risk reviewed 07/10/20 - No changes
Clear accountability for responding to consultations with defined process to ensure Member engagement	Fully	Review Directorate/Service risk registers															
National guidance interpreting legislation available and used Risks and issues associated with Statutory functions incorporated into Directorate Risk Registers and regularly	Fully	Ensure Committee forward plans are reviewed regularly by senior officers															
Clear accountability for horizon scanning, risk identification / categorisation / escalation and policy interpretation in place	Partially	Ensure Internal Audit plan focusses on key leadership risks															
Robust Committee forward plans to allow member oversight of policy issues and risk management. including Scrutin and Audit Internal Audit Plan risk based to provide necessary assurances	Partially	Develop stakeholder map, with Director responsibility allocated for managing key Standardise agendas for Director / PFH 1:1s															
Strong networks established locally, regionally and nationally to ensure influence on policy issues	Fully	New legislation and Government guidance in response to COVID19 will assist service adjustment															
Senior Members aware and briefed regularly in 1:1s by Directors	Partially	Allocate specific resource to support new projects/policies or statutory requirements e.g. GDPR															
		Review of Leadership Risk Register and Risk Strategy for 2020-21 in progress.															
L03 -	CLOSED RISK Organisational Capacity - Ability to deliver Council priorities and impacted by workload and capacity/resilience following end of joint working with South Northamptonshire Council.	Financial impact due to use of agency staff, possible impact on customers and frontline service delivery if capacity risks are managed. Inability to deliver council's plans Inability to realise commercial opportunities or efficiencies Reduced resilience and business continuity Reduced staff morale, increased workload and uncertainty may lead to loss of good people	4	4	16	Weekly HR Vacancy Control process in place to ensure appropriate resourcing decisions are made.	Partially	Councillor Barry Wood	Yvonne Rees	Claire Taylor	3	3	9	↔	Weekly CEDR and monthly ELT meetings with clear escalation pathways for issues to be resolved.	Proposals for two Joint Corporate Directors between CDC and OCC approved. Opportunities for joint working with OCC being explored for Legal, Finance and Strategic Capability (corporate services).	Risk reviewed 20/11/19 - Removed
Arrangements in place to source appropriate interim resource if needed	Fully	Learning and development opportunities identified and promoted by the Chief Executive.															
Ongoing programme of internal communication	Fully	Regular communications from Chief Executive. Quarterly staff briefings from Assistant Directors. External support secured for key corporate projects including CDC/OCC joint working, Growth Deal and IT Transformation Programme.															
Programme Boards in place to oversee key corporate projects and ensure resources are allocated as required.	Fully																
CDC Extended Leadership Team (ELT) Meetings established to oversee and provide assurance on key organisational matters including resourcing.	Partially																
Partnership Working Group established with OCC to oversee joint working opportunities.	Partially																
L04 -	CDC Local Plan - Failure to ensure sound, up to date local plan remains in place for Cherwell resulting in poor planning decisions such as development in inappropriate locations, inability to demonstrate an adequate supply of land for housing and planning by appeal Negative (or failure to optimise) economic, social, community and environmental gain Negative impact on the council's ability to deliver its strategic objectives, including its commitments within the Oxfordshire Housing & Growth Deal. Increased costs in planning appeals Reputational damage with investor community of Cherwell as a good place to do business created by uncertainty/ lack of policy clarity	Poor planning decisions leading to inappropriate growth in inappropriate place.	4	4	16	Local Development Scheme (LDS) is actively managed and reviewed, built into Service Plan, and integral to staff appraisals of all those significantly involved in Plan preparation and review	Partially	Councillor Colin Clarke	Paul Feehily	David Peckford	3	4	12	↔	Regular review meetings on progress and critical path review	The Local Development Scheme (LDS) was updated in March 2020. It includes the programmes for the Partial Review of the Local Plan, the Oxfordshire Plan 2050, a Local Plan Review, the Banbury Canalside Supplementary Planning Document and work on a Community Infrastructure Levy (CIL). The Partial Review of the Local Plan was adopted by Council on 7 Sept. An issues consultation for the Local Plan Review was completed on 14 Sept in accordance with the LDS timetable. Re-starting work on the Canalside SPD has been delayed and the timetable for the Oxon Plan process is outside the Council's direct control. Officers are considering the proposed national changes to the planning system which could affect how plans are prepared. This may also influence a decision on whether or not to proceed with work on CIL.	Risk reviewed 07/10/2020 - Comments updated
Team capacity and capability kept under continual review with gaps and pressures identified and managed at the earliest opportunity.	Partially	Regular Corporate Director and Lead Member briefings															
Some additional resource budgeted for 20/21.	Partially	LDS updated as required with programme management approach adopted to ensure progress against plan															
Delegations to Chief Exec agreed to ensure timely decisions	Fully	LDS timeline built into Directorate level objectives (e.g. via Service Plans) and incorporated into SMART targets within staff appraisals															
On-going review of planning appeal decisions to assess robustness and relevance of Local Plan policies	Partially	Authority Monitoring Reports continue to be prepared on a regular annual basis.															

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
2020/21																	
L05 -	Business Continuity - Failure to ensure that critical services can be maintained in the event of a short or long term incident affecting the Councils' operations	Inability to deliver critical services to customers/residents				Business continuity strategy in place	Fully							Business Continuity Statement of Intent and Framework agreed by CEDR	The council's extended leadership team provided business continuity status reports for their critical services weekly during the covid-19 lockdown. These demonstrated that the council could continue to provide critical services throughout the period. Remote working enables most teams to work effectively from home and sustain services whilst also avoid unnecessary social contacts. A lessons learned process has commenced to ensure business continuity plans are updated to reflect recent learning and to prepare for any second wave of the virus of local lockdown. EU Exit planning is recommencing in advance of the end of the transition period.	Risk Reviewed 08/10/2020 - Comments updated	
		Financial loss				Services prioritised and recovery plans reflect the requirements of critical services	Fully							Cross-council BC Steering Group meets regularly to identify BC improvements needed			
		Loss of important data				ICT disaster recovery arrangements in place	Fully							ICT transition to data centre and cloud services have reduced likelihood of ICT loss and data loss			
		Inability to recover sufficiently to restore non-critical services before they become critical	4	4	16	Incident management team identified in Business Continuity Strategy	Partially	Councillor Andrew McHugh	Rob MacDougall	Richard Webb	3	3	9	↔	Corporate ownership and governance sits at senior officer level		
		Loss of reputation				All services undertake annual business impact assessments and update plans	Fully							BC Impact assessments and BCPs in place for all teams and peer reviewed by OCC's Emergency Planning team			
						Business Continuity Plans tested	Partially							Progress report was provided to CEDR in March 2019 BC assurance framework under development			
L07 -	Emergency Planning (EP) - Failure to ensure that the local authority has plans in place to respond appropriately to a civil emergency fulfilling its duty as a category one responder	Inability of council to respond effectively to an emergency				Key contact lists updated monthly.	Fully							Emergency plan contacts list being updated monthly and reissued to all duty managers.	The Emergency Plans which were enacted and command structures established with partner organisations to support the response to the Covid-19 pandemic have now progressed to a recovery phase with close monitoring of the increasing rates of infection nationally and locally. Partners are liaising with organisers of events to ensure they have robust infection management arrangements in place and that there is awareness of all the events being planned. The council is maintaining its duty director rota for any other emergency incidents that might arise. Contact arrangements of out of hours incidents are being reviewed following recent isolated flooding as a result of high levels of rainfall.	Risk Reviewed 08/10/2020 - Comments amended.	
		Unnecessary hardship to residents and/or communities				Emergency Planning Lead Officer defined with responsibility to review, test and exercise plan and to establish, monitor and ensure all elements are covered	Partially							OCC Emergency Planning providing expert advice and support under a partnership arrangement. Accountability for both OCC and CDC's arrangements now sit with the Chief Fire Officer who			
		Risk to human welfare and the environment	4	4	16	Added resilience from cover between shared Environmental Health and Community Safety Teams as officers with appropriate skill	Fully	Councillor Andrew McHugh	Rob MacDougall	Richard Webb	3	4	12	↔	Supporting officers for incident response identified in the emergency plan and wallet guide		
		Legal challenge				Senior management attend Civil Emergency training	Fully							Drop in training session now taking place monthly (from June) covering a range of topics.			
		Potential financial loss through compensation claims				Multi agency emergency exercises conducted to ensure readiness	Fully							Senior managers have attended multi-agency exercises and duty manager training with OCC senior			
		Ineffective Cat 1 partnership relationships				On-call rota established for Duty Emergency Response Co-ordinators	Fully							On-call rota being maintained			
						Active participation in Local Resilience Forum (LRF) activities	Fully							Authority represented at the Local Resilience Forum			

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
2020/21																	
L08 -	Health and safety - Failure to comply with health and safety legislation, corporate H&S policies and corporate H&S landlord responsibilities	Fatality, serious injury & ill health to employees or members of the public	5	4	20	Health & Safety Corporate HS&W Policy and Corporate Arrangements & guidance in place as part of the HSE's recommended Management System HSG 65. Organisations have a legal duty to put in place suitable arrangements to manage health & safety.	Partially	Councillor Lynn Pratt	Yvonne Rees	Ceri Harris	3	4	12	↔	A Corporate Health, Safety and Wellbeing Policy was ratified by BPM meeting on 17th June 2019, it is due for review no later than June 2021. The Corporate Arrangements are subject to a continuing programme of updates to ensure they remain up to date and relevant to council business.	The Executive Leadership Team (ELT) receives a quarterly report from the Corporate H&S Manager.	Risk reviewed 08/10/2020 - No changes
		Criminal prosecution for failings				Clearly identified accountability and responsibilities for Health and Safety established at all levels throughout the organisation	Fully								Following the ratification of the Corporate Health, Safety and Wellbeing Policy all Assistant Directors have been asked to complete a Departmental Risk Assessment Checklist. The Checklist identified the areas of risk within the department and whether there is a risk assessment in place to cover the risks.	Corporate Health and Safety Team to ensure all departments to responds to the Departmental Risk Assessment Checklist and to follow up with departments on areas of concern. Responses are being collated on a central spreadsheet which will become the database of all risk assessments across the Council. These two posts are established posts and budgeted accordingly to secure future funding for continuity.	
		Financial loss due to compensation claims				Corporate H&S Manager and H&S Officer in post to formalise the H&S Management System & provide competent H&S advice and assistance to managers & employees.	Fully								As Health and Safety Officers are in place no further action is required and risk mitigated.	The H&S team are conducting health and safety inspections internally across all services and teams. To date a total of 17 audits have been carried out across the Council however, the audits are currently on hold due to Corona Virus. The audit reports have been provided to the relevant service managers, including recommendations, advise and timescales for remediation.	
		Enforcement action – cost of regulator (HSE) time				Proactive monitoring of Health & Safety performance management internally	Fully								A 2-year internal Health and Safety Audit programme is in place covering the period until May 2021. The health and safety internal audit programme covers all elements of our overall H&S management system to ensure compliance with legislative standards. The full programme of audits is temporarily on hold due to the Coronavirus Lockdown, however health and safety checks on the front line operations of Environmental Services have recommenced as of July 2020.	Final sign off from the HR/Training Manager for training procurement and implementation due. Final tweaks being made prior to launch of eLearning package	
		Increased agency costs				Effective induction and training regime in place for all staff	Partially								Management of H&S training will now be included within the new eLearning programme which is in the process of being procured. A central list of risk assessments is to be created to enable more proactive monitoring of risk assessment across the council. Risk Assessment Workshop training is being developed. Robust training already in place in Environmental Services.	A review has been undertaken of all CDC owned properties to ensure that fire risk assessments, water hygiene surveys and asbestos surveys have been completed where required. A compliance review of tenanted properties leased by CDC is also under way to ensure that the tenants are managing the property in accordance with legislative requirements.	
		Reduction in capacity impacts service delivery				Positive Health & Safety risk aware culture	Partially								Good awareness in higher risk areas of the business, e.g. Environmental Services. However other areas need improved awareness of risk assessment process. This needs to be achieved by a review of training needs across CDC and the mandatory training of managers on risk assessment. Property team have undertaken a review of CDC owned operational properties to ensure health and safety		
		Reputational Impact				Corporate Health & Safety meeting structure in place for co-ordination and consultation	Partially								Currently the Council has no formal committee structure in place for the consultation of health safety with staff.	A proposal for the formation of a Health and Safety Committee to report to the ELT will be submitted to ELT once stability has been achieved following COVID 19. The purposed of this committee, if ratified, will monitor the activities of the Corporate Health and Safety Team and to	
						Corporate body & Member overview of Health & Safety performance	Fully								Quarterly reporting to ELT and to the Portfolio Holder by the Corporate Health and Safety Manager	Reporting dates have been agreed and adhered to.	
	Assurance that third party organisations subscribe to and follow Council Health & Safety guidelines and are performance managed where required	Fully	Robust procurement process that requires health and safety documentation and commitment to be proven prior to engagement of contractors.	Corporate Health and Safety has scheduled to undertake a review of Procurement process to ensure compliance.													

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
2020/21																	
L09 -	Cyber Security - If there is insufficient security with regards to the data held and IT systems used by the councils and insufficient protection against malicious attacks on council's systems then there is a risk of: a data breach, a loss of service, cyber-ransom.	<p>Service disruption</p> <p>Financial loss / fine</p> <p>Prosecution – penalties imposed</p> <p>Individuals could be placed at risk of harm</p> <p>Reduced capability to deliver customer facing services</p> <p>Unlawful disclosure of sensitive information</p> <p>Inability to share services or work with partners</p> <p>Loss of reputation</p>	4	5	20	<p>File and Data encryption on computer devices</p> <p>Managing access permissions and privileged users through AD and individual applications</p> <p>Consistent approach to information and data management and security across the councils</p> <p>Effective information management and security training and awareness programme for staff</p> <p>Password security controls in place</p> <p>Robust information and data related incident management procedures in place</p> <p>Appropriate robust contractual arrangements in place with all third parties that supply systems or data processing services</p> <p>Appropriate plans in place to ensure ongoing PSN compliance</p> <p>Adequate preventative measures in place to mitigate insider threat, including physical and system security</p> <p>Insider threat mitigated through recruitment and line management processes</p> <p>Cookie pop-ups on the website</p> <p>Increased threat to security during Covid-19 period in part due to most staff working from home.</p>	<p>Fully</p>	Councillor Ian Corkin	Claire Taylor	David Spilsbury	3	5	15	↔	<p>The cyber-essentials plus certification has now been passed.</p> <p>The Microsoft Multi-Factor Authentication system has been introduced to provide a enhanced level of cyber security.</p> <p>Accounts, Audit & Risk Committee Members updated and given a presentation on Cyber Security November 2019</p> <p>The Regional Police Cyber Security Advisor gave the IT management team two training sessions (full cyber awareness Oct18 and table top DR exercise Nov18) followed by a series of all-Council staff awareness sessions in January 2019. Mop-up on e-learning options now being explored by IT and HR</p> <p>Implemented an intrusion prevention and detection system.</p> <p>Agreed Terms of Reference and re-implementation of the security forum as the Information Governance Group, with meetings to be held on a minimum quarterly basis chaired by the Information Governance Manager.</p> <p>Information Governance support is now provided to Cherwell as part of a joint working relationship with Oxfordshire County Council. An action for the next month will be to ensure there are effective partnership working arrangements in place under Cyber Awareness e-learning available and will be part of new starters induction training.</p> <p>Cyber Security issues regularly highlighted to all staff.</p> <p>External Health Check undertaken January 2020, no high risk security issues highlighted.</p> <p>Internal Audit completed a cyber audit in June 2020 with no major issues or significant risks identified. The findings have an agreed action plan in place.</p> <p>Cookiebot live on website for users to confirm cookie preferences.</p> <p>Joint OCC/CDC Cyber Security Officer started work August 2020</p> <p>Additional IT security advice provided for all staff during the Covid-19 working at home period including online coronavirus related scams. Update provided to Accounts, Audit & Risk Committee Members July 2020.</p>	<p>Cyber security incidents are inevitable. The only way to manage this risk is to have effective controls and mitigations in place including audit and review.</p>	<p>Risk Reviewed 08/10/20 - Mitigating actions updated.</p>
L10 -	Safeguarding the vulnerable (adults and children) - Failure to follow our policies and procedures in relation to and service delivery that safeguarding vulnerable adults and children or raising concerns about their welfare	<p>Increased harm and distress caused to vulnerable individuals and</p> <p>Council could face criminal prosecution</p> <p>Criminal investigations potentially compromised</p> <p>Potential financial liability if council deemed to be negligent</p>	4	4	16	<p>Safeguarding lead in place and clear lines of responsibility established</p> <p>Safeguarding Policy and procedures in place</p> <p>Information on the intranet on how to escalate a concern</p> <p>Mandatory training and awareness raising sessions are now in place for all staff.</p> <p>Safer recruitment practices and DBS checks for staff with direct contact</p> <p>Action plan developed by CSE Prevention group as part of the Community Safety Partnership</p> <p>Data sharing agreement with other partners</p> <p>Attendance at Children and Young People Partnership Board (CYPPB)</p> <p>Annual Section 11 return compiled and submitted as required by legislation.</p> <p>Engagement with Joint Agency Tasking and Co-ordinating Group (JATAC) and relevant Oxfordshire County Council (OCC) safeguarding subgroup</p> <p>Engagement at an operational and tactical level with relevant external agencies and networks</p>	<p>Fully</p> <p>Fully</p> <p>Fully</p> <p>Fully</p> <p>Partially</p> <p>Fully</p> <p>Fully</p> <p>Fully</p> <p>Fully</p> <p>Fully</p>	Councillor Barry Wood	Ansaf Azhar	Nicola Riley	2	4	8	↔	<p>Ongoing internal awareness campaigns</p> <p>Ongoing external awareness campaigns</p> <p>Annual refresher and new training programmes including training for new members</p> <p>Attendance at safeguarding boards and participation in learning events</p> <p>Continue to attend groups focused on tackling child exploitation</p> <p>Continue to support work across the district regarding exploitation through slavery, county lines, domestic violence</p> <p>Regular internal cross departmental meetings to discuss safeguarding practice</p>	<p>The new Safeguarding Officer is working closely with HR colleagues to ensure that training and recording are up to date and generally processes are understood and being applied. Higher levels of exploitation concerns have been recorded through the pandemic to date and multi-agency work continues in order to contain impacts.</p>	<p>Risk Reviewed 08/10/2020 - No changes</p>

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
2020/21																	
L11 -	Sustainability of Council owned companies and delivery of planned financial and other objectives - failure of council owned companies to their intended outcomes or fail to meet financial objectives	Unclear governance leading to lack of clarity and oversight in terms of financial and business outcomes Non achievement of business and finance outcomes directly or indirectly impacting on other council services Lack of understanding at officer and member level about the different roles of responsibilities required when managing council owned companies	3	4	12	Annual business planning in place for all companies to include understanding of the link between our objectives being delivered and financial impact for the council Financial planning for the companies undertaken that will then be included within our own Medium term financial plan Ensure strong corporate governance mechanisms are in place Sound monitoring in place of both business and financial aspects of the companies and the impact on overall council performance Training in place for those undertaking roles relating to the companies	Fully Fully Partially Fully Partially	Councillor Tony Illot	Steve Jordan	Jonathan MacWilliam	3	4	12	↔	Changes in the shareholder support side line management been put in place. Additional oversight and capacity from senior managers including dashboards at CEDR Resilience and support being developed across business to support and enhance knowledge around council companies Skills and experience being enhanced to deliver and support development, challenge and oversight. Work with one company to ensure long term support arrangements are put in place.	COVID-19 impact and resulting operational environment impacting all three companies . CSN continue to handle increased demands through various grant schemes and increased benefit enquiries Gravenhill resumed development within the current restrictions. Looking at schemes to assist buyers Occupation of Crown House continues with letting agents active in the market Regular liaison with the Shareholder Representative to ensure full understanding of ongoing operational issues. Review of governance arrangements, including roles and responsibilities on going and due to report back within the next month	Risk reviewed - 05/10/2020 No changes
L12 -	Financial sustainability of third-party suppliers including contractors and other partners Supply chain management ensuring effective delivery through the supply chain	The financial failure of a third party supplier or partner results in the inability or reduced ability to deliver a service to customers. A reduced supply market could also result in increased costs due to the council's; loss of competitive advantage.	3	4	12	Ensure contract management in place review and anticipate problems within key service suppliers and partners Business continuity planning arrangements in place in regards to key suppliers Ensuring that proactive review and monitoring is in place for key suppliers to ensure we are able to anticipate any potential service failures	Partially Partially Partially	Councillor Tony Illot	Lorna Baxter	Wayne Welsby	3	4	12	↔	Service areas to hold meetings as required with suppliers to review higher risk areas and ensure risks are managed. The Procurement Team is now providing ELT members and identified Contract Mangers a monthly update of all suppliers with spend above £25k c/w a credit risk rating score to enable contract managers to manage any identified risks, with support from the Procurement Team. Furthermore, as a result of Covid-19 the likelihood of this risk is deemed to have increased and thus the procurement and finance team now hold a weekly joint meeting to consider funding solutions to support At Risk Suppliers in accordance with the national guidance note PPN04/20.	Council departments monitor suppliers financial stability as part of their contract management responsibilities. In addition, through collaboration with Oxfordshire CC, a joint Provision Hub will be established in FY20/21 that will put in place greater commercial skills and controls across the two authorities. This will result in improved monitoring and management of commercial contract risk across the council's supply chain.	Risk reviewed 01/10/20 - No changes
L13 -	CLOSED RISK 18/11/19 - and Joint Working Separation of joint services with SNC and development of joint working partnership with OCC impacts on the provision of services to residents and	Inability to deliver Council priorities and plans, impacting on quality of services delivered to residents and communities. Reduced resilience and business continuity Reduced staff morale, increased workload and uncertainty may lead to loss of good people Opportunities for joint working with OCC take longer to develop than planned delaying potential service Northamptonshire re-organisation impacts on services being delivered to SNC from CDC, impacting on the quality	5	4	20	Agreed programme of separation in place between CDC and SNC Programme Board and Project Team established to deliver separation. S113 agreement in place with Oxfordshire County Council Partnership Working Group established with OCC to oversee the development of joint working proposals. On-going service delivery arrangements to SNC set out clearly and underpinned by the Collaboration Agreement with protocols in Regular review and sharing of partnership activity / engagement at senior officer meetings	Fully Fully Fully Partially Partially	Councillor Barry Wood	Yvonne Rees	Claire Taylor	4	3	12	↔	Standing item at senior officer meetings - regular review of risk and control measures. Legal advice sought with regards to the employment implications of re-organisation and separation arrangements. Separation tracker and risk register to be circulated at all senior management meetings. Collaboration Agreement to underpin joint working with SNC following the end of the s113 in place.	All services have now either been separated or moved into service delivery arrangements with SNC. Reviews of service delivery arrangements with SNC to take place between October-December 2019 Strategic Capability proposal considered by Partnership Working Group in August. Proposals for two Joint Corporate Directors between CDC and OCC approved	Risk reviewed 01/11/19 - Removed

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2020/21																	
L14 -	Corporate Governance - Failure of corporate governance leads to negative impact on service delivery or implementation of major projects providing value to customers.	Threat to service delivery and performance if good management practices and controls are not adhered to. Risk of ultra vires activity or lack of legal compliance Risk of fraud or corruption Risk to financial sustainability if lack of governance results in poor investment decisions or budgetary control. Failure of corporate governance in terms of major projects, budgets or council owned companies impacts upon financial sustainability of the councils. Inability to support Council's democratic functions / obligations (e.g. remote public meetings, remote voting). Elements of the COVID-19 response may be compromised, delayed or not taken forwards.	4	4	16	Clear and robust control framework including: constitution, scheme of delegation, ethical walls policy etc. Clear accountability and resource for corporate governance (including the shareholder role). Integrated budget, performance and risk reporting framework. Corporate programme office and project management framework. Includes project and programme governance. Internal audit programme aligned to leadership risk register. Training and development resource targeted to address priority issues; examples include GDPR, safeguarding etc. HR policy framework. Annual governance statement process completed for 2019/20. Joint Corporate Governance Assurance Group (CGAG) for Cherwell and Oxon is working up a revised and complementary Annual Governance Statement process for 2020/21, which also connects more fully and earlier with ELT and CEDR. CGAG also mapping respective (CDC/Oxon CC) governance processes to achieve alignment and efficiency where appropriate.	Partially Partially Partially Partially Partially Partially Partially	Councillor Barry Wood	Yvonne Rees	Steve Jordan	3	3	9	↔	Standing item at senior officer meetings – regular review of risk and control measures Monitoring Officer to attend management team meetings Annual Governance Statement process under review (reviewing previous actions and identifying new) and draft Corporate Lead Statements which identify actions for 2020/21 are being produced for review Corporate Governance Assurance Group - on schedule.	In January 2019, Council agreed to enter into a Compromise Agreement with South Northants DC to ensure the continuation of key aspects of service delivery that required ongoing joint working (following the ending of the partnership S113 Agreement). Monitoring Officer undertaking a focused Constitution review during Autumn, closely with members, scrutiny involvement with any recommendations for change presented to Full Council. Review of Constitution underway through Scrutiny. Final recommendations to be presented to Full Council in Dec 2020 Members Code of Conduct being reviewed in line with National proposed model	Risk reviewed 08/10/20 - Comments updated
L15 -	L15 Oxfordshire Growth Deal - (contract with HMG)	Failure to meet its obligations as a partner within the Growth Deal could see Cherwell as a factor in Government holding back some or all of its funding and/or cease to extend the arrangement beyond 2023. Infrastructure milestone delivery late (for infrastructure linked to accelerated housing) Accelerated housing numbers delivered late, outside of the programme time scale Delivery of Infrastructure projects fail to accelerate housing delivery as commercial pressures impact house builders Delivery of affordable houses below programme targets as GD contributions insufficient to attract sufficient builders/registered providers Oxfordshire Plan delivered late	4	5	20	Established programme structure and partnership ethos to support effective programme delivery Engagement with housing developers to understand their commercial constraints. Engage with developers to ascertain which sites would benefit most from infrastructure delivery Identify potential "top up" schemes to supplement GD affordable housing scheme Utilise effective Programme controls to facilitate prompt escalation of issues to enable appropriate decision making and delivery timescale review Develop Year 3 Plans of Work to detail the expected delivery by CDC for Year 3 of the Growth Deal Programme; building on the experiences and knowledge gained during Year 2.	Fully Partially Partially Fully Fully Partially	Councillor Barry Wood	Robert Jolley	Jonathan MacWilliam	3	3	9	↑	A CDC GD programme and programme board capability Work stream plans of work (work stream brief, schedule, RAID log) Structured engagement with developers to better understand their needs Appropriate escalation of issues to agree programme flexibilities where required Improved collaboration working with partners Ongoing work with partners to realistically reflect deliverable schemes within programme time frame	Overall and residual probability reduced to reflect both the Homes from Infrastructure and Affordable Housing workstreams actively addressing those sites with potential to slip either by identifying alternative sites as replacements or by re-prioritising the schemes to ensure those most likely are actioned earliest.	Risk reviewed 05/10/20 - Comments and probability scores updated
L16 -	Joint Working That the challenges and risks associated with joint working between Cherwell and OCC, outweigh the benefits and impacts on the provision of services to residents and communities.	Opportunities for joint working take longer to develop than planned delaying potential service improvements for residents and communities. Resources are allocated to the development of proposals, reducing the capacity of the Council to deliver on its priorities and plans, impacting on quality of services delivered to residents and communities. Uncertainty around joint working could lead to reduced staff morale and potentially increase staff turnover. Benefits to be realised from joint working business cases do not materialise or take longer to deliver than planned.	3	3	9	S113 agreement in place with Oxfordshire County Council Partnership working group meets quarterly programme management in Place Partnership Working Group established with OCC to oversee the development of joint working proposals. Robust programme and project management methodologies in place.	Fully Fully Fully	Councillor Ian Corkin	Yvonne Rees	Claire Taylor	2	3	6	↔	Regular reporting on joint working proposals to the senior management team.	Joint senior appointments in the customers and organisational development directorate have been completed. The business case for a joint strategy and communications service is now in place. The partnership working group will review a schedule of projects for the next phase of development at their next meeting. The Audit plan for 2020/21 will ensure joint working arrangements are included. Plans are in place to consider further opportunities for joint working and these are reported to the Partnership Working Group. The Joint MO and Director for Law and Governance has just been confirmed by both councils.	Risk reviewed - 08/09/20 - No changes.

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			Probability	Impact	Rating						Probability	Impact	Rating				
2020/21																	
L17 -	Separation That the separation of joint working arrangements with South Northamptonshire Council impacts on the provision of services to residents and communities.	Separation of joint working arrangements result in reduced capacity and resilience to deliver services. Specific impacts on Revenues & Benefits and IT services which are the only remaining shared services. Services being delivered to SNC are impacted by re-organisation in Northamptonshire, impacting on the quality of services delivered to residents and communities	3	4	12	On-going service delivery arrangements to SNC set out clearly and underpinned by the Collaboration Agreement with protocols in place for dealing with any emerging issues. Currently SNC are not able to confirm end date or transitional arrangements for these shared services going into West Northamptonshire Unitary. This created a level of uncertainty for Cherwell, plans are being prepared for separation on the assumption that West Northants will seek to deliver their own IT, Revs and benefits services. Legal advice is being sort with regards to governance and technical advice is being sort regarding technology. Robust programme and project management frameworks in place.	Partially Fully	Councillor Ian Corkin	Yvonne Rees	Claire Taylor	4	4	16	↔	Regular reporting on joint working proposals to the senior management team. Work has begun to explore the impact of local government reorganisation on the jointly owned arm's length company that delivers revenues and benefits services. This will require additional resource and oversight if a decision to separate is taken. A proposal to separate IT as SNC transitions into West Northants has been agreed by SNC but West Northants has not yet engaged. There is a risk that prolonged delay will prevent CDC working with OCC on future proposals. Work is ongoing to ensure the proposal is progressed.	The majority of services have now separated or been moved into a service delivery arrangement. Although Customer Services has now been separated, there is a lack of clarity of CSN and IT in the transition into the unitary. Plans are being prepared to ensure both areas are ready to separate in line with unitary deadlines.	Risk reviewed 06/10/2020 - No changes
L18 -	Workforce Strategy The lack of effective workforce strategies could impact on our ability to deliver Council priorities and services.	Limit our ability to recruit, retain and develop staff Impact on our ability to deliver high quality services Overreliance on temporary staff Additional training and development costs	3	4	12	Analysis of workforce data and on-going monitoring of issues Key staff in post to address risks (e.g. strategic HR business partners) Weekly Vacancy Management process in place Ongoing service redesign will set out long term service requirements	Partially effective Fully Fully Partially	Councillor Ian Corkin	Claire Taylor	Karen Edwards	3	3	9	↔	Development of relevant workforce plans . Development of new L&D strategy, including apprenticeships. Development of specific recruitment and retention strategies. New IT system is being implemented to improve our workforce data. The ability to interrogate and access key data (ongoing) in order to inform workforce strategies.	Training on workforce planning for the HR team planned to start across both CDC and OCC during Quarter 4.	Risk reviewed 06/10/2020 - Comments updated
L19 -	Covid-19 Community and Customers Significant spread of the Covid-19 virus results in potential impacts in terms of customers and communities. Including community resilience, ability to access services, consequences of prolonged social distancing or isolation, economic impacts to business, including but not limited to the visitor economy.	Possible reductions in frontline service delivery, events, meetings and customer contact. Economic hardship impacting local business and potentially the local workforce. Impact on vulnerable residents who may find it harder to access services. Increased demand on both frontline and enabling services. Prolonged risk of social isolation and the mental and physical consequence thereof.	5	4	20	Business Continuity Plans have been reviewed and tested to ensure the ongoing delivery of priority services Remote (home based) working in place, to facilitate self isolation and limit impact on service delivery. Communications stepped up, to support remote working, reinforce national guidelines and set out the current organisational response. Regular updates from Director of Public Health, shared internally and externally. Partnership communications. Partnership communications enhanced and regular conversations convened. Regular teleconference with local councils and emergency services discussing updates, concerns and best practice. (in-line with usual business continuity and emergency planning protocols). Mutual aid where appropriate with regional Thames Valley partners enable a tactical response to community resilience Tactical response to community resilience. Creation of a dedicated telephony helpline to support the most clinically extremely vulnerable (shielded) residents in the county and operating extended hours each day Provision of additional body storage as temporary place of rest to support the current mortuary provision. Face to face customer events e.g. wedding ceremony, library provision ceased in line with government guidance Engagement with suppliers to manage impacts across the supply chain.	Fully Partially Fully Partially Fully Fully Fully Fully Partially	Councillor Barry Wood	Yvonne Rees	Rob MacDougall	4	4	16	↔	Ongoing review and implementation of Council and partnership business continuity and emergency planning arrangements. COVID19 security on building are being put in place to support the restart of services and this is being coordinated by the Organisational Recovery Steering Group and CEDR An urgent review of business continuity plan is currently underway and will be completed by the end of October to adjust for COVID19 disruption and possible further outbreaks. Outbreak planning and Standard Operating Procedures completed and virtual table top review carried out at beginning of September	The nature of the risk is such that national public health guidelines will determine the councils' response. The councils will enact any support schemes as set out by national government as they emerge. Oxfordshire Health Protection Board is operating effectively to monitor and manage local outbreaks with a number of successful interventions already carried out	Risk reviewed 08/10/20 - Minor amendments to Mitigating Action comments.

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2020/21																	
L20 -	Covid-19 Business Continuity Significant staff absence due to the Covid-19 virus results in potential impacts on frontline service delivery and the ability to run the councils' business on day to day basis.	Possible reductions in frontline service delivery, events, meetings and customer contact.	5	4	20	Business Continuity Plans have been reviewed and tested	Fully	Councillor Barry Wood	Yvonne Rees	Claire Taylor	3	4	12	↔	Ongoing review and implementation of Council and partnership business continuity and emergency arrangements.	The nature of the risk is such that national public health guidelines will determine the councils' response. Various scenario planning for organisational readiness for Covid-19 peaks is underway. Inherent (from 25 to 20) and residual risk reduced (20 to 16) due to Covid occurrence currently reduced. Risk will increase as / if further peaks or local outbreak are likely. Progress establishing the local outbreak plans and the Health Protection Board support mitigation of risk.	Risk reviewed 06/10/20 - No changes
	Potential confusion amongst staff with regards to how to plan and respond to reduced service availability, professional support and maintain business as usual.	Guidance has been prepared for managers to support agile survey is taking place to ensure we are meeting remote working facilities management are working to create covid compliant work spaces.				Partially											
	Requirement to reprioritise service delivery.	Remote working in place				Fully											
	Requirement to offer mutual aid to partner organisations.	Staff communications stepped up, to support remote working, reinforce national guidelines and set out the current organisational response				Fully											
	Potential impact in the medium to long term resilience of staff may result in wider wellbeing issues.	Regular updates from Director of Public Health, shared internally and externally.				Fully											
		Regular teleconference with local councils and emergency services discussing updates, concerns and best practice. (in-line with usual business continuity and emergency planning protocols).				Fully											
		Regular communication messages following Public Health advice				Fully											
		Sanitisers in washrooms				Partially											
		Agile working being tested further across services, ensuring equipment and access is in place.				Fully											
		Posters around the offices encouraging regular hand washing. Hand sanitisers available in washrooms and shared spaces.				Fully											
L21-	Post Covid-19 Recovery - challenges associated with adverse impact on customers, our workforce and the budget.	Long term response to the current covid-19 pandemic	4	4	16	Work underway, a governance programme is currently under development. Executive has agreed a recovery strategy working is underway to transition from an emergency planning environment to recovering environment.	Partially	Councillor Barry Wood	Yvonne Rees	Claire Taylor	3	3	9	↔	Governance programme to be shared and implemented.	Action completed.	Risk reviewed 06/10/20 - No changes
	Requirement to review service delivery	Working through a new corporate programme underpinned by policy research.				Partially	CEDR and ELT working towards new corporate programme liaising with Insight and policy support.										
	Budget implications	In year Budget will be considered by Executive in August to ensure the Council remains in a financially sustainable position in year.				Partially	In year budget on track.										

L04 - Local Plan Risk

The latest Local Development Scheme is that approved by the Executive in March 2020. It includes the programmes for the Partial Review of the Local Plan, the Oxfordshire Plan 2050, a Local Plan Review, the Banbury Canalside Supplementary Planning Document and work on a Community Infrastructure Level (CIL).

Partial Review

The Partial Review of the Cherwell Local Plan was adopted by Council on 7 September 2020. It is now part of the statutory development plan.

Oxfordshire Plan 2050

A Growth Deal commitment. The Plan is being prepared by a central Plan team appointed through the Oxfordshire Growth Board. The Council contributes to the plan-making process as a partner with a view to it being adopted as part of the Development Plan upon completion.

Public consultation on an Issues Paper ended on 25 March 2019. A public 'call for location ideas' ended on 12 April 2019. The central Plan team is evidence gathering and scoping 'spatial options' for Plan development. On 2 June 2020, the Oxfordshire Growth Board agreed a further revision to the timetable for completion of the Plan. This allows for further stakeholder engagement in September 2020; public consultation on a formal Options Paper in January 2021; and, consultation on a proposed Plan in September 2021. The intention is to submit the Plan for Examination in January 2022. As the Plan covers five Local Planning Authority areas, is not under the immediate control of Cherwell officers and can be affected by wider regional influences, there is risk of delay.

Local Plan Review

The timetable for the district-wide Local Plan review in the new Local Development Scheme requires:

- commencement in April 2020
- Consultation on Issues: July-August 2020
- Consultation on Options: February-March 2021
- Consultation on a draft Plan: October-November 2021
- Consultation of a Proposed Submission Plan: July-August 2022
- Submission for Examination: November 2022

An issues consultation commenced on 31 July 2020. There is some risk to the programme in terms of the availability of staff resources and due to the dependency on the Oxfordshire Plan process. The risk of delay is presently considered to be medium with mitigation. Expected national changes to the planning system could affect how the plan is completed.

Banbury Canalside Supplementary Planning Document

The timetable for the Banbury Canalside SPD as set out in the new Local Development Scheme requires:

- preparation: March-September 2020
- formal consultation: September-October 2020
- adoption: December 2020

Staff resources have been focused on Local Plan work which has led to delay in re-commencing work on the SPD. A corporate review of the work needed for Canalside is also taking place which could affect whether/how the SPD is taken forward.

Community Infrastructure Levy (CIL)

The timetable for CIL as set out in the new Local Development Scheme is aligned to Local Plan preparation. It requires

- re-commencement: March 2021
- focused consultation on a draft charging schedule: October-November 2021
- formal consultation on a draft charging schedule: July-August 2022
- potential (if approved) submission of charging schedule: November 2022

The risk to the programme is low subject to the required staffing levels being achieved. However, expected changes to the planning system may affect whether or not to proceed.

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Cherwell District Council

Accounts Audit and Risk Committee

18 November 2020

Review of Those Charged with Governance

Report of the Director of Finance

This report is public

Purpose of report

To set out the response to Ernst & Young (EY) regarding the review of management assurance.

1.0 Recommendations

The meeting is recommended to:

- 1.1 Note the draft response relating to management assurances from Those Charged with Governance at Appendix 1.
- 1.2 Agree that the Director of Finance, in conjunction with the Chairman of the Accounts, Audit and Risk Committee, make any further changes to the response relating to management assurances from Those Charged with Governance at Appendix 1 that may arise as a result of the audit.

2.0 Introduction

- 2.1 This report informs members of the committee of the management's assurances set out from Those Charged with Governance.

3.0 Report Details

- 3.1 Auditing standards require external audit to formally update their understanding of the Council's management processes and arrangements each year. They do this by asking the Committee (as Those Charged with Governance) about the Council's management arrangements.
- 3.2 The draft response is contained in Appendix 1.

4.0 Conclusion and Reasons for Recommendations

4.1 The Committee is recommended to note the draft response set out at Appendix 1.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

6.1 None. The response is a requirement of the regulations.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising directly from this report.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845,
michael.furness@cherwell-dc.gov.uk

Legal Implications

7.2 There are no legal implications arising directly from this report.

Comments checked by:

Chris Mace, Solicitor, 01295 221808, chris.mace@cherwell-dc.gov.uk

Risk Implications

7.3 There are no risk management implications arising directly from this report.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786,
louise.tustian@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All Corporate Plan themes

Lead Councillor

N/A

Document Information

Appendix number and title

- Appendix 1 – Draft Response from Those Charged with Governance

Background papers

None

Report Author and contact details

Michael Furness, Assistant Director of Finance, 01295 221845,
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Dear Maria,

Understanding how the Accounts, Audit and Risk Committee gains assurance from management

I refer to the annual requirement for the Council to provide its external auditors details of the management assurance process that is in place. I have set down below the arrangements that those charged with governance (the Accounts, Audit & Risk Committee) have in place to gain the necessary assurance from management.

1) How the Accounts Audit and Risk Committee, as 'those charged with governance' at the Council, exercise oversight of management's processes in relation to:

- **undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);**

The committee receives regular reports on fraud at their meetings but also relies on the S151 Officer, Internal Audit and, to a lesser extent External Audit, to report to them or to me as committee chairman if fraudulent activity has been uncovered. I am confident that all significant instances of fraud have been properly reported to me or the committee. I am also confident that if there was an awareness of a fraud, at senior management level, that would potentially materially misstate the accounts I would be informed immediately. No such incidents have taken place in 2019/20 and therefore based on the information I am aware of at the moment I am assured that the accounts are not materially misstated as a result of fraudulent activity.

- **identifying and responding to risks of fraud in the Council, including any specific risks of fraud which management have identified (or that have been brought to its attention); or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;**

The committee receives regular reports and updates on risk management, anti-fraud, corruption and bribery and whistle blowing. All of these items are standard items on the agenda and are covered at each meeting by the S151 Officer. I also outline the arrangements in place;

(a) Management Arrangements

- The financial statements are prepared in line with the Statement of Recommended Practice and are subject to internal quality assurance arrangements and an assurance framework of S151 assurances that review areas of highest risk. The accounts are subject to a series of analytical reviews that would identify major movements between years and seek explanations that would assess the likelihood for material misstatement.
- A risk assessment relating to the preparation of the accounts is undertaken each year by the S151 Officer and issues raised by Internal

or External audit are given particular attention.

- The Council's finance function includes a service accountancy team who directly support and advise all the Council directorates. Through monthly support, challenge and review of the financial spend as part of budget monitoring, any material misstatement against budget or spend should be picked up.
- The officers who prepare the statements are experienced accountants who undertake CPD activities. Their work is segregated where feasible and they work to local and professional codes of conduct.
- Fundamental audits are conducted annually and reported to the Accounts, Audit & Risk Committee on the main accounting system by our Internal Auditors.

(b) Accounts, Audit & Risk Committee

- The Committee considers the internal control arrangements exercised by the Council as part of the Annual Governance Statement along with the S151 Officer's report on the accounts including the S151 Officer's arrangements for production of the accounts.
- In receiving the annual accounts from the S151 Officer, the Committee will enquire of them and the deputy S151 Officer whether any further action has been taken to minimise the risk of misstatement due to fraud.
- The committee has regular updates and presentations on Fraud. These presentations highlight the areas that this committee should focus on when reviewing financial statements in order to seek assurances from officers that the accounts are not subject to any risk.
- The Accounts, Audit & Risk Committee consider internal audit reports on an exceptional and risk based basis and the audits undertaken include those on fundamental systems and are able to take into account the likelihood of fraud being detected.
- The Annual Governance Statement, the reports from the Head of Internal Audit on internal control and S151 Officer on the adequacy and effectiveness of internal audit are further bases for coming to a judgement on the risk of misstatement. However, nothing has come to the attention of the Accounts, Audit & Risk Committee which would cause the Committee to consider there is a risk that the financial statements for 2019/20 could be misstated as a result of fraud.
- All members (including the Accounts, Audit & Risk Committee) are aware of the in year budget reporting and monitoring arrangements to Executive and Overview and Scrutiny. All budgets are assigned to a named individual.

- The Accounts, Audit & Risk Committee note the inclusion within the constitution of contract and financial procedure rules and application of external codes such as CIPFA's Treasury Management Code of Practice.
- The Accounts, Audit & Risk Committee is regularly advised on the progress with investigations and where relevant will question whether the nature of the allegations under investigation and any findings could impact on the accuracy of the financial statements.
- The Internal Audit Report of the Head of Internal Audit and the Annual Governance Statement reported to this committee highlight areas where the Council should seek improved control effectiveness.

On occasions when there is something to report outside of the normal committee framework the S151 Officer will contact me to brief me on the issue and discuss it. The Internal Audit manager and External Audit manager, as well as all officers have the right to raise, directly, any issues with me they feel I need to be aware of.

- **communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Council's code of conduct);**

The Monitoring Officer and the Standards Committee are responsible for the Council's ethical governance arrangements. The Monitoring Officer is proactive in raising awareness of the ethical agenda with employees and members. Compliance with ethical standards is monitored by the Monitoring Officer and, when required, the Standards Committee.

The employee code of conduct requires employees to notify all relevant personal interests to their Head of Service/Director. Completed declaration forms are accessible by the Chief Executive, the Section 151 officer and the Monitoring Officer.

Employees and Committee members are aware that identifying and responding to fraud should be done through the responsible financial officer. This is reinforced by the regular update on anti-fraud and corruption issues, risk management and whistle blowing updates. The Anti-Fraud, Corruption and Bribery Policy, the Money Laundering Policy and the Whistle Blowing Policy take account of the joint working arrangements and these policies are available to view on the Councils intranet sites.

The Council are members of the National Anti-Fraud Network and the Investigations team receives National Fraud Alerts, which are cascaded to the Council and specific areas at risk of fraud. Finance is an area regularly monitored.

- **encouraging employees to report their concerns about fraud**

Employees are aware that identifying and responding to fraud should be done through the responsible financial officer. Briefing messages are sent to staff on issues when it is felt appropriate to do so

- **communicating to you the processes for identifying and responding to fraud or error.**

The Accounts, Audit & Risk Committee receive written and verbal reports from the S151 Officer and Head of Internal Audit.

The Head of Internal Audit produces an annual report which includes his opinion on the adequacy and effectiveness of the Council's system of internal control. This report highlights anything that constitutes a significant control weakness during the year under review. The Annual Internal audit report for 2019/20 will be presented to the Accounts, Audit & Risk Committee.

All risks identified are being addressed by the Council. The Accounts, Audit and Risk Committee monitors the action plans associated with all risks identified.

2) How does the Accounts, Audit and Risk Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

(a) Management Processes

- Submission to the Accounts, Audit & Risk Committee of regular updates on fraud activity and initiatives to deter and detect fraud such as the whistle blowing policy.
- The Head of Internal Audit undertakes an annual risk assessment exercise in formulating the Internal Audit Plan. This plan is then submitted to the Accounts, Audit and Risk Committee for approval. For 2019/20, the audit plan was approved by the Committee. The Committee is aware of the allocation of time in the annual audit plan for counter fraud activity.

(b) The Accounts, Audit & Risk Committee

- The Accounts, Audit & Risk Committee has access to internal audit reports and within these reports any possible fraudulent activity identified through the audit work would be recorded. In addition, the Head of Internal Audit would report any fraudulent, or potentially fraudulent, activity to the Committee in his regular progress reports.
- The Head of Internal Audit, and where appropriate the Monitoring Officer and S151 Officer, are required to advise about each case of alleged fraud. The committee receives regular update reports and communication regarding fraud and if required these would be detailed in the annual governance statement and the committee annual report.

3) Are the Committee aware of any: breaches of, or deficiencies in, internal control; and actual, suspected or alleged frauds during 2019/20?

I, on behalf of the Committee, have no knowledge of any actual or suspected alleged frauds that could have a significant impact on the Council's 2019/20 financial statements. I am confident that if any such instances were discovered, suspected or alleged they would be brought to my attention by the S151 Officer or his deputy.

4) Is the Committee aware any organisational or management pressure to meet financial or operating targets?

I am not aware of any organisational or management pressure placed on staff to meet financial or operating targets.

5) How does the Accounts, Audit & Risk Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2019/20?

The authority has a statutory S151 officer (Director of Finance) and monitoring officer (Corporate Director – Commercial Development, Assets and Investment) who are responsible for ensuring, as far as possible, that all relevant laws and regulations have been complied with.

The Monitoring Officer and S151 Officer, via membership of the Chief Executive Direct Reports (CEDR) and through the established process for reporting to members under the executive arrangements, will advise on and identify areas of concern and risk of non-compliance. Arrangements are established under the Constitution (e.g. contract procedure rules) to ensure that appropriate consideration is given to (and advice taken on) the application of the legal and regulatory framework.

The constitution provides further safeguards as do the management assurance statements that are provided by all senior managers and the annual governance statement.

I am pleased to state that there have been no instances of non-compliance to date. Should there be any I would expect they would be referred to my committee for consideration.

6) Is the Accounts, Audit and Risk Committee aware of any actual or potential litigation or claims that would affect the financial statements?

The committee is not aware of any potential claims as at the date of this letter but will continue to receive an update on any potential issues and consideration if we need to make formal representation in our financial statements. Officers will be in a position to provide you with any additional information you may need.

7) How does the Accounts, Audit and Risk Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial

statements?

We have considered the going concern assumption and have not identified any events which may impact on the authority's ability to continue as a going concern.

The Council has adequate general fund reserves and continually reviews its risk register and mitigations. Additionally, in 2019/20, as demonstration of the effective budget monitoring arrangements in place, in response to the forecast net additional cost pressures faced by the Council due to Covid-19 a "revised budget" has been implemented in-year to minimise the call on reserves to address additional costs.

The committee notes the current review of arrangements for Northamptonshire and will remain in dialogue with South Northamptonshire Council as the review progresses.

The committee also notes the development of joint working arrangements with Oxfordshire County Council.

8) Which related parties does the Committee consider to be significant to the Council and what is its understanding of the relationships and transactions with those related parties?

The Council owns a number of companies that are included within the Cherwell District Council (Group) Statement of Accounts and are not therefore considered as related parties.

9) Does the Accounts, Audit and Risk Committee have any concerns about relationships or transactions with related parties and, if so, why?

No.

As Chairman of the Accounts, Audit & Risk Committee, I have signed this letter on behalf of the committee. The content of this letter will also be discussed at the Accounts, Audit & Risk Committee

Yours sincerely

Councillor Mike Kerford-Byrnes
Chairman of the Accounts, Audit & Risk Committee

Cherwell District Council

Accounts Audit and Risk Committee

18 November 2020

External Audit – Annual Audit Opinion 2019/20

Report of the Director of Finance

This report is public

Purpose of report

To receive a report setting out the External Audit Opinion for 2019/20.

1.0 Recommendations

The meeting is recommended to:

- 1.1 note the contents of the External Audit Opinion (ISA260) for 2019/20 from our External Auditors, Ernst & Young (EY).

2.0 Introduction

- 2.1 Attached at Appendix 1 is the External Audit Opinion 2019/20 which outlines the work undertaken to audit the Statement of Accounts and the overall opinion for 2019/20.

3.0 Report Details

- 3.1 External Audit undertakes its work in line with the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments Ltd and auditing standards.
- 3.2 The Audit Opinion (ISA260) sets out the methodology, approach and timescales that EY have taken in relation to undertaking the work required for the audit of the Statement of Accounts 2019/20.
- 3.3 The Audit Opinion sets out the overall assessment of the Statement of Accounts produced. The Statement of Accounts for 2019/20 has been prepared in line with the amended timescales required in response to the Covid-19 pandemic.

4.0 Conclusion and Reasons for Recommendations

4.1 The opinion sets out the assessment of External Audit for 2019/20.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

6.1 None.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising directly from this report.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845,
michael.furness@cherwell-dc.gov.uk

Legal Implications

7.2 There are no legal implications arising directly from this report.

Comments checked by:

Chris Mace, Solicitor, 01295 221808, chris.mace@cherwell-dc.gov.uk

Risk Implications

7.3 There are no risk management implications arising directly from this report.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786,
louise.tustian@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All Corporate Plan themes

Lead Councillor

N/A

Document Information**Appendix number and title**

- Appendix 1 – External Audit Opinion (ISA260) 2019/20

Background papers

None

Report Author and contact details

Michael Furness, Assistant Director of Finance, 01295 221845,
michael.furness@cherwell-dc.gov.uk

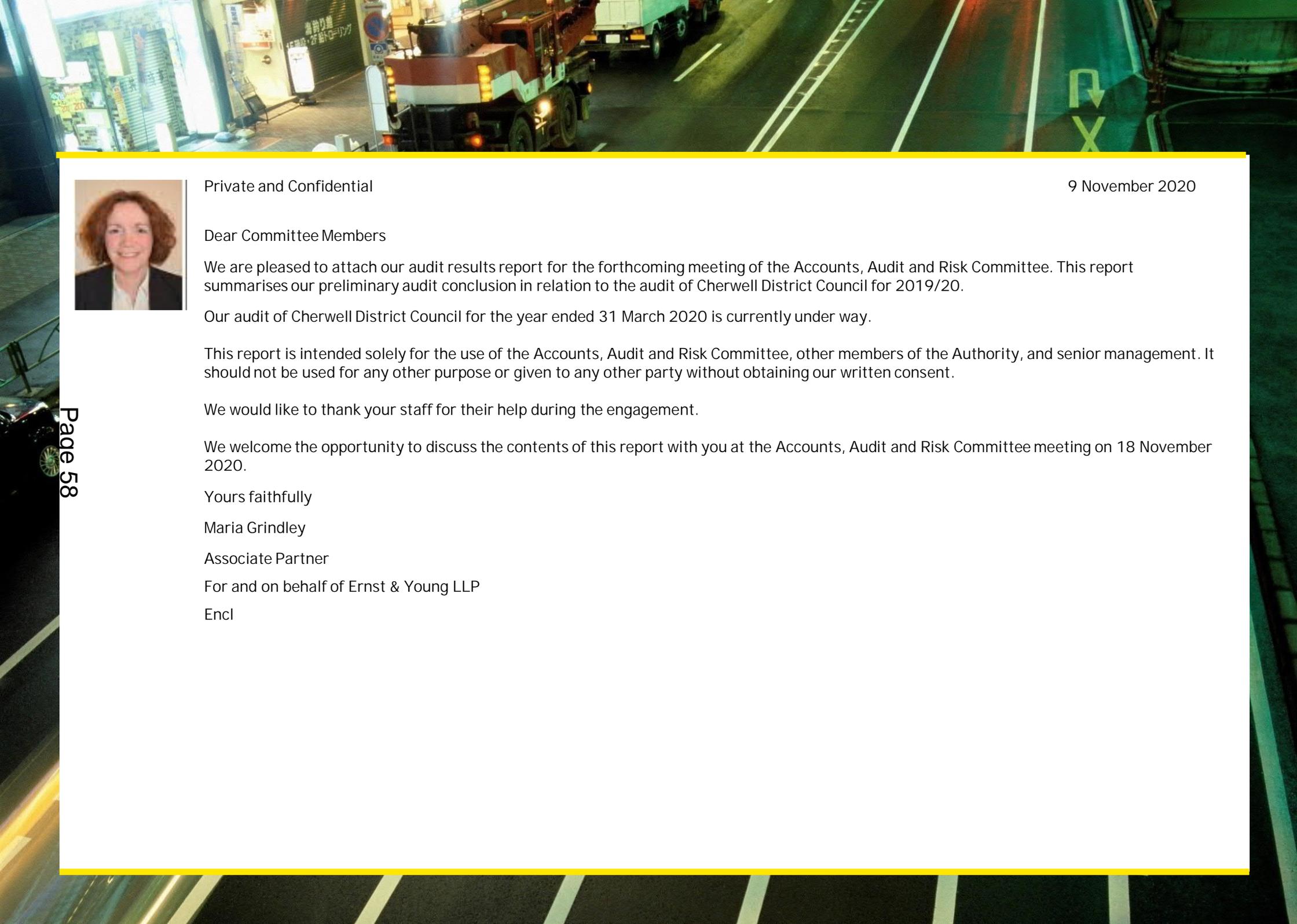
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Cherwell District Council Audit results report

Year ended 31 March 2020

9 November 2020

Page 57



Private and Confidential

9 November 2020



Dear Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Accounts, Audit and Risk Committee. This report summarises our preliminary audit conclusion in relation to the audit of Cherwell District Council for 2019/20.

Our audit of Cherwell District Council for the year ended 31 March 2020 is currently under way.

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 would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Accounts, Audit and Risk Committee meeting on 18 November 2020.

Yours faithfully

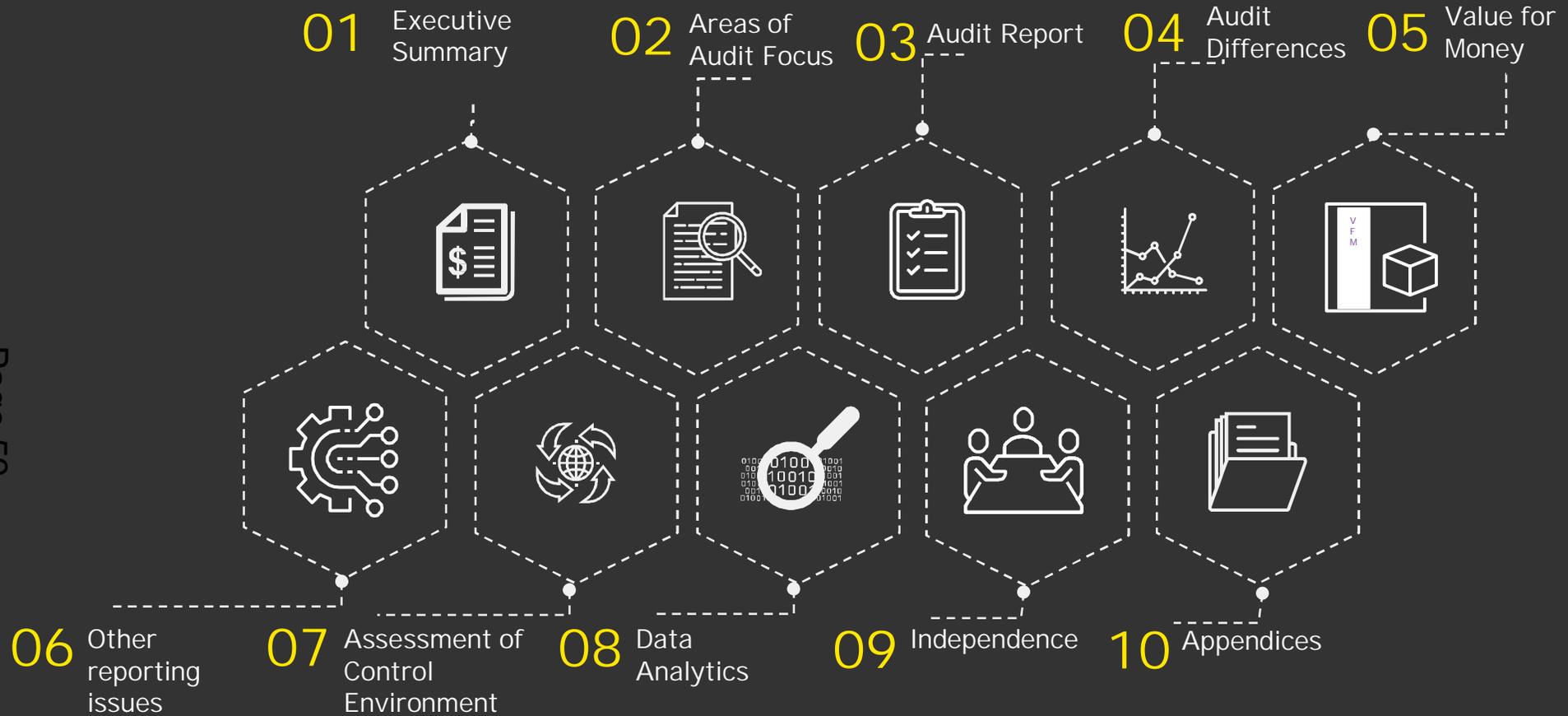
Maria Grindley

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk).

This 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 April 2018)' issued by 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 statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities / Terms and Conditions of Engagement. It is addressed to the Members of the audited body, and is prepared for their sole use. As appointed auditor, we take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01

Executive Summary

Executive Summary

Scope update

In our audit planning report sent to the 18 March 2020 Accounts, Audit and Risk Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities.

Changes to our risk assessment as a result of Covid-19

- Valuation of Property Plant and Equipment - The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Authority's external valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of property, plant and equipment.
- Disclosures on Going Concern - Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Local Authority would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Local Authority's actual year end financial position and performance.
- Events after the balance sheet date - We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Local Authority.
- Adoption of IFRS16 - The adoption of IFRS 16 by CIPFA/LASAAC as the basis for preparation of Local Authority Financial Statements has been deferred until 1 April 2021. The Authority will therefore no longer be required to undertake an impact assessment, and disclosure of the impact of the standard in the financial statements does not now need to be financially quantified in 2019/20. We therefore no longer consider this to be an area of audit focus for 2019/20.

Changes to the scope of our audit as a result of Covid-19

- We revised our risk assessment on key estimates (PPE and Pensions) and are extending our use of internal specialists to support our work in these areas.

Changes in materiality

In our Audit Planning Report, we stated that our audit procedures would be performed using a materiality of £2.4m, with performance materiality at 75% of overall materiality of £1.8m, and a threshold for reporting misstatements of £122K. We have considered whether any change to our materiality is required in light of Covid-19. Following this consideration we remain satisfied that the basis for planning materiality, performance materiality and our audit threshold for reporting differences reported to you in our Audit Planning Report remain appropriate.

We updated our materiality assessment upon receipt of the draft financial statements. This resulted in a revised materiality of £2.14m, with performance materiality at 75% of overall materiality of £1.6m, and a threshold for reporting misstatements of £107K.



Executive Summary

Scope update

Information Produced by the Entity (IPE): We identified a potential increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Authority's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agreed IPE to scanned documents or other system screenshots.

Additional EY consultation requirements concerning the impact on auditor reports because of Covid-19. The changes to audit risks, audit approach and auditor reporting requirements changed the level of work we needed to perform. We have set out the potential impact on our audit fee on page 35.

Our audit opinion will emphasise the following:

Property, Plant and Equipment (PPE) valuation – the external valuer has flagged a material uncertainty in their valuation report to the Council. We have engaged with our internal valuation specialists to support the audit team understand the extent of the uncertainty. Depending on the outcome of that review our audit report may include an Emphasis of Matter or a Material Uncertainty in respect of PPE valuation.

Going concern – given the significance of the Covid-19 pandemic on the financial operations and financial management of the Authority we have been required to complete additional procedures in respect of Going Concern. We have requested additional information from the Director of Finance and raised a number of questions to understand the implications of Covid-19 on longer term financial plans. Depending on our review of that information and responses there may be an impact on our audit report for 2019/20. This could take the form of either an Emphasis of Matter disclosure in our audit report or a Material Uncertainty disclosure. This will be subject to internal consultation with our internal professional practice directorate.

We expect to issue the audit certificate at the same time as the audit opinion.

Executive Summary

Status of the audit

Our audit of Cherwell DC's financial statements for the year ended 31 March 2020 is currently under way and we are in the process of performing the procedures outlined in our Audit planning report. Subject to satisfactory completion of the following outstanding matters, we expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise:

Officers' remuneration

Valuation of property, plant & equipment and investment property

Bank reconciliation

Debtors and creditors

Grant receipts in advance and grant income

IAS19 disclosures and McCloud judgement

Finance leases

Payroll

Income and expenditure

Collection fund: NDR impairment

receipt of one o/s investment confirmation

review of the final version of the financial statements

completion of subsequent events review

receipt of the signed management representation letter

completion of procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission

We expect to issue the audit certificate at the same time as the audit opinion.

Audit differences

Currently there are no unadjusted or adjusted audit differences arising from our audit.



Executive Summary

Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of Cherwell DC's financial statements. This report sets out our observations and conclusions to date, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

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
- You agree with the resolution of the issue
- There are no other significant issues to be considered.

There are no 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.



Executive Summary

Control observations

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

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. In our Audit Planning Report we identified no significant risks.

We have no matters to report about the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We had no issues to report.

We note that at the time of audit, 25 members of the Council had not completed their required annual declaration of interests.

Independence

Please refer to Section 09 for our update on Independence.



02 Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

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

We have not identified a heightened risk of management override overall, but we have identified a specific area where management override might occur: incorrect capitalisation of revenue spending. Our specific response to this risk is set out in the next slide.

What judgements are we focused on?

We have considered the risk of management override and the areas of the financial statements that may be most susceptible to this risk. For the Council, we have identified the potential for the incorrect classification of revenue spend as capital and the allocation of shared costs between South Northamptonshire Council and Cherwell District Council as particular areas where there is a risk of fraud or error.

What are we doing?

- Identified fraud risks during the planning stages.
- Asked management about risks of fraud and the controls put in place to address those risks.
- Understood the oversight given by those charged with governance of management's processes over fraud.
- Considered the effectiveness of management's controls designed to address the risk of fraud.
- Determined an appropriate strategy to address those identified risks of fraud.
- Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements
- Specific testing where amounts have been allocated between Cherwell District Council and South Northamptonshire Council.

What are our conclusions to date?

So far, we have not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.

However our detailed testing is not yet complete.





Areas of Audit Focus

Significant risk

Incorrect capitalisation of revenue expenditure

Page 68

What is the risk?

Under ISA240 there is also a presumed risk that revenue may be misstated due to improper recognition of revenue. In the 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 the manipulation of expenditure recognition.

For Cherwell District Council, we consider this risk to be related to the inappropriate capitalisation of revenue expenditure.

We have considered the capitalisation of revenue expenditure on property, plant and equipment as a specific area of risk given the extent of the Authority's capital programme.

What judgements are we focused on?

How management decides on appropriate capitalisation of revenue expenditure.

What did we do?

We sample tested additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised.

What are our conclusions?

We have not identified any issues with management's accounting policies or practices in relation to opting to finance expenditure from capital sources.

Capital expenditure in relation to Investment is not material, so we focused our testing on property, plant and equipment capital additions and also Revenue Expenditure Financed from Capital Under Statute (REFCUS) capital additions.

Our testing of Cherwell DC's capital additions has not identified any instances where expenditure had been inappropriately capitalised. We will also be reviewing the work of component auditors in this area.





Areas of Audit Focus

Significant risk

Valuation and classification of Castle Quay

What is the risk?

The fair value of the Castle Quay development represents a significant balance in the Council's group Statement of Accounts.

The asset is subject to an annual revaluation, and management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end value recorded in the balance sheet.

The Castle Quay development continues to be potentially affected by the weakness of the retail sector. We also note that our valuers in 2018/19 identified improvements that could be made to the valuation methodology.

What judgements are we focused on?

- Management judgements of ownership arrangements and how they are disclosed
- Correctness of reporting and disclosure of group elements in the consolidated financial statements
- Correctness of consolidating adjustments
- Completeness of related party disclosures

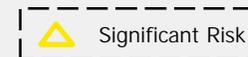
What are we doing?

We are:

- considering the work performed by the Council's valuer. This means testing and challenging the information and assumptions used by the valuers using our specialists;
- using specialists in our Real Estate team to support our work reviewing the assumptions used in the valuation of this asset. This was a focus of professional scepticism in view of recent reports on the fragility of the retail sector e.g. increases in discount rates ("yield") having a negative impact on carrying value
- testing that the asset has been correctly classified within the balance sheet, and that the accounting entries relating to its valuation have been correctly reflected in the Statement of Accounts.

What are our conclusions?

We are awaiting the conclusion of the work currently being carried out by our valuation specialists, EY Real Estate





Areas of Audit Focus

Significant risk

Risk of error in the valuation of land and buildings (updated post Covid-19)

What is the risk?

The fair value of Property, Plant and Equipment and Investment Properties represent significant balances in the Authority's accounts, totalling approximately £194 million and subject to valuation changes, impairment reviews and depreciation charges.

In calculating amounts recorded in the Authority's balance sheet, management are required to make material judgements and apply estimation techniques.

What judgements are we focused on?

We focused on aspects of the land and buildings valuation which could have a material impact on the financial statements, primarily:

- harder to value assets – such as schools which are valued on a depreciated replacement cost basis;
- the assumptions and estimates used to calculate the valuation; and
- changes to the basis for valuing the assets.

What are we doing?

We confirmed that the Authority's valuers are members of RICS and registered valuers. We reviewed the instructions provided to the valuer against the requirements of the Code and IFRS and found no issues.

For a sample of assets we are assessing whether the valuation basis was appropriate and whether the assumptions used were supportable and reperformed the valuers' calculations.

We challenged the information provided by the valuer as the management's expert.

We are considering the impact of assets not revalued in year, and whether this could lead to a material misstatement of the closing asset valuation.

What are our conclusions?

We updated our risk assessment in light of the impact of Covid-19 and the fact that the external valuer had highlighted a 'material uncertainty' in their valuation report. As a result we instructed our internal valuers to support us with our work in this area.

We have asked our internal valuers to support us with a review of a range of assets across the portfolio including property, plant and equipment and investment properties. This work is still ongoing.

We are considering the impact of assets not revalued in year and the fact that assets valuations occur effective as at 1 April 2019. We challenged officers on the material correctness of valuations at that date and officers are considering possible indexation and the impact that this could have across the portfolio. This work is still ongoing.

Our work on investment properties has not identified any issues to date.

We will provide an update on the status of our valuations work at the Accounts, Audit and Risk Committee.

Other areas of audit focus

We have identified other areas of the audit not classified as significant risks, but still important when considering the risks of material misstatement to the financial statements and disclosures. These may be key audit matters which we will include in our audit report.

What is the risk/area of focus?	What are we doing?
<p>Pension Asset Valuation</p> <p>The Local Authority Accounting Code of Practice, and IAS19, require the Council to make extensive disclosures in its financial statements about its membership of the Local Government Pension Scheme administered by Oxfordshire County Council.</p> <p>The Council's pension fund liability is a material estimated balance and the Code requires that this asset be disclosed on its balance sheet.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by its actuary, Hymans Robertson.</p> <p>Accounting for the scheme involves significant estimation and judgement, so management engages an actuary to perform the calculations on its behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and on the assumptions underlying fair value estimates.</p>	<p>We:</p> <ul style="list-style-type: none"> liaise with the auditors of Oxfordshire Pension Fund to obtain assurances over the information supplied to the actuary in relation to Cherwell District Council; assess the work of the Pension Fund actuary (Hyman Robertson) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19; and Consider any impact in year from the McCloud judgement. <p>Our work in this area is still ongoing.</p>



Audit risks

Other areas of audit focus (cont.)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the area of focus?

What will we do?

Group Boundary Assessment

We will:

The Council now consolidates three wholly owned subsidiary companies in its accounts, and also holds an interest in a joint company with South Northamptonshire Council to process housing benefit claims across both Councils from June 2018.

- Review the Council’s assessment of its group boundary
- Test the consolidation of entries relating to these subsidiary entities into the Council's Group Statement of Accounts
- Issue instructions to the auditors of the three component entities as appropriate.

As in previous years, our work in this area is not contained with the assumptions used by Public Sector Audit Appointments Limited (PSAA) in setting the Council’s audit fee. We have included an estimate of the likely additional fee in relation to this matter; this is reflected in Appendix A of this report.

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03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

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

Opinion

We have audited the financial statements of Cherwell District Council for the year ended 31 March 2020 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 Expenditure and Funding Analysis
Collection Fund and
the related notes 1 to 39 of the Authority Financial Statements, notes 1 to 4 of the Collection Fund, and notes 1 to 3 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 2019/20.

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 2020 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 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Statement of Accounts for 2019/20 set out on pages 4-22 other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.



Audit Report

Our opinion on the financial statements

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, 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 2020.

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.

Responsibility of the Director of Finance

As explained more fully in the Statement of the Director of Finance's Responsibilities set out on page 23, the Director of Finance 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 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Director of Finance is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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.



Audit Report

Our opinion on the financial statements

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 April 2020, 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 2020.

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, the [name of body] had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to 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.

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.

Use of our report

This report is made solely to the members of Cherwell District, 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.



04 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the 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.

Summary of adjusted differences

We highlight misstatements greater than £1.6m corrected by management and identified during the course of our audit.

There are currently no uncorrected misstatements.



05

Value for Money



Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

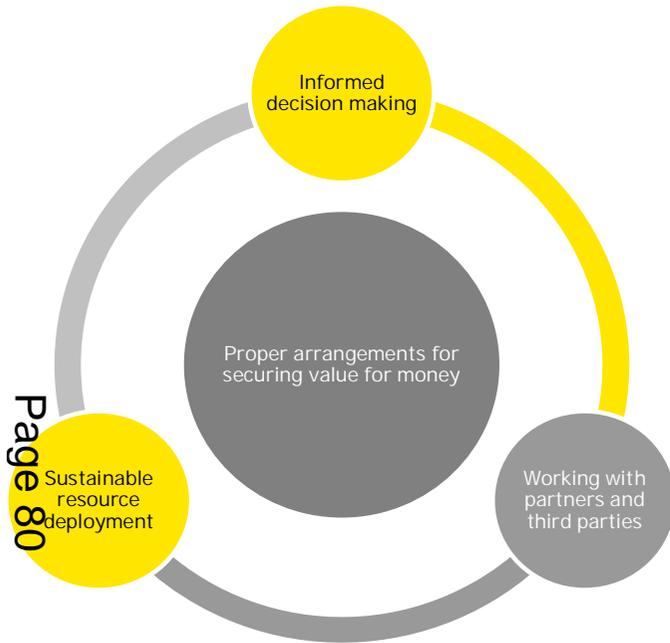
For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

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 will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.



Impact of covid-19 on our Value for Money assessment

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Authorities' response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019/20 VFM arrangements conclusion.

Overall conclusion

We did not identify any significant risks around these criteria.

We therefore expect to have no matters to report about the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. We are currently updating the work we did in this area at planning.



06 Other reporting issues

Other reporting issues

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

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2019/20 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.

Financial information in the Statement of Accounts 2019/20 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

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Whole of Government Accounts

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

We will conclude our work in this area at the end of the audit and will report any matters arising to the Accounts, Audit and Risk Committee.

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”). We did not identify any issues which required 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 did not identify any issues.

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 discussed with management;
- Written representations requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group audits

To date the only issue we wish to bring to your attention is the large number of members who have yet to complete their declarations of interest.



07

Assessment of Control Environment



Assessment of Control Environment

Reliance on internal audit

It is the responsibility of the Council 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 Council 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.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



08 Data Analytics



Use of Data Analytics in the Audit

- ▶ Data analytics – revenue recognition, income & expenditure, payroll

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2019/20, our use of these analysers in the Authority's audit included testing journal entries and employee costs, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.

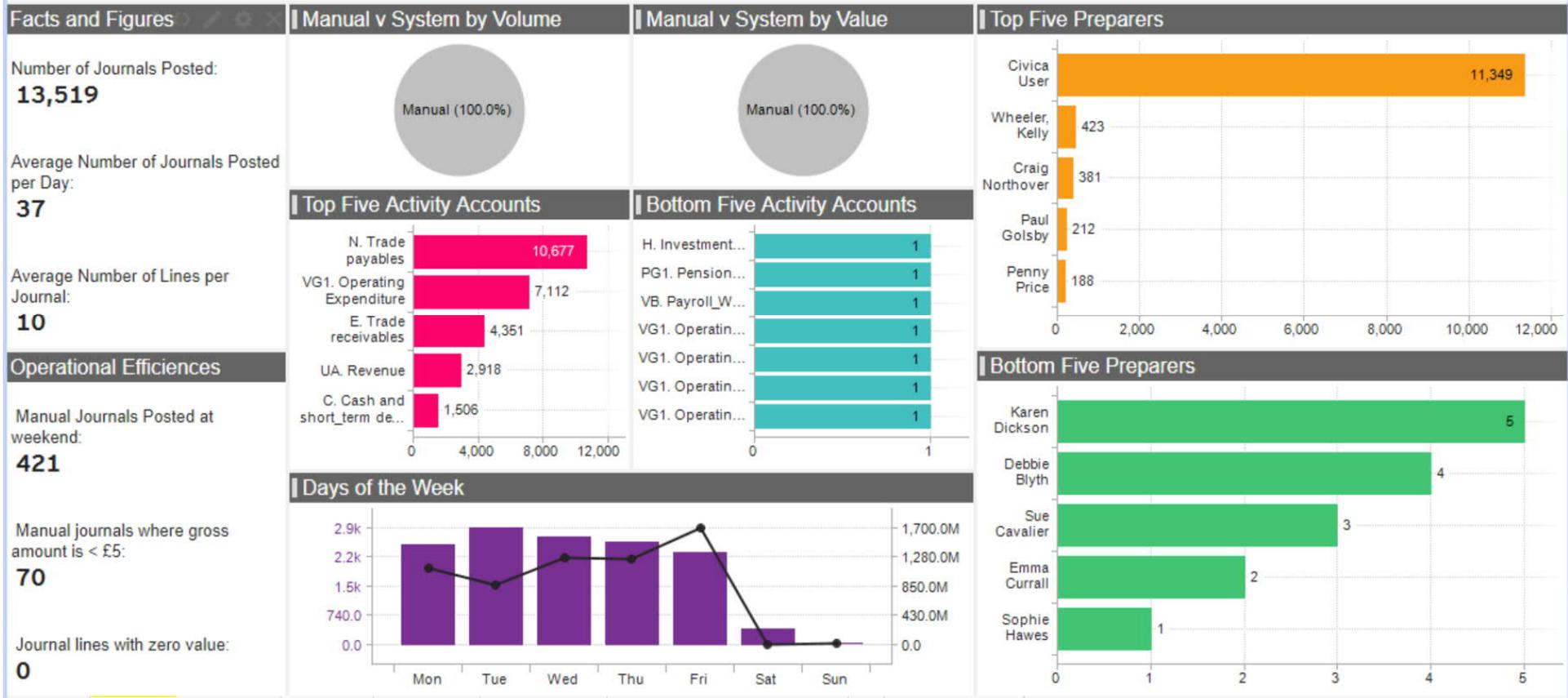


Journal Entry Data Insights

The graphic outlined below summarises the journal population for 2019/20. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples.

EY Helix - GLASS: Journal Entry Data Insights - 20 Cherwell District Council - P1 to P16 - 31/03/2020



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Journal Entry Testing

What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

Journal entry data criteria – 31 March 2020

What judgements are we focused on?

Using our analysers we are able to take a risk-based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.



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What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

What are our conclusions?

We isolated a sub-set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



09

Independence

Confirmation and analysis of Audit fees

We confirm there are no changes in our assessment of independence since our confirmation in our audit planning report dated 10 March 2020.

We complied with the APB Ethical Standards. 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 that should be reviewed by both you and ourselves. It is therefore important that you and your Accounts, Audit and Risk Committee consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Committee on 18 November 2020.

Additional fees because of the Council's group structure, valuation work around the significant risk of Castle Quay valuation, and issues around the closure of the 2018/19 accounts. This has not yet been formally agreed by PSAA

** The fee for housing benefit work is the base fee and does not include any extended testing; however in the past some extended testing has always been required in order to comply with DWP expectations, so the actual fee is likely to be higher. From 2018-19 onwards the work falls outside the PSAA regime and is subject to a separate fee proposal and engagement terms.

*** The scale fee for 2019/20 is set by PSAA as indicative and does not reflect the actual costs of undertaking the audit, to address all risks identified and to meet current regulatory standards. In our planning report we stated we are also in an unprecedented period of change. A combination of pressures is affecting Local Audit and the sustainability of delivery is now a real challenge. We have been discussing with PSAA the basis on which the scale fee was set. We also note this is consistent with the findings of the Redmond report.

We have also incurred additional costs in addressing the increased risks associated with C 19, including asset valuations and the impact on the going concern assessment. We will discuss and agree a fee with management and PSAA, and communicate progress to the Audit & Governance Committee.

As part of our reporting on our independence, we set out below a summary of the fees which you have paid us in the year ended 31 March 2020.

We confirm that we will undertake non-audit work on the certification of the Housing Benefit claim. We have agreed a separate Engagement Letter for the operation of this work.

Description*	Final Fee 2019/20 £	Planned Fee 2019/20 £	Final Fee 2018/19 £
Total Audit Fee – scale fee	40,138	40,138	40,138
Work over and above scale fee	TBC	TBC	*33,977
Total audit fee	TBC	TBC	74,115
Non-audit work: HB certification work	TBC	**4,500	21,500
Total non-audit services	TBC	**4,500	21,500
Total fee	***note	***note	95,615

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Accounts, Audit and Risk Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the Accounts, Audit and Risk Committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

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Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

To date we have not identified any non-audit services being provided to the Council which would be prohibited under the new standard.

Other communications

EY Transparency Report 2019

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2020:

https://www.ey.com/en_uk/who-we-are/transparency-report-2020



10 Appendices

Appendix A

Required communications with the Accounts, Audit & Risk Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

			 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	
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report	
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report	
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report	

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • 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 	Audit results report
Misstatements	<ul style="list-style-type: none"> • 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 • Material misstatements corrected by management 	Audit results report
Subsequent events	<ul style="list-style-type: none"> • Asking the Accounts, Audit and Risk Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	
Fraud	<ul style="list-style-type: none"> • Asking the Accounts, Audit and Risk Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Accounts, Audit and Risk Committee responsibility. 	Audit results report

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Authority 	Audit results report
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report</p> <p>Audit results report</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the Accounts, Audit and Risk Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Accounts, Audit and Risk Committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Audit results report

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Group Audits	<ul style="list-style-type: none"> An overview of the type of work to be performed on the financial information of the components An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work 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 management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Audit planning report Audit results report
Written representations requested from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations requested from management and/or those charged with governance 	Audit results report
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit results report
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit Planning Report Audit Results Report
Certification work	<ul style="list-style-type: none"> Summary of certification work 	Certification Report

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Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]
[Date]

Ernst & Young
FAO: Maria Grindley
EY
Apex Plaza
Reading
RG1 1YE

Page 100

This letter of representations is provided in connection with your audit of the council financial statements of Cherwell District Council ("the Council") for the year ended 31 March 2020. 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 council financial statements give a true and fair view of the Council financial position of Cherwell District Council as of 31 March 2020 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 for the Council.

We understand that the purpose of your audit of our 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 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 2019/20 for the Council.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the council financial statements. We believe the Council 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 Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and are free of material misstatements, including omissions. We have approved the council financial statements.
3. The significant accounting policies adopted in the preparation of the Council financial statements are appropriately described in the Council financial statements.
4. As members of management of the Council, we believe that the 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 2019/20 for the Council that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the council financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because [specify reasons for not correcting misstatement].

Management representation letter

Management Rep Letter (cont.)

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the Council financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Council (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. 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 all material transactions, events and conditions are reflected in the council financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Council and committees (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 18 November 2020.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the 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 council 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 Council has complied with, all aspects of contractual agreements that could have a material effect on the council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

Management representation letter

Management Rep Letter (cont.)

D. 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 council 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. No guarantees have been given to third parties.

E. Subsequent Events

1. Other than those described in Note 6 to the council financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to year end which require adjustment of or disclosure in the council financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Going Concern

1. Accounting policy a) General Principles to the council financial statements discloses all of the matters of which we are aware that are relevant to the 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.

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the council financial statements.

J. Reserves

1. We have properly recorded or disclosed in the council financial statements the useable and unusable reserves.

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the asset valuations and net pension liability valuation and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the council 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.

L. Asset Valuation 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 in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 for the Council.
2. We confirm that the significant assumptions used in making the asset valuation estimates appropriately reflect our intent and ability to carry out planned uses of assets valued.

Management representation letter

Management Rep Letter (cont.)

3. We confirm that the disclosures made in the council financial statements with respect to the accounting estimate(s) are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 for the Council.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the council financial statements due to subsequent events, including due to the COVID-19 pandemic.

M. 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.

Yours faithfully,

Director of Finance

Chair of the Accounts, Audit & Risk Committee

Appendix C

Regulatory update

Since the date of our last report to the Audit & Governance Committee/Board, there have been a number of regulatory developments. 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 Oxfordshire County Council 
Code of Audit Practice 2020	<ul style="list-style-type: none"> The updated Code of Audit Practice issued by the National Audit Office has introduced some significant changes to the requirements regarding auditors' work on the value for money conclusion, which will be applicable from 2020/21. 	<ul style="list-style-type: none"> The NAO are currently updating the Auditor Guidance Notes which will set out how the new Code of Audit Practice should be applied when carrying out value for money work. As such, the impact remains to be confirmed. Further updates will be provided when possible.
Going Concern - ISA (UK) 570 (Revised September 2019)	<ul style="list-style-type: none"> The standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, however EY expects to early-adopt the revised standard for all of our audits of periods ending on or after 30 June 2020. This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. 	<ul style="list-style-type: none"> Practice Note 10, which sets out how the auditing standards are applied in a public sector context, is currently being revised, including in light of the updated standard for Going Concern. As such, the impact is not clear at this stage. Further updates will be provided when possible.
Independence	<ul style="list-style-type: none"> The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and will be effective from 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to companies that are UK Public Interest Entities (PIEs). This prohibition will also extend to any UK parent and apply to all worldwide subsidiaries. A narrow list of permitted services will continue to be allowed. 	<ul style="list-style-type: none"> We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under the FRC Revised Ethical Standard 2019 which will be effective from 15 March 2020. Non-audit services which are in progress as at 15 March 2020 and are permitted under the existing ethical standard will be allowed to continue under the existing engagement terms until completed. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales. To date we have not identified any non-audit services which would be prohibited under the new standard.

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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ED None

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Cherwell District Council

Accounts Audit and Risk Committee

18 November 2020

Statement of Accounts Update

Report of the Director of Finance

This report is public

Purpose of report

To receive a report to ask Members to consider the following:

- Changes to be incorporated to the draft statement of accounts.

1.0 Recommendations

The meeting is recommended to:

- 1.1 Agree that the Draft Statement of Accounts 2019/20 be endorsed, subject to the changes required in Appendix 2, and once the final audit opinion is received the Director of Finance (S151 Officer), in consultation with the Chair of the Accounts, Audit and Risk Committee (or Vice Chair in case the Chairman is unavailable) be authorised to sign the accounts and it be noted that if any material changes to the accounts are required, then an additional committee meeting would be convened to consider the changes.
- 1.2 Agree that the Director of Finance, in consultation with the Chair of the Accounts, Audit and Risk Committee (or Vice Chair in their absence), can make any further changes to the letters of representation that may arise during completion of the audit.

2.0 Introduction

- 2.1 The Statement of Accounts has been prepared in accordance with all relevant statutory reporting requirements.
- 2.2 The statutory timescale required that the Statement of Accounts were approved by the S151 Officer and received by the Councils External Auditor, Ernst & Young (EY) by 31 August 2020. Following this the accounts are audited in advance of the External Auditor, Ernst & Young setting out their opinion on the accounts and reported to this committee.

- 2.4 The Letter of Representation is an important part of the audit process whereby the Council, via the Section 151 Officer provides representations around the operation of the Council that allows and helps the auditors to form their opinion as to whether the financial statements give a true and fair view.

3.0 Report Details

- 3.1 The timescales for production and auditing of the 2019/20 Statement of Accounts are longer than in previous years due to the ongoing impacts of Covid-19.
- 3.2 The Statement of Accounts set out the financial performance of the Council during 2019/20 and provides useful information for the public and stakeholders to identify how the Council has managed public resources across the district.
- 3.5 The Appendix to this report sets out the changes that the Council intends to make to the draft statement of accounts based on the Audit Findings Report so far.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The external audit has not yet reached conclusion and so the final statement of accounts cannot be presented to the Committee. As the audit is approaching its conclusion, this report identifies the material changes to the draft statement of accounts that will be made.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 None.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising directly from this report.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845,
michael.furness@cherwell-dc.gov.uk

Legal Implications

- 7.2 There are no legal implications arising directly from this report.

Comments checked by:
Chris Mace, Solicitor, 01295 221808, chris.mace@cherwell-dc.gov.uk

Risk Implications

7.3 There are no risk management implications arising directly from this report.

Comments checked by:
Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786,
louise.tustian@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All Corporate Plan themes

Lead Councillor

N/A

Document Information

Appendix number and title

- Appendix 1 – Draft 2019/20 Statement of Accounts
- Appendix 2 – Statement of Accounts 2019/20 Changes
- Appendix 3 – Draft Letter of Representation

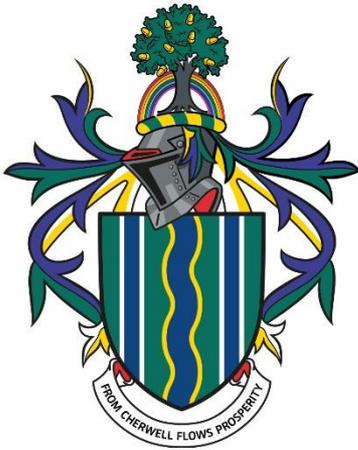
Background papers

None

Report Author and contact details

Michael Furness, Assistant Director of Finance, 01295 221845,
michael.furness@cherwell-dc.gov.uk

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Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Draft

**Statement of Accounts for
the year 2019/20**

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DRAFT

Introduction

Welcome to Cherwell District Council's Statement of Accounts for the year ending 31st March 2020. 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 or contact the Finance Team direct on 0300 003 0103.

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

Yvonne Rees
Chief Executive
Cherwell District Council
PO Box 27
Banbury
Oxfordshire
OX15 4BH

Narrative Statement – Overview of 2019/20

Executive Member’s Narrative

2019/20 proved challenging but successful for Cherwell District Council delivering on its objectives.

Headlines of Our Achievements in the Year Include:

- **400** Affordable homes delivered; (34.5% of new homes completed).
- **111** Homes improved through enforcement action. Above the set target of 108.
- Our innovative development at Graven Hill received positive national television coverage and is now approaching **200** households in residence.
- Crown House apartments refurbishment completed.
- **55.7%** of waste collected was recycled. Above the Government’s target for England set at 50%.
- The Hill Community and Sports Centre facility for Bretch Hill, Banbury opened its doors on 27 January 2020, providing a thriving programme of activities for all the family.
- **1700** Children and adults enjoyed free after school activities and money-off sports deals for the whole family to take part in together through the FAST (Families Active Sporting Together) Programme.
- Castle Quay regeneration is progressing at pace, with the construction now visible and an agreement to include a fantastic food facility, with Lock29.

In addition, we have set a budget for 2020/21 which will help the Council prepare for the challenges we know we will face in the near future related to the review of local authority funding as part of the Government’s forthcoming fair funding review and the changes we face with business rates reset as well as the government’s spending review. The outcomes of all these changes have not been concluded yet but we anticipate will impact significantly on the council’s finances. The Council has also played a vitally important role across our district during the latter part of the financial year dealing with the consequences of the coronavirus COVID-19 pandemic which, based on current estimates, we expect to have a severe and significant impact on the Council’s finances in 2020/21 and beyond.

I acknowledge the importance of the support that Cherwell District Council can bring to its residents and businesses and many of the achievements during 2019/20. For example, the Castle Quay regeneration and the innovative housing scheme at Graven Hill in Bicester will help the Council to support its communities. Notwithstanding the many pressures we face, especially those in the last few weeks of the financial year, the Council remains absolutely committed to deliver its priorities and ensure that Cherwell remains a place for all.

I would like to take this opportunity to thank all of our staff who have worked throughout the year to deliver excellent services, balance the Council’s budget and provide value for money, in addition to closing the accounts and producing this statement for our stakeholders to read.

Councillor Tony Ilott
Executive Member for Finance and Governance

Director of Finance’s Narrative

Introduction

The purpose of this Narrative Report is to provide information on Cherwell District Council, its main objectives, strategies and the principal risks it faces. It sets out information to help readers understand the Council’s financial position and performance during 2019/20.

Cherwell District Council provides services to residents, businesses and communities across the whole area. We are responsible for a range of services including the following; Environmental Services, Planning and Building Control, Growth and Economy, Regulatory Services, Housing, Wellbeing and Healthy Place Shaping.

We participate in and lead key partnerships that work to deliver housing and growth, environmental benefits, safer communities and improved health and wellbeing for all Cherwell residents.

With our partners at Oxfordshire County Council, we are developing an innovative new model of working in local government, focusing on delivering joined up approaches that maximise benefits for our residents. We are using the learning from this partnership to improve our work with all our partners, including the other Oxfordshire councils and other organisations.

About the District

Cherwell District in North Oxfordshire is a predominantly rural area providing an excellent environment in which to live and work. There are three urban centres – Banbury, Bicester and Kidlington – which together contain 63% of the population, with the remainder living in 70 smaller settlements. Cherwell continues to change, with a population currently totalling 150.5k (2019) projected to increase to around 154.5k by 2031. *(see link to more information in Foot Note 1)*



Since 2018, the population of Cherwell district increased by c.1k to 151.5k. (By comparison the total population in Oxfordshire is 682.4k). Movements in the Cherwell District population numbers in the last year to mid 2019 included:

- There were 1,768 births and 1,256 deaths in Cherwell. This makes natural change (the balance between births and deaths) 512.
- There were 8,681 internal in-migrants and 8,397 internal out-migrants. This makes net internal migration 284.
- There were 1,054 international in-migrants and 936 international out-migrants. This makes net international migration 118.
- Changes to special populations (home armed forces, foreign armed forces and the prison population) increased the population of Cherwell by 59.

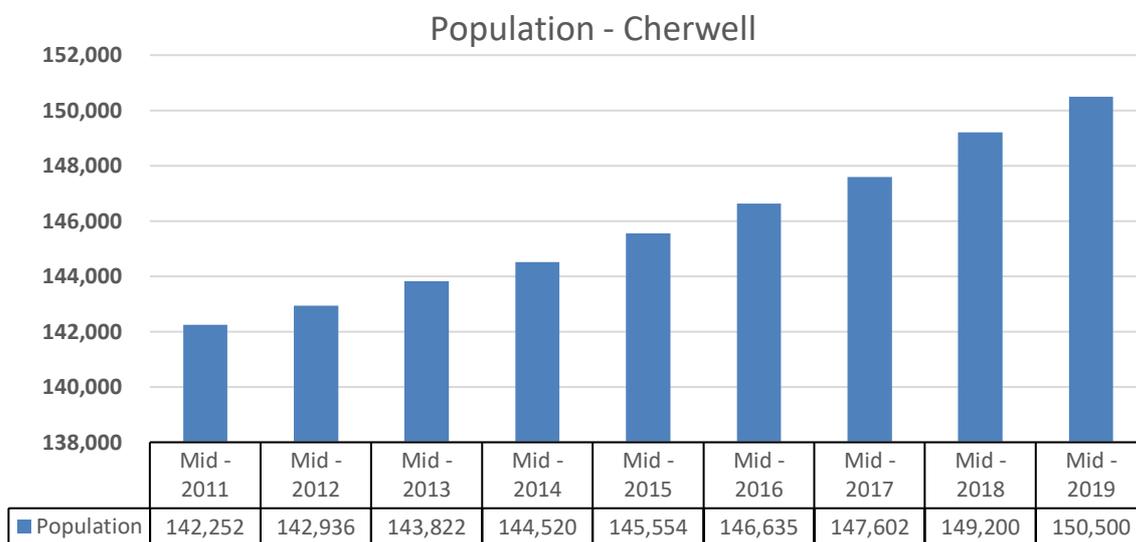


Figure 1- Time series bar chart showing the total population of Cherwell mid-2012 to mid- 2019

There are currently 67,147 houses that are subject to council tax (March 2020).

Strategic priorities for Cherwell District Council

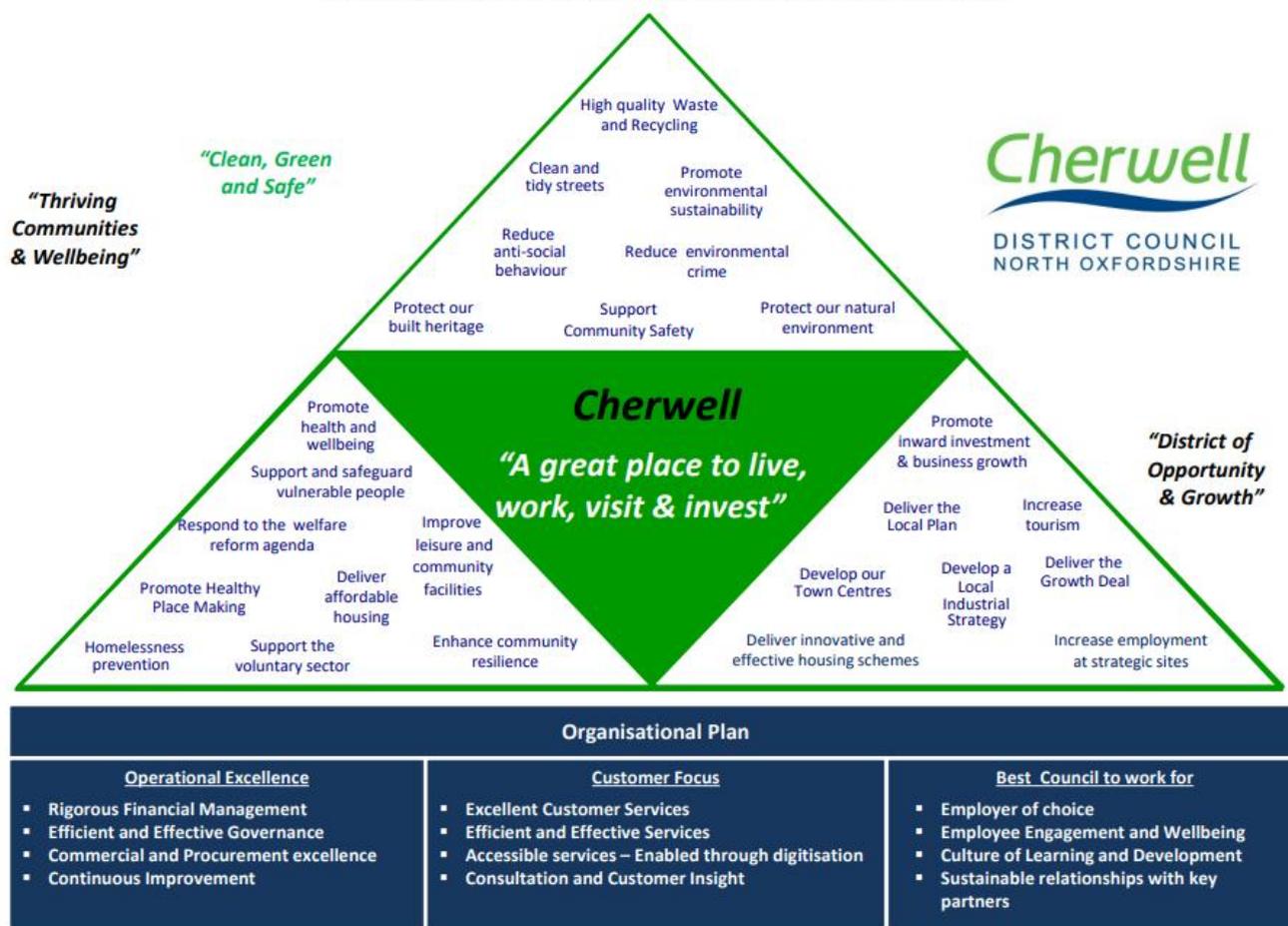
Cherwell District Council’s ambition, as set out in our published Business Plan 2019/20, is for a district where communities can thrive and grow in a healthy place.

The Business Plan is underpinned and enabled through an Organisational Plan, illustrated as three pillars, representing the basis upon which we continue to develop our organisation:

- Operational Excellence
- Customer Focus
- Best Council to work for

The business plan informs the development of the annual budget and the operational Service Plans for the delivery of all Council services.

Cherwell District Council Business Plan 2019-20



Our strategic priorities: for 2019/20 reflect the Council’s commitment for the district to be:

- **Clean, Green and Safe:** Cherwell District Council is committed to protecting the natural environment and ensuring the character of the district is preserved and enhanced. Our commitment includes working to ensure the district has high standards of environmental cleanliness and greater waste and recycling services. Maintaining the district as a low crime area is another key part of this priority and the Council is committed to working in partnership to deliver against this objective.
- **Thriving communities and wellbeing:** Cherwell District Council is committed to supporting our communities to thrive and to promoting the wellbeing of our residents. This priority includes supporting health and wellbeing, and delivering leisure activities and working in partnership with voluntary organisations to deliver services in a manner that safeguards children, young people and vulnerable adults. Another key aspect of this priority is reducing homelessness, the delivery of affordable housing and improving the condition of residential properties.
- **District of Opportunity and Growth:** Cherwell District Council is committed to developing the local economy, promoting inward investment and delivering sustainable growth. This priority also contributes towards making great places to live, work, visit and invest through economic development and working in partnership to deliver strategic transport infrastructure projects.

“Clean, Green and Safe”

Protect the Built Heritage – The Conservation Team continues to work closely with Development Management on cases of heritage interest. The Conservation Area Appraisal programme is on-going. Nine Conservation Area Appraisals are in progress. Eight have been subject to public consultation and another is being drafted. Several heritage guidance notes are also being prepared. The Team intend to complete as many as possible as soon as possible while maintaining its service to Development Management and continuing the transition to remote working.

Supporting Community Safety – The Community Wardens continue to operate in the community, in particular to support the new measures seeking to reduce the spread of Covid-19. Supporting Thames Valley Police efforts to make sure Social Distancing rules are followed by residents.



% Waste Recycled & Composted – The recycling rate for the year was 55.7%, 1% more than the previous year. Note that the nationally set target for 2020 is 50%, with the latest results available for England being 44.7% in 2018.



“Thriving Communities and Wellbeing”

Number of visits / usages of District Leisure Centres - The total number of visits for the year was 1,617,127, that being 2% more than our set target for the year (1,586,813).



Promoting Health and Wellbeing – The last month of the Financial Year brought a range of new challenges generated by the coronavirus COVID-19 pandemic. Communities have shown their resilience and neighbourliness. Cherwell District Council’s wellbeing team have engaged with a wide range of partners and activated community networks to relieve hardship and enable residents to maintain their health and wellbeing.



Supporting the Voluntary Sector - Residents have been receiving support they need from various voluntary, charitable, community and faith-based organisations. This shows the breadth and depth of support Cherwell District Council gives these organisations and the understanding of their critical place in maintaining community. The Sunshine Centre, The Hill and Banbury Mosque have distributed activity bags to targeted families in the Brighter Futures areas in Banbury, Citizens Advice Community Connect service (the volunteer drivers’ scheme) has recently been repurposed as an emergency food delivery service. Age UK are operating a telephone line so elderly isolated or anxious residents are able to talk to someone. Community Halls have closed, and new groups are forming to help neighbours. OCVA (Oxfordshire Community and Voluntary Action) are providing “Oxfordshire All In”; a digital platform to map these new groups and existing ones, and act as a channel of information and support. Prescription delivery services have been set with running and cycling clubs in Banbury and Bicester, a similar service being provided by KASA Community Help in Kidlington, to ensure vulnerable residents who are self-isolating can get their routine medicines.



Number of Homeless Households living in Temporary Accommodation -

Following the advice of the Ministry for Housing, Communities and Local Government (MHCLG), due to the Covid-19 crisis, local authorities have been required to accommodate all those who were rough sleeping or at risk. This has resulted in an unprecedented rise in presentations from single people for placements. The expected number is 35 Temporary Accommodations averaged for each month, but the actual average number requiring to be placed was 27 for each month; lower than expected for 2019/20.



Number of people helped to live independently through use of Disabled Facilities Grants & other grants/loans – The Team provided assistance to a total of 642 vulnerable and disabled households during 2019-20, against our annual target of 540; by means of completed disabled adaptations grants (larger jobs) and smaller works.

Homes improved through enforcement action - Despite work during March being interrupted by changes to safe working arrangements caused by coronavirus COVID-19, the team was still able to achieve a total of 111 homes improved during the year, exceeding the set target of 108.

Maintain the 5 Years Land Supply - The 2019 Annual Monitoring Report (AMR) reports a dip below 5 years (to 4.6 years). However, housing delivery in 2018/19 was high (1489 homes) and the Government has provided the Oxfordshire authorities with a 3 year flexibility arrangement while the Oxfordshire Plan is produced.

Net Additional Housing Completions - There were **1,159** housing completions (net) during 2019/20 (at 31 March 2020). This compares to our annualised plan requirement of 1,142, which was set at the beginning of financial year 2019/20. For the year 2018/19 there were 1,489 completions (net) the highest recorded delivery for Cherwell.

“District of Opportunity and Growth”

% of Business Rates collected, increasing NNDR Base – Collection rates were 98.49% for the year against a target of 98.50%. The shortfall in the target collection rate equated to approximately £10k.



Deliver the Local Plan - The Partial Review of the Local Plan modifications were approved by the Council on 24 February 2020 and submitted to the planning Inspector the following day. Officers are awaiting the Inspector's final report. An updated Local Development Scheme (LDS) - the programme for the preparation of future planning policy documents - was approved by the Executive on 6th July 2020. The LDS includes timetables for the completion of the Local Plan Partial Review, work on the Oxfordshire Plan 2050, a new district-wide Local Plan Review, a Banbury Canalside Supplementary Planning Document (SPD) and a potential Community Infrastructure Levy.



Promote Inward Investment and Business Growth – By 2019/20 Cherwell District has achieved 97% superfast broadband coverage of premises (with a download speed greater than 24mbps).

CDC continues to work with Oxfordshire County Council towards delivering 100% coverage and raising the standard to 'full fibre' (1gbps) to enable 5G mobile technology through an emerging Digital Partnership.

Develop Our Town Centres and Increase Employment at Strategic Sites -

Continued support has been provided to Banbury BID (Business Improvement District) for the completion of its Year Two business plan. Following the Bicester Town Centre workshop in June 2019, a task group of volunteers has been working on a plan for the town centre. The planned feedback event scheduled for March 30 was postponed and will be rescheduled for later this year.



Promote the district as a tourist destination - Membership and day-to-day liaison with Experience Oxfordshire, which promotes Cherwell as a visitor destination, continues to be a focus.

Our Leadership and Workforce

Our Constitution sets out the rules and procedures by which the council operates. *(see link to more information in Foot Note 2)*

The Council has 48 members (or 'councillors') elected by the public to represent a particular local area. Collectively they are responsible for the democratic structure of the council, overseeing our key policies and services and setting the council's annual budget and capital programme. More information can be found on our website. *(see link in Foot Note 3)*

The Leader of the Council is Councillor Barry Wood. Councillor Wood appoints an Executive, responsible for key decisions to manage the Council's business. Details of Executive members and their responsibilities can be found on our website. *(see link in Foot Note 4)*

Employees or officers support the Executive and Council in their work and manage the Council's services and operations. The Chief Executive (Yvonne Rees) leads the most senior group of officers, the Chief Executive's Direct Reports (CEDR), who advise councillors on policy and implement councillors' decisions. The Director of Finance (Lorna Baxter), is the S151 Officer, and started in the role in late February 2020.

As at 31 March 2020 the Council's staff complement stood at 452.46 FTE (full-time equivalent) posts, representing 568 employees. The reason as to why the FTE and headcount are not the same is the council has a number of staff whom work part time hours. Staff are structured into directorates, each responsible for a group of services and functions in support of the Council's Vision and Business Plan.

The Council has been working in partnership with Oxfordshire County Council since October 2018. We developed the partnership further during the year. The two councils share a Chief Executive and CEDR senior management team, and many officers work jointly across both councils. The partnership offers opportunities to join up and improve services for residents and reduce the costs of providing services.

We also work collaboratively with partners in the public, private and voluntary sector to achieve the best outcomes for our residents. Further details of how the Council works, both internally and with external partners, can be found in our Annual Governance Statement.

Risk management

During 2019/20 we continued to develop and strengthen our risk management activities. This helped us to ensure that we continue to identify and address any uncertainties relating to the achievement of our priorities.

The most significant risks facing the Council (Leadership Risks) are reported to the Executive in our monthly Performance, Finance and Risk Monitoring Reports. Leadership risks are those that could impact on the performance of the Council as a whole, and in particular on its ability to deliver its strategic priorities. The Council has maintained a focus on its financial resilience during the year, reporting this as one of the highest risks facing the Council, exacerbated by the coronavirus COVID-19 pandemic, which has increased financial pressures on the Council.

Directorates and Services within the Council also maintain operational risk registers to monitor that the impact and delivery of individual services, projects or areas of business. Operational risks which become more severe can be escalated to the Leadership level for additional management.

DRAFT

Financial Overview

Financial Performance

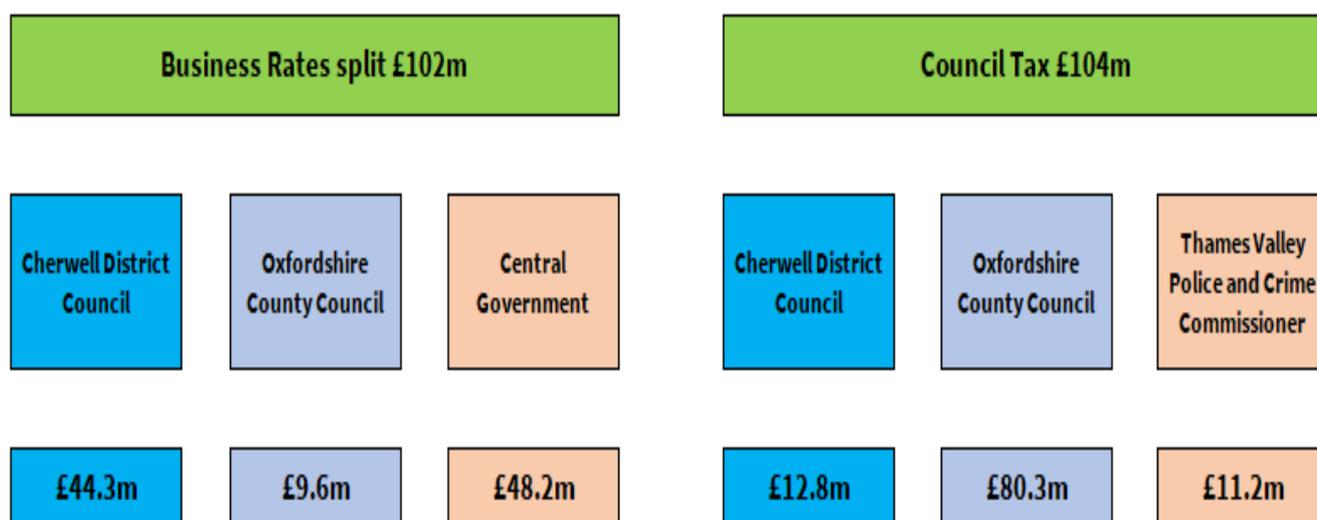
The Council sets a revenue budget, medium-term financial strategy (MTFS) and capital programme in the February preceding the start of the financial year. These are underpinned by a Financial Strategy, Capital & Investment Strategy, Treasury Management Strategy and a review and assessment of the adequacy of earmarked reserves.

Construction of the budget and budget proposals are subject to challenge by Senior Management Team and the Director of Finance. The Budget Planning Committee scrutinises the budget proposals at its meetings before the Executive propose the budget, MTFS (Medium Term Financial Strategy) and Capital programme in January. The Council approves the budget at its Annual Budget meeting each February.

Throughout the year, regular financial monitoring reports are presented to the Executive.

Resources

The District Council collects Council Tax and Business Rates on behalf of other bodies including Central Government, Oxfordshire County Council and Thames Valley Police and Crime Commissioner. Business Rates of £102m and Council Tax of £104m are collected within the district.



The Council collects £102m Business Rates, 50% of this is passed to central government and 10% to the county council, the remaining 40% is retained by the Council. Of which a further 29% of the Business Rates that the council collect are tariffed to Government, which are then redistributed to other Local Authorities.

Pension Liabilities

The amounts payable by the Council in future years are partly offset by the value of the assets invested in the pension fund. The value of the pension fund deficit at 31 March 2020 is £73m; this reflects an improvement of £25m from the 31 March 2019 deficit position of £98m.

Contingencies

The Council has to set aside a provision for appeals which might arise against business rates valuations. The Council has a large amount of business rates income and therefore has a large appeals provision. The Council has made the provision as follows to ensure that it can meet any future costs arising from business rates appeals.

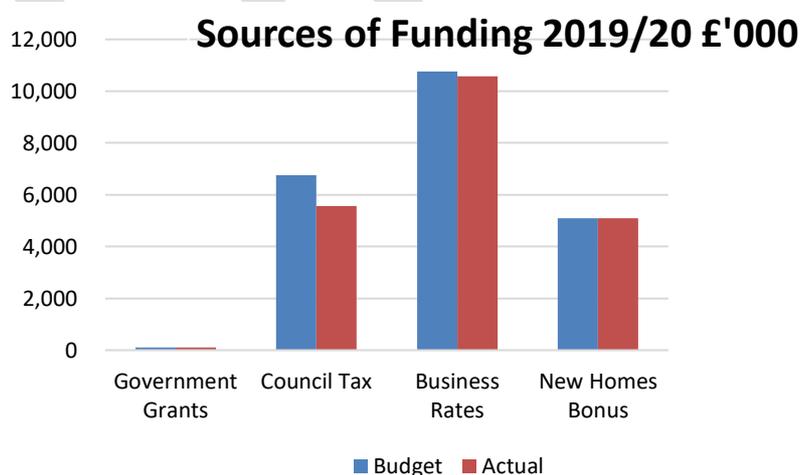
	2019/20	2018/19
Appeals Provision	£6.8m	£4.9m

The increase in appeals provisions is due to a large number of revaluations which took place towards the end of the financial year and end of year invoices raised.

Council Funding 2019/20

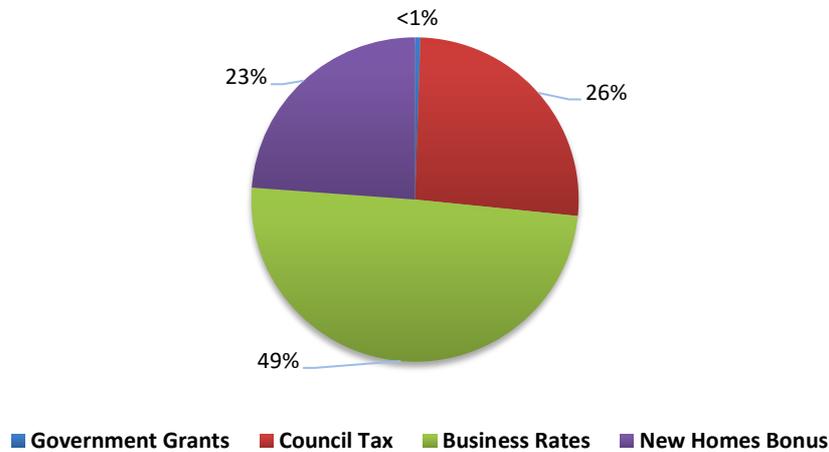
The Council's core funding from central government has been reducing and funding generated as a result of the economic growth development is increasing. Below the table and bar chart show where the council funding has come from. (The figures in brackets represent income received by the Council)

£'000	Budget	Actual	Variance
Government Grants	(114)	(114)	0
Council Tax	(6,750)	(5,568)	(1,182)
Business Rates	(10,760)	(10,578)	(182)
New Homes Bonus	(5,087)	(5,087)	0
Total Funding	(22,711)	(21,347)	(1,364)



The pie chart below shows the percentage split of funding received

Actual Funding % Split

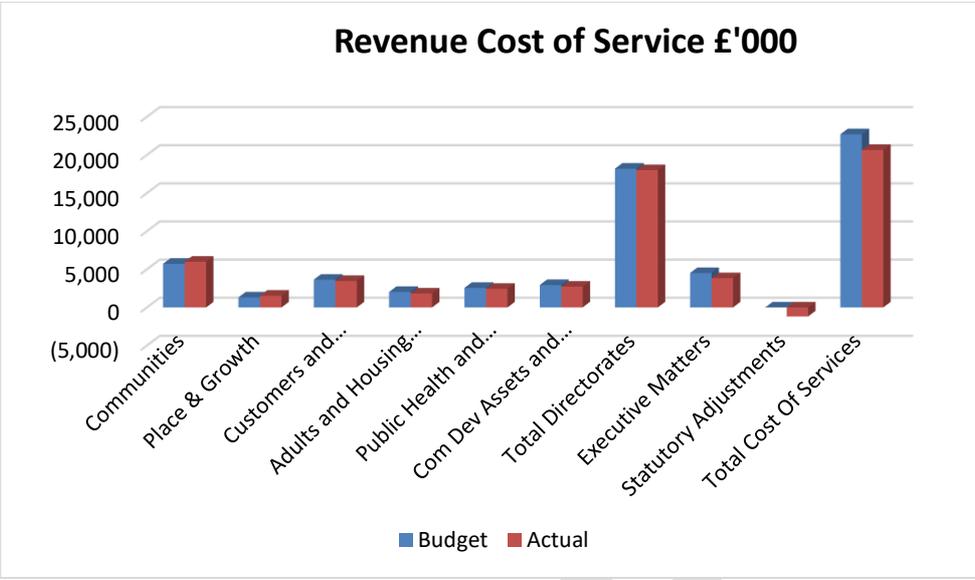


Revenue Financial Outturn Position

The table below summarises the position across the Council:

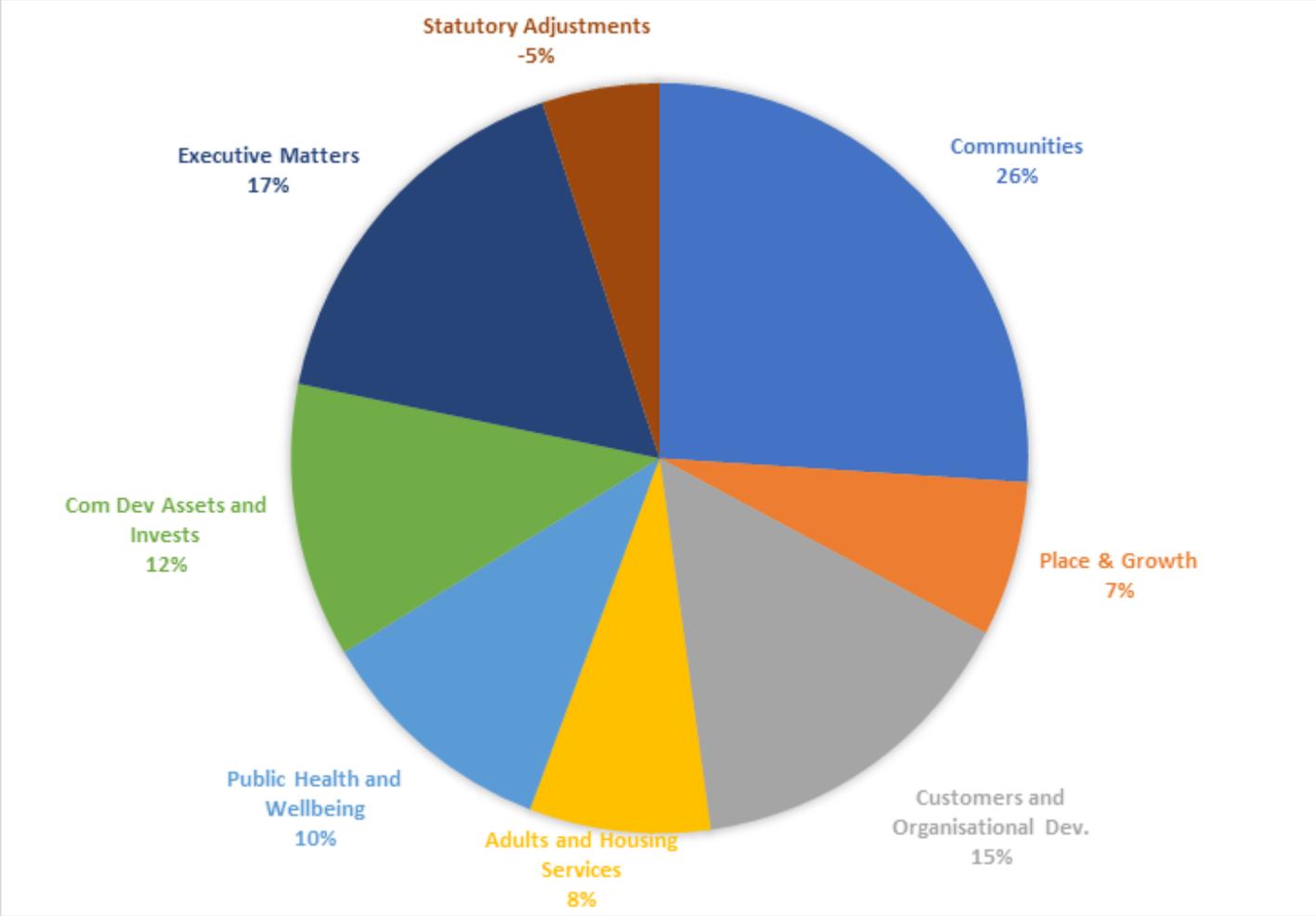
£'000	Budget	Actual	Variance
Communities	5,727	5,990	263
Place & Growth	1,312	1,540	228
Customers and Organisational Development	3,633	3,469	(164)
Adults and Housing Services	2,032	1,828	(204)
Public Health and Wellbeing	2,560	2,446	(114)
Commercial Development assets and investments	2,934	2,725	(209)
Total Directorates	18,198	17,998	(200)
Executive Matters	4,513	3,835	(678)
Statutory Adjustments	0	(1,186)	(1,186)
Total Cost Of Services	22,711	20,647	(2,064)

In summary, the Council saw an overall underspend of £2.06m (9%) across its directorates, against a budget of £22.7m.



Some of the key factors for this underspend include lower levels of borrowing and rates of interest particularly earlier in the year, a number of vacancies being held across the Council, reduced property contract costs, following renegotiation offset in part by lower levels of planning fee and charges and higher costs for waste services.

The pie chart below shows the percentage split of actuals for each service



Financial Position

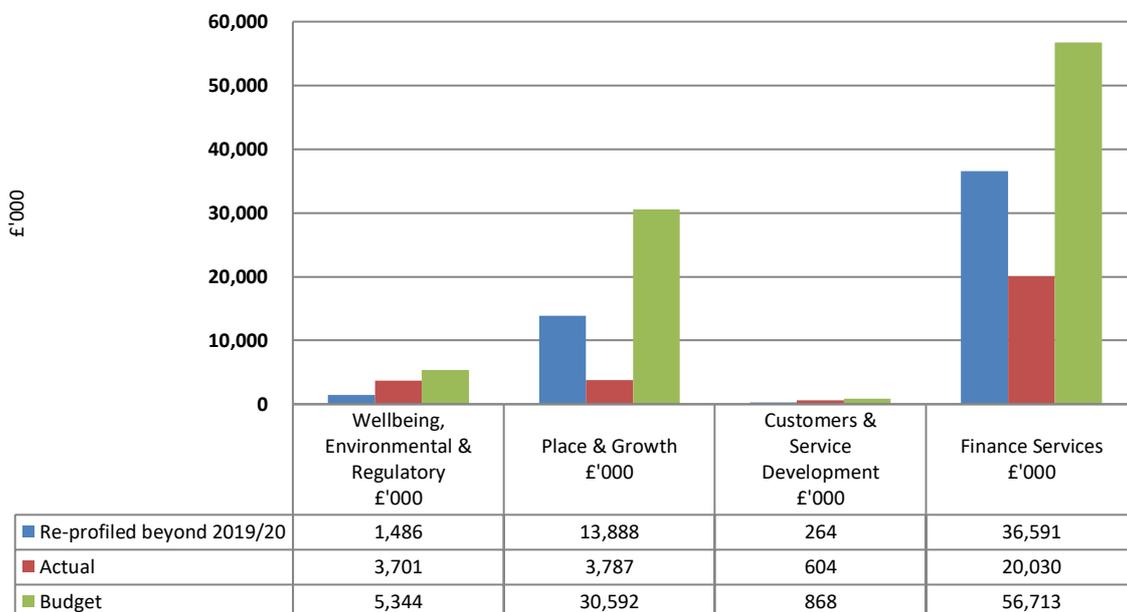
The Council maintains a sound financial position in the current financial climate.

31st March 2019			31st March 2020		
Non current assets (Property and Investments)	Long term liabilities (pension and provisions)	Funded by: Useable Reserves	Non current assets (Property and Investments)	Long term liabilities (pension and provisions)	Funded by: Useable Reserves
£262m	(£189m)	£22m	£280m	(£176m)	£28m
+	=	+	+	=	+
Net current assets (debtors, creditors and cash) (£40m)		Unusable Reserves £11m	Net current assets (debtors, creditors and cash) (£54m)		Unusable Reserves £22m
Net assets £33m			Net assets £50m		

Capital Programme

The council has an ambitious capital programme which supports its long term strategy of delivering a thriving and vibrant environment across the district as well as recognises the importance of investing in our assets for commercial gain to protect our core statutory functions.

Capital Actual v Budget 2019/20



Capital investment plans for 2019/20

The information below describes our major schemes and projects and the outcomes that we will achieve. These major strands of our increasing commercial outlook on managing our resources for Cherwell.

Castle Quay Waterfront

The Castle Quay Waterfront development will deliver an exciting and new restaurant and leisure offering for Banbury, anchored by Lidl, The Light Cinema and a Premier Inn hotel. The once-in-a-generation development will act as a link between neighbouring sites such as the Spiceball Leisure Centre, The Mill and the Castle Quay shopping centre, improving connectivity within the town centre and bringing a range of evening activities for residents and visitors. The restaurants will open out onto the canal, incorporating the heritage of the town into the new, modern development.



Following a false start from the previous owner of the site, the council is committed to creating a Banbury that will thrive long into the future and attract the best new tenants for the local community. This investment will future-proof the town and deliver a step-change for Banbury. The town centre offer will be broadened and strengthened, acting as a catalyst for further inward economic investment and growth. Construction is well underway, and the development is expected to complete in 2021.



Images above: Castle Quay Waterfront under construction
And below: CGI of the completed development



Castle Quay Shopping Centre

Over the past year the council has made a series of improvements to the Castle Quay Shopping Centre that sits in the heart of Banbury, including opening Banbury’s first Changing Places facility.

The new facility addresses a longstanding need within the town for better provision for people living with disabilities. This dedicated space is fully accessible by wheelchair and also features a hoist mechanism that allows carers to manoeuvre others in a safe and dignified fashion. The facilities, delivered by the council, were designed in close coordination with Accessible Banbury to ensure the needs of current and future users were met.

New toilets have been provided within the shopping centre and sit next to an information desk to keep all residents and visitors aware of the latest developments within the centre.

Crown House Apartments



Newly refurbished Crown House Apartments pictured above with Cllr Simon Holland (left) and Jonathan Macwilliam – Council Manager. And below images of Crown House interiors:



Crown House in Banbury had stood derelict for more than 25 years, but the Council has recently completed transforming this building into 50 modern apartments, which sees the completion of £8m of investment with the building extended and remodelled from top to bottom. The building was completed in March 2020. Cherwell District Councillor Simon Holland said: "It had been derelict for years. It was an eyesore. It'd had a fire and was just sitting there as a ghastly mess." The one and two-bedroom homes benefit from solar panels on the roof, communal outdoor space, and the train station just a short walk away. The Crown Apartments open up onto the town centre in Bridge Street across from the Castle Quay Shopping Centre. Apartments are now available for rent to the general public.

Basis of Preparation and Presentation

The Council produces a Statement of Accounts to provide transparency about the Council's finances, to give assurance to stakeholders that public money has been properly accounted for and that the financial standing of the council is on a secure basis. The accounts (including notes to the accounts) for 2019/20 are set out on pages 29 to 54

The accounts bring together all the Council's financial statements for the year 2019/20 and show its financial position as at 31 March 2020. The statements reflect both revenue and capital elements for the Council.

The Statement of Accounts must provide a 'true and fair' view of the Council's financial position at 31 March 2020 and of its income and expenditure for the 2019/20 financial year. When preparing the accounts consideration is given to the materiality of information. Disclosure of information is made where omitting it could be misleading or inhibit the true and fair view.

The strong and prudent level of reserves are sufficient to ensure that the Council is able to continue to meet the cost of the provision of services over the medium term. Therefore, the accounts are prepared on a 'going-concern' basis.

Financial Outlook and the Coronavirus COVID-19 Pandemic

Cherwell District Council set a balanced budget in February 2020 for the 2020/21 financial year. Which anticipated the Council retaining sufficient reserves to cover unexpected financial impacts on the Council, with a number of specific reserves to help cover the Council's commercial activities. During March the coronavirus COVID-19 pandemic started to impact on the Council and work was put in place to record the additional spending and loss of income across Cherwell District Council's activities. At the time of compiling this report the Council has estimated the total impact of the pandemic to be £6.7m during 2020/21 with some additional government funding provided to local authorities to help manage those additional costs. The government has so far identified additional funding of £3.2m (including £1.4m assumed for lost income), leaving the Council with a gap of £3.5m to resolve. The Council will seek to cover that gap through agreed in year reductions in spending and the use of reserves. Regular reports are being considered by the Council's Executive and the Council expects to deliver a balanced budget by the 2021 year end.

The Government has confirmed that the Review of Relative Needs and Resource and 75% business rates retention will no longer be implemented in 2021/22. The statement also said that "the Government will continue to work with councils on the best approach for the next financial year, including how to treat accumulated business rates growth and the approach to the 2021/22 local government finance settlement". Until this approach is confirmed there is ongoing uncertainty about future funding arrangements. Furthermore, the Government has announced that it will consider how to fund unavoidable tax losses as part of the Spending Review 2020. The Council does not expect the Government to announce the outcome of its Spending Review until Autumn 2020 or specific local government allocations for 2021/22 until the Provisional Local Government Finance Settlement is announced, probably in December 2020.

The Financial Statements

The Statement of Accounts sets out the Councils income levels and spending for the year and its financial position at 31st March 2020. The accounts include core and supplementary statements along with notes providing additional insight.

The format and context of the financial statements is set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom and is underpinned by International Financial Reporting Standards.

The Core Statements can be described as:

<p>Comprehensive Income and Expenditure Statement</p>	<p>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 statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.</p>
<p>Movement in Reserves Statement</p>	<p>Shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into ‘useable reserves’ (ie those that can be applied to fund expenditure or reduce local taxation) and other ‘unusable reserves’ (for example the Revaluation Reserve which holds unrealised gains and losses or the Capital Adjustment Account which holds adjustments between the accounting basis and funding basis under regulations). This statement shows how the movements in year of the authority’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance in the year following those adjustments.</p>
<p>Balance Sheet</p>	<p>The balance sheet shows the values as at 31 March 2020 of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority, analysed between ‘useable’ and ‘unusable’ reserves.</p>
<p>Cash Flow Statement</p>	<p>This summarises the changes in cash and cash equivalents during 2019/20. 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 flows have been made for resources which are intended to contribute to the authority’s future service delivery. Cash</p>

	flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.
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The Supplementary Financial Statements are:

- **Notes to the Accounts** – these provide additional insight into the accounting policies and accounting transactions during the year
- **Collection Fund** – this shows a summary of the collection of Council Tax and Business Rates during the year as well as any redistribution of that money to other local authorities and central government
- **Pension Fund Account** – this shows the overall position of the investment in the Local Government Pension Fund on behalf of Council employees
- **Group Accounts** – these set out the consolidated position for the council and its subsidiary companies, namely Graven Hill companies, Crown House Banbury Limited and CSN limited. The Council also significantly funds Banbury Museum Trust which is not part of the group
- **The Annual Governance Statement** – this provides an overview of the governance arrangements and assessment of internal controls the Council has in place

Please note - Due to roundings to the whole number, there may be a difference of plus or minus 1 figure.

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 Director of Finance (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 S151 Officer is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices, as set out in the CIPFA/ LASAAC (*Chartered Institute of Public Finance and Accountancy /Local Authority (Scotland) Accounts Advisory Committee*) Code of Practice on Local Council Accounting in the United Kingdom (the Code of Practice).

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

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Local Authority Code

The 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.

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 2020.

Lorna Baxter

Director of Finance and Section 151 Officer

Date: 31 August 2020

Chairman of Accounts, Audit and Risk Committee Certificate:

I certify that the draft Statement has been discussed with and endorsed by the Chair of the Accounts, Audit and Risk Committee

Councillor Mike Kerford-Byrnes

Chairman of Accounts, Audit and Risk Committee

Date: 31 August 2020

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Year Ending 31 March 2019			Year Ending 31 March 2020			
Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Services	Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
(95)	3,498	3,403	Adults and Housing Services	1,651	2,073	3,723
(39)	1,442	1,402	Comm Dev Assets and Invests	(13,024)	14,526	1,503
(308)	8,631	8,322	Communities	6,063	2,483	8,546
(119)	5,281	5,162	Cust and Org Dev	2,884	1,769	4,652
(788)	2,127	1,339	Finance S151	4,090	257	4,347
(99)	4,468	4,369	Governance Monitoring Officer	1,385	173	1,558
(356)	12,610	12,254	Place and Growth	(6,570)	9,014	2,444
(115)	3,427	3,312	Public Health and Wellbeing	(2,411)	5,878	3,467
0	0	0	Non Distributed Services	0	0	0
(1,919)	41,483	39,564	Net Cost of Services	(5,934)	36,173	30,240
(8,184)	(691)	(8,875)	Other Income and Expenditure	33,753	(42,335)	(8,581)
(10,103)	40,792	30,689	(Surplus) or Deficit on Provision of Services	27,820	(6,161)	21,658
(16,849)			Opening Combined General Fund Balance	(26,952)		
(10,103)			Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	27,820		
(26,952)			Closing Combined	868		

Comprehensive (Income) and Expenditure Statement

Year Ending 31 March 2019

Year Ending 31 March 2020

Expenditure	Income	Net		Services	Expenditure	Income	Net
£'000	£'000	£'000	Notes		£'000	£'000	£'000
4,347	(944)	3,403		Adults and Housing Services	4,900	(1,177)	3,723
1,794	(391)	1,402		Comm Dev Assets and Invests	1,777	(274)	1,503
14,075	(5,753)	8,322		Communities	14,655	(6,109)	8,546
5,438	(276)	5,162		Cust and Org Dev	5,756	(1,104)	4,652
35,995	(34,655)	1,339		Finance S151	32,486	(28,139)	4,347
4,510	(140)	4,369		Governance Monitoring Officer	2,184	(626)	1,558
16,287	(4,033)	12,254		Place and Growth	7,172	(4,728)	2,444
5,236	(1,923)	3,312		Public Health and Wellbeing	5,254	(1,787)	3,467
87,680	(48,116)	39,564		Cost of Services	74,185	(43,945)	30,240
5,259	(2,731)	2,528	10	Other Operating Expenditure	5,480	(1,666)	3,814
28,801	(11,399)	17,402	11	Financing and Investment Income and Expenditure	29,969	(7,629)	22,341
0	(28,805)	(28,805)	12	Taxation and Non Specific Grant Income	0	(34,736)	(34,736)
121,740	(91,051)	30,689		(Surplus) or Deficit on Provision of Services	109,634	(87,976)	21,658
	(7,795)		14	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(8,216)
			24	(Surplus) or deficit on revaluation of available for sale financial assets			
	6,100		37	Remeasurement of the net defined benefit liability / (asset)			(31,312)
	(1,695)			Other Comprehensive Income and Expenditure			(39,528)
	28,994			Total Comprehensive Income and Expenditure			(17,870)

Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un- applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019	(2,925)	(20,365)	0	(146)	(23,436)	(9,015)	(32,451)
Adjustment to opening balance	1,671				1,671	(1,671)	0
Adjusted balance at 31 March 2019	(1,254)	(20,365)	0	(146)	(21,765)	(10,686)	(32,451)
Movement in reserves during 2019/20							
Surplus or deficit on the provision of services	21,658	0	0	0	21,658	0	21,658
Other Comprehensive Income / Expenditure	0	0	0	0	0	(39,528)	(39,528)
Total Comprehensive Income and Expenditure	21,658	0	0	0	21,658	(39,528)	(17,870)
Adjustments between accounting basis and funding basis under regulations - Note 08	(28,438)	0	0	(20)	(28,458)	28,458	0
Net Increase or Decrease before Transfers to Earmarked Reserves	(6,780)	0	0	(20)	(6,800)	(11,070)	(17,870)
Transfers to / from Earmarked Reserves - Note 09	3,602	(3,602)	0	0	0		0
Increase or Decrease in 2019/20	(3,178)	(3,602)	0	(20)	(6,800)	(11,070)	(17,870)
Balance at 31 March 2020	(4,432)	(23,967)	0	(166)	(28,564)	(21,756)	(50,320)

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un- applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018	(1,001)	(15,693)	0	(378)	(17,072)	(44,372)	(61,444)
Movement in reserves during 2018/19							
Surplus or deficit on the provision of services	30,689	0	0	0	30,689	0	30,689
Other Comprehensive Income / Expenditure	0	0	0	0	0	(1,695)	(1,695)
Total Comprehensive Income and Expenditure	30,689	0	0	0	30,689	(1,695)	28,994
Adjustments between accounting basis and funding basis under regulations - Note 08	(37,285)	0	0	233	(37,052)	37,052	0
Net Increase or Decrease before Transfers to Earmarked Reserves	(6,596)	0	0	233	(6,363)	35,537	28,994
Transfers to / from Earmarked Reserves - Note 09	4,672	(4,672)	0	0	0	0	0
Increase or Decrease in 2018/19	(1,924)	(4,672)	0	233	(6,363)	35,537	28,994
Balance at 31 March 2019	(2,925)	(20,365)	0	(145)	(23,435)	(9,015)	(32,450)

Balance Sheet

31 March 2019

31 March 2020

£'000	Notes		£'000
121,950	14	Property, Plant and Equipment	133,097
72,240	15	Investment Property	61,607
837	16	Intangible Assets	1,504
22,828	17	Long Term Investments	29,053
44,595	17	Long Term Debtors	54,623
262,450		Long Term Assets	279,884
6,008	17	Short-term Investments	17,048
220	18	Inventories	187
14,796	19	Short Term Debtors	20,320
9,313	20	Cash and Cash Equivalents	4,811
30,337		Current Assets	42,367
(43,128)	17	Short-Term Borrowing	(66,183)
(21,640)	22	Short-Term Creditors	(23,765)
(1,468)	23	Short – Term Provisions	(1,431)
(4,694)	31	Grants Receipts in Advance - Revenue	(4,523)
(70,930)		Current Liabilities	(95,902)
(3,717)	23	Long Term Provisions	(5,610)
(68,436)	17	Long Term Borrowing	(75,324)
(98,100)	37	Pension Liabilities	(72,770)
(1,582)	17	Long Term Creditors	(1,576)
(17,572)	31	Grants Receipts in Advance - Capital	(20,749)
(189,407)		Long Term Liabilities	(176,030)
32,450		Net Assets	50,319
(21,764)	24	Usable Reserves	(28,564)
(10,686)	25	Unusable Reserves	(21,755)
(32,450)		Total Reserves	(50,319)

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2020 and its income and expenditure for the year to 31 March 2020.

Lorna Baxter
Director of Finance and 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.

Audited Figure from 2019/20

31 March 2019		31 March 2020
£'000	Note	
Cash Flows from Operating Activities		
30,689	Net (Surplus)/Deficit on Provision of Services	21,659
(2,779)	Depreciation & Impairment	(2,726)
(11,997)	Changes in Market Value of Property, Plant & Equipment	(10,829)
(250)	Amortisation of Intangible Assets	(237)
(19,280)	Changes in Fair Value of Investment Properties	(14,167)
2,394	Disposal of Assets	2,589
51	Changes in Inventory	(33)
(121)	Changes in Debtors	5,524
(8,145)	Changes in Creditors	(2,125)
(1,095)	Changes in Provisions	(1,856)
0	Changes in Deferred Capital Receipts	0
(12,853)	Changes in Net Pension Liability	25,330
(3,024)	Remeasurement of Net Defined Benefit Liability	(22,914)
6	Changes in long term creditors	6
(2,805)	Capital Grants Recognised	(3,445)
5,423	Proceeds on Disposal of Property, Plant & Equipment	5,272
(23,786)	Net Cash Flows from Operating Activities	2,048
Cash Flows from Investing Activities		
7,962	Purchase of Property, Plant & Equipment	19,004
9,980	Purchase of Investment Property	3,508
306	Purchase of Intangible Assets	771
(5,423)	Proceeds from the Disposal of Property, Plant and Equipment	(5,272)
(703)	Net Changes in Short-term and Long-term Investments	17,265
12,122	Net Cash Flows from Investing Activities	35,276
Cash Flows from Financing Activities		
4,000	Changes in Grants and Contributions	1,098
2,805	Capital Grants and Contributions Recognised	3,445
220	Cash Receipts of Short-term and Long-term Borrowing	(29,943)
1,114	Any other items for which the cash effects are investing or financing cash flows	(7,642)
209	Changes in Council Tax and Business Rates Collected for Third Parties	221
8,348	Net Cash Flows from Financing Activities	(32,821)
(3,316)	Net Increase/Decrease in Cash and Cash Equivalents in the Period	4,502
12,629	Cash and Cash Equivalents at the Beginning of the Period	9,313
9,313	Cash and Cash Equivalents at the End of the Period	4,811
<i>Items included in net cash flow from operating activities include:</i>		
(3,373)	Interest Receivable and similar income	(4,300)
1,587	Interest Payable (including Finance lease interest)	2,073
(1,786)		(2,227)

Note 1 – Accounting Policies

General principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31st March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices under Section 21 of the Local Government Act 2003 primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2019/20* and the *Service Reporting Code of Practice 2019/20*, supported by *International Financial Reporting Standards* (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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.

Going Concern

The Accounts are prepared on a going concern basis, i.e. on the assumption that the Council will continue to operate for the foreseeable future.

Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- 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.
- 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.
- 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.
- 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 accrual's basis.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

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.

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;
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the General Fund Balance Minimum Revenue Payment (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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 Rates.

Council Tax and Non-Domestic Rates

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

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. For Cherwell District Council, the NDR precepting bodies are Central Government (50% share) Cherwell District Council (40% share) and Oxfordshire County Council (10% share).

Cherwell District Council participates in a Business Rates pool with Oxfordshire County Council and West Oxfordshire District Council to minimise the levy payment due on growth in NDR income and thereby maximise the retention of locally generated business rates.

Accounting for Council Tax and NDR

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

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

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

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 2019/20.

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 Benefit - Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits - Employees of the 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 Pension Scheme is accounted for as a defined benefit scheme.

The pension fund liability is calculated every three years by the fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with International Accounting Standard (IAS)19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 36. 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 iBoxx bond market indices are benchmarks for professional use and comprise liquid investment grade bond issues. They enable investors to analyse and select benchmarks that reflect their investment profile.

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 Reporting Period

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 instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument.

Financial Liabilities

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

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified

loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

The fair values of loans are estimated as the price the lender would receive to sell the loans to another market participant on 31st March 2020, based on observed market rates for similar transactions.

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.

Available-for-Sale Assets

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 (e.g. 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.

Heritage Assets—measurement and valuation

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.

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 and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses in 2019/20:

- Graven Hill Village Holding Company Limited
- Graven Hill Village Development Company Limited
- Crown House Banbury Limited
- Crown Apartments Banbury Limited
- CSN Resources Limited
- CSN Associates Limited

Group Accounts have been prepared in accordance with paragraph 9.1.2.60 of the Code of Practice on Local Authority Accounting 2019/20, using uniform accounting policies for like transactions and other events in similar circumstances.

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 consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

Investment Property - Reference Castle Quay

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.

Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The council shares CSN Resources Ltd and CSN associates with South Northamptonshire Council but does not have overall control; therefore, as a party to a joint operation, Cherwell District Council will include its share of CSN Resources Ltd and CSN associates in its group accounts using the equity method.

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, 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.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When applying the definition of fair value, non-financial assets and, non-current assets held for sale shall be measured at highest and best use.

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – Current value, determined using the basis of Existing Use Value for Social Housing (EUV-SH).
- Other land and buildings and operational assets where there is an active market – Current value determined as the amount that would be paid for the asset in its existing use (EUV).
- Operational assets where there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold (i.e. EUV cannot be determined), depreciated replacement cost using the 'instant build' approach as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- 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 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 currently carried out by Montagu Evans. 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 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 £10,000 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.

The following two components have been identified for items of property:

- Land
- Structure of Building

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 losses recognised previously 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.

Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

Minimum Revenue Provision

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation on non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

When payments are eventually made, 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 Assets

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

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

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 count 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 managing 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

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) the Council is required to disclose and set out the impact of accounting code changes required by new accounting standards that have been issued but not yet adopted by the code.

The following are the accounting policies that have been issued but have not been adopted by the Council as at the Balance Sheet date:

- IFRS 16 Leases will require Local Authorities that are lessees to recognise most leases on their balance sheet as right-of-use-assets with corresponding lease liabilities. CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2021.
- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

The above amendments are not expected to have a material impact on the information provided in local authority financial statements in 2019/20.

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.

Lease Accounting

- Judgement is required in the initial classification of leases as either operating leases or finance leases. Where a lease is taken out for land and buildings combined, the lease may be capitalised as a finance lease if it meets the criteria for a finance lease, but will be classed as an operating lease by the Council unless title transfers at the end of the lease. The accounting policy for leases is set out in Note 1.
- Following the postponement of IFRS 16 implementation for Public Sector bodies to 1st April 2021, The Council has opted to use this opportunity to defer its implementation in order to use the extra resource capacity to respond to the on-going Covid-19 emergency. Thus with respect to leases, the accounts have been completed on the same basis as previous years.

Provision for Outstanding Business Rates Appeals

On 1 April 2013, Local Authorities assumed the liability for refunding ratepayers who have successfully appealed against the Business Rates rateable value of their properties. The provision is charged to the Collection Fund.

- In relation to Business Rates Retention, the council has estimated a provision for NDR appeals. We have analysed information from the valuation office and consulted with other Oxfordshire Authorities and used information from the valuation office agency (VOA) revaluation to arrive at the figure in the accounts. The top-up and tariff equalisation mechanism in the business rates retention scheme was adjusted for 2018/19 to ensure that authorities were no better or worse off as a result of the revaluation of rateable values that took effect from 1 April 2017.
- The introduction of the new 2017 rating list on 1st April 2017 and the new methodology of businesses making appeals to the VOA of ‘Check, Challenge and Appeal’ required us to change the method of calculating potential losses on appeals and is now based upon a % of net rates payable.
- For all outstanding appeals on the 2010 rating list, the methodology has not changed and is based upon the past success of appeals that have been lodged and is updated with the information provided by the VOA on a monthly basis relating to settled appeals.

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.	<p>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.</p> <p>The carrying value of depreciable assets in the balance sheet is £115,108k. This amount comprises of Land & Buildings, Plant, Vehicles & Equipment, Infrastructure Assets and Intangible Assets.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Impairment of Property, Plant & Equipment & Intangible Assets	<p>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</p> <p>Factors that are considered important and which could trigger an impairment review include the following:</p> <ul style="list-style-type: none"> • obsolescence or physical damage; • significant changes in technology and regulatory environments; • significant underperformance relative to expected historical or projected future operating results; • 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. 	<p>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.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for <i>similar</i> 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.</p> <p>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 and 15 below.</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets.</p> <p>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).</p> <p>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.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Impairment allowance for doubtful debt	<p>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. One off debts for significant amounts have also been included if we have reasonable grounds to assume that we are unlikely to receive payment.</p>	<p>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.</p>
Pensions	<p>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:</p> <ul style="list-style-type: none"> • 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. 	<p>The assumptions used by the Council are set out in note 37 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 37.</p>
Provision for Business Rates Appeals	<p>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 has used its local knowledge to calculate their provisions, for Cherwell this equated to 16.4% of Net Rates Payable.</p>	<p>If the provision for appeals was increased by 1% the resulting increase would be £1,034,021 shared across Central Government (50%), the county council (10%) and Cherwell District Council (40%)</p>

Note 5 - Material Items of Income and Expense

Pensions

The actuary carried out a valuation as at 31 March 2020. This has resulted in pension assets decreasing from £110m at 31 March 2019 to £102m at 31 March 2020. Liabilities have decreased from £208m at 31 March 2019 to £175m at 31 March 2020, which resulted in a net decrease in liability of £25m.

Note 6 – Events after the Balance Sheet Date

Nothing To report

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Note 7a – Note to the Expenditure and Funding Analysis

Year Ending 31st March 2020

	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Adults and Housing Services	1,588	485	0	0	2,073
Comm Dev Assets and Invests	14,357	170	0	0	14,526
Communities	488	1,995	0	0	2,483
Cust and Org Dev	241	1,528	0	0	1,769
Finance S151	64	193	0	0	257
Governance Monitoring Officer	12	161	0	0	173
Place and Growth	7,818	1,196	0	0	9,014
Public Health and Wellbeing	5,580	298	0	0	5,878
Non Distributed Services	0	0	0	0	0
Net Cost of Services	30,147	6,026	0	0	36,173
Other Income and Expenditure	(5,111)	2,485	(39,708)	0	(42,335)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	25,036	8,511	(39,708)	0	(6,161)

Year Ending 31st March 2019

	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive Services	0	79	0	0	79
Wellbeing	2,862	909	0	0	3,771
Place and Growth	3,184	1,426	0	0	4,610
Environment	1,081	2,252	0	0	3,333
Finance and Governance	28,189	1,083	0	0	29,272
Customers and Service Development	308	1,442	0	0	1,750
Non Distributed Services	0	0	0	0	0
Net Cost of Services	35,624	7,191	0	0	42,815
Other Income and Expenditure	(3,177)	2,273	(241)	0	(1,145)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	32,447	9,464	(241)	0	41,670

Net Capital Statutory Adjustments

This column adds in depreciation and impairment and revaluation gains and losses in the service line.

- For other operating expenditure, it adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- For financing and investment income and expenditure, it adjusts for the statutory charges for capital financing and investment i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- For taxation and non-specific grant income and expenditure, capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivables without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Pensions Statutory Adjustments

This column adjusts for the net change for the renewal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income.

- For services, this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For financing and investment income and expenditure, this adjusts for the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Statutory Adjustments

- Other statutory adjustments between amounts charged/(received) to the Comprehensive Income and Expenditure Statement and amounts payable / (receivable) to be recognised under statute. For financing and investment (income) and expenditure the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts and financial instruments.
- The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and Non-Domestic Rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.
- For taxation and non-specific grant income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, e.g. for un-ringfenced government grants.

Note 7b – Segmental Analysis of Income and Expenditure

Year Ending 31st March 2020

	Revenues from External Customers	Revenues from Other Segments	Interest Revenue	Interest Expense	Depreciation and Amortisation
	£'000	£'000	£'000	£'000	£'000
Adults and Housing Services	(1,069)	(35)	0	0	241
Comm Dev Assets and Invests	(241)	(937)	0	0	110
Communities	(539)	(1,249)	0	0	1,133
Cust and Org Dev	(3,541)	(1,187)	(0)	0	200
Finance S151	(127)	(499)	0	0	12
Governance Monitoring Officer	(982)	(27,090)	0	0	64
Place and Growth	(274)	0	0	0	365
Public Health and Wellbeing	(5,209)	(900)	0	0	839
Non Distributed Services	(5,731)	(21,652)	(1,896)	2,069	0
Total Managed by Segments	(17,712)	(53,548)	(1,896)	2,069	2,963

Year Ending 31st March 2019

	Revenues from External Customers	Revenues from Other Segments	Interest Revenue	Interest Expense	Depreciation and Amortisation
	£'000	£'000	£'000	£'000	£'000
Chief Executive Services	0	(17)	0	0	0
Wellbeing	(1,020)	(2,079)	0	0	1,098
Place and Growth	(3,452)	(603)	0	0	234
Environment	(4,648)	(874)	0	0	847
Finance and Governance	(3,673)	(31,493)	0	0	541
Customers and Service Development	(250)	(8)	0	0	308
Non Distributed Services	(5,655)	(17,152)	(3,366)	2,222	0
Total Managed by Segments	(18,698)	(52,226)	(3,366)	2,222	3,028

Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations 2019/20

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.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Note 8 Continued...

31 March 2020	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)	(5,982)	0	0	5,982
Council tax and NDR (transfers to or (from) the Collection Fund)	926	0	0	(926)
Holiday pay (transferred to/(from) the Accumulated Absences reserve)	(1)	0	0	1
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)	(32,495)	0	0	32,495
Total Adjustments to Revenue Resources	(37,552)	0	0	37,552
				0
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	4,039	(4,039)	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	1,630	0	0	(1,630)
Total Adjustments between Revenue and Capital Resources	5,669	(4,039)	0	(1,630)
				0
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	4,039	0	(4,039)
Application of capital grants to finance capital expenditure	3,445	0	(20)	(3,425)
Total Adjustments to Capital Resources	3,445	4,039	(20)	(7,464)
				0
Total Adjustments	(28,438)	0	(20)	28,458

Note 8 Continued...

31 March 2019	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 Council tax and NDR (transfers to or from the	(6,753)	0	0	6,753
Holiday pay (transferred to the Accumulated Absences	143	0	0	(143)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital Adjustment Account)	12	0	0	(12)
	(37,162)	0	(1,136)	38,298
Total Adjustments to Revenue Resources	(43,760)	0	(1,136)	44,896
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from	5,423	(5,423)	0	0
Statutory Provision for the repayment of debt (transfer	1,052	0	0	(1,052)
Total Adjustments between Revenue and Capital	6,475	(5,423)	0	(1,052)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	5,423	0	(5,423)
Application of capital grants to finance capital expenditure	0	0	1,369	(1,369)
Total Adjustments to Capital Resources	0	5,423	1,369	(6,792)
Total Adjustments	(37,285)	0	233	37,052

Note 9 - Transfers to/from Earmarked Reserves

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

	Balance at 31 March 2018	Transfers In 2018/19	Transfers Out 2018/19	Balance at 31 March 2019	Transfers In 2019/20	Transfers Out 2019/20	Balance at 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Reserves:							
General Fund Reserves - Other	(13,051)	(7,074)	2,645	(17,480)	(6,943)	2,879	(21,544)
Area Based Grant	(83)	0	0	(83)			(83)
Bicester Fields Main Park	(97)	0	0	(97)			(97)
Brighter Futures - Skills Reward Grant	(66)	0	49	(17)		8	(9)
Bicester Garden Town	(955)	(483)	433	(1,005)		223	(782)
Bicester Youth Bus	(65)	0	0	(65)		30	(35)
Courtyard Youth Arts	(39)	0	0	(39)		30	(9)
Dovecote Milcombe	(56)	0	0	(56)		24	(32)
Eco Town Revenue	(30)	0	0	(30)	(88)	114	(4)
Flood Recovery Grant	(40)	0	0	(40)			(40)
Green Deal Pioneer Places	(67)	0	0	(67)			(67)
Home Improvement Agency	(261)	0	40	(221)			(221)
Homelessness Prevention	(70)	(384)	65	(389)		34	(355)
New Burdens Grant	(248)	0	0	(248)			(248)
Elections Reserve	(21)	0	0	(21)		21	0
Police & Crime Commissioner	(64)	0	0	(64)			(64)
Thames Valley Police	(65)	0	37	(28)		28	0
Sportivate Grant	(33)	0	0	(33)	(22)		(55)
Active Women	(22)	0	0	(22)		22	0
Credit Union Development Officer	0	0	0	0			0
Housing and Planning Initiatives	(322)	0	0	(322)			(322)
Laburnham Cres Ambrosden	(38)	0	0	(38)		38	0
Total General Fund	(15,693)	(7,941)	3,269	(20,365)	(7,053)	3,451	(23,967)

Note 10 - Other Operating Expenditure

31 March 2019		31 March 2020
£'000		£'000
5,259	Precepts	5,480
(2,731)	Gains/losses on the Disposal of Non-Current Assets	(1,666)
2,528	Total Other Operating Expenditure	3,814

Note 11 - Financing and Investment Income and Expenditure

A breakdown of the items within the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement is as follows:

31 March 2019		31 March 2020
£'000		£'000
2,222	Interest payable and similar charges	2,069
2,256	Net interest on the net defined benefit liability (asset)	2,402
(3,366)	Interest receivable and similar income	(4,298)
19,281	Income and expenditure in relation to investment properties and changes in their fair value	13,774
(2,556)	Other investment income and expenditure	8,394
17,837	Total	22,341

Note 12 - Taxation and Non-Specific Grant Income

A breakdown of the items in the Taxation and Non-Specific Grant Income line within the Comprehensive Income and Expenditure Statement is:

31 March 2019		31 March 2020
£'000		£'000
(11,667)	Council tax income	(12,308)
(14,334)	Non-ringfenced government grants	(18,983)
(2,805)	Capital grants and contributions	(3,445)
(28,806)	Total	(34,736)

Note 13 – Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

Nature of Expenditure or Income		
31 March 2019		31 March 2020
£'000		£'000
Expenditure		
23,984	Employee benefits expenses	24,033
82,742	Other expenditure	75,087
7,197	Interest payments	2,071
5,259	Precepts and levies	5,480
3,028	Depreciation, amortisation and impairment	2,963
122,210	Total Expenditure	109,634
Income		
(18,696)	Fees, charges and other service income	(17,829)
(6,068)	Interest and investment income	(1,898)
(11,800)	Income from local taxation	(12,303)
(52,226)	Government grants and contributions	(54,280)
(2,731)	Gain or loss on disposal of non-current assets	(1,666)
(91,521)	Total Income	(87,976)
30,689	(Surplus) or Deficit for Year	21,658

Note 14 – Property, Plant and Equipment

Movements to 31 March 2020

	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
Balance Brought Forward	104,612	13,250	5,443	24	10	12,759	136,098
Adjustments to Cost/Value **		(253)					
At 1 April 2019	104,612	12,997	5,443	24	10	12,759	135,845
Additions	2,252	1,212	113	14		15,412	19,004
Acc Dep & Imp WO to GCA	(2,089)						(2,089)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,216						8,216
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,829)						(10,829)
Derecognition - Disposals	(2,350)	(201)				(37)	(2,589)
Assets reclassified (to)/from Investment Property	(34)						(34)
Other movements in Cost or Valuation	8,688					(8,688)	
At 31 March 2020	108,466	14,008	5,556	38	10	19,445	147,524
Accumulated Depreciation & Impairment							
Balance Brought Forward	(2,367)	(9,098)	(2,683)				(14,148)
Adjustments to Cost/Value***		120					
At 1 April 2019	(2,367)	(8,978)	(2,683)	0	0	0	(14,028)
Depreciation Charge for 2019/20	(1,626)	(852)	(154)			(94)	(2,726)
Acc. Depreciation WO to GCA	2,089						2,089
Derecognition - Disposals	29	201					230
Assets reclassified (to)/from Investment Property	8						8
Other movements in Depreciation and Impairment	(94)					94	
At 31 March 2020	(1,961)	(9,628)	(2,838)				(14,427)
Net Book Value							
At 31 March 2020	106,505	4,380	2,719	38	10	19,445	133,097
At 31 March 2019	102,245	4,019	2,760	24	10	12,759	121,817
Plus net adjment for 2019							133
At 31 March 2019							121,950

Movements to 31 March 2019

	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2018	89,866	12,586	5,443	24	10	28,637	136,565
Additions	5,073	834				2,054	7,962
Acc Dep & Imp WO to GCA	(1,166)						(1,166)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,795						7,795
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(11,997)						(11,997)
Derecognition - Disposals Assets reclassified (to)/from Investment Property	(2,224)	(170)				(669)	(2,394)
Other movements in Cost or Valuation	17,263					(17,263)	
At 31 March 2019	104,612	13,250	5,443	24	10	12,759	136,098
Accumulated Depreciation & Impairment							
At 1 April 2018	(1,813)	(8,367)	(2,524)				(12,705)
Depreciation Charge for 2018/19	(1,700)	(900)	(159)			(20)	(2,779)
Acc. Depreciation WO to GCA	1,166						1,166
Derecognition - Disposals		170					170
Other movements in Depreciation and Impairment	(20)					20	
At 31 March 2019	(2,367)	(9,098)	(2,683)				(14,148)
Net Book Value							
At 31 March 2019	102,245	4,152	2,760	24	10	12,759	121,950
At 31 March 2018	88,053	4,218	2,919	24	10	28,637	123,861

**** Note: £(253)m & *** Note - £120m = £(133)** - Software update to the Fixed Asset Register meant that an Asset was moved from Asset Class Vehicles, Plant & Equipment to Intangible Assets. The closing and opening balances do not agree. The difference being this asset

Property, Plant And Equipment Revaluations -

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	3,886	14,008	38	0	17,932
Valued at current value as at:					
31/03/2020	75,686	0	0	0	75,686
31/03/2019	27,845	0	0	0	27,845
31/03/2018	544	0	0	10	554
31/03/2017	505	0	0	0	505
31/03/2016					
Total Cost or Valuation	108,466	14,008	38	10	122,523

Note 15 – 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:

Investment Property Income and Expenditure		
31-Mar-19		31-Mar-20
£'000		£'000
(5,060)	Rental income from investment property	(5,233)
2,662	Direct operating expenses from investment property	1,754
(2,398)	Net (gain)/loss	(2,860)

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-19		31-March-20
Non-Current	Investment Property Movements in Year	Non-Current
£000		£000
80,871	Balance at Start of Year	72,240
9,603	Additions: Purchases	
377	Enhancements	3,508
0	Disposals	0
(19,281)	Net gains/losses from fair value adjustments	(14,167)
669	To/from Property, Plant and Equipment	26
72,240	Balance at End of Year	61,607

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2020 are as follows:

Fair Value Hierarchy

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2019 £'000
Residential (market rental) properties	0	0	0	0
Office Units	0	1,292	0	1,292
Commercial Units	0	60,315	0	60,315
	0	61,607	0	61,607

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2019 are as follows:

Recurring fair value measuring usage	Fair Value Hierarchy			Fair value as at 31 March 2019
	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	£'000	£'000	£'000	
Residential (market rental) properties	0	0	0	0
Office Units	0	1,735	0	1,735
Commercial Units	0	70,505	0	70,505
	0	72,240	0	72,240

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 externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Castle Quay Valuation

In 2019/20 we have seen a downward movement in the valuation of the Castle Quay shopping centre by £11.8m, the valuation being £33m.

The valuation of our property has been undertaken independently and takes into account not only the specific financial returns within the centre but also market sentiment which at a national level is pessimistic. It should also be noted that valuations usually take into account prices that were actually achieved in year from sales of similar property which help to gauge purchaser's view of value. For the first time in a significant period of time, no such transactions have taken place in year so valuations are not able to take this into account.

It should be noted that the Council is not anticipating selling the shopping centre and therefore at this stage valuation of the asset whilst important, does not have a direct financial impact on the Council. The centre was bought not only as an investment, with revenue income returned to the council to cover all running costs as well as provide a financial return, but also to ensure that a valuable town centre asset was protected for our residents. The decision to purchase also ensured that the plans for the adjacent site that will be developed into leisure units would be delivered as this had been stalled by the original owners. We regularly review tenant activity as well as ensure that we actively manage the existing asset to diversify the offer within the town centre. Market analysis shows that offering a broader, more experiential offer has a positive impact on the whole site. The new Castle Quay Waterfront site includes a supermarket, hotel, cinema and food and beverage offer which will attract visitors and improve the night-time economy offer which should have an overall positive benefit and provide protection from the market conditions around retail risk. As the new build is undertaken this will create greater value for the whole site in the medium to long term but it was always highlighted that there may be some short-term impact on the value of the existing site whilst that work was carried out. Works have now commenced on-site and are estimated to be completed by 2021.

In addition, the Council has recently announced a venture within the existing retail site which includes food, beverage, community space and education space within what was a vacant department store site. Lock29 has been announced as well as our partnership with Happerley, a new venture which embraces and encourages the UK Food industry to validate provenance of food. They have chosen Banbury and specifically Lock 29 in Castle Quay as the national centre of food and drink provenance in England which is a major boost for the centre.

In the meantime, we are still receiving rental income from the site and this is not impacted by the valuation of the site. We have also been actively engaging in activity to ensure that the existing shopping centre is well used, well managed and diversifying the offer that we have on-site to ensure that the centre remains a vibrant and attractive place for the town centre. All of this will help ensure that the site remains viable and sustainable and ensure that the value of the site is maximised. We have very few vacant units within the centre and we actively manage the space.

We have a cross-party advisory group made up of Members and Officers who consider the way in which this site as well as the new Castle Quay site is managed and to explore how to ensure the Centre is both commercially successful as well as contribute to the council's wider objectives.

Note 16 – Intangible Assets

An **intangible asset** is an **asset** that is not physical in nature. Goodwill, brand recognition and intellectual property, such as patents, trademarks, and copyrights, are all **intangible assets**.

Intangible Assets		31st March 2019	31st March 2020
		Total £000	Total £000
Balance at Start of Year :			
5,123	Gross Carrying Amount		5,429
	Adjustments to cost/value		253
	Opening Balance as at 1 April 2019		5,682
(4,342)	Accumulated Amortisation & Impairment		(4,591)
	Adjustments to cost/value		(120)
	Opening Balance as at 1 April 2019		(4,712)
781	Net Carrying Amount		970
306	Additions		771
(250)	Amortisation for the Period		(237)
837	Net Carrying Amount at End of Year		1,504
Comprising :			
5,429	Gross Carrying Amount		6,453
(4,591)	Accumulated Amortisation & Impairment		(4,949)
837			1,504

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 generated 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:

Useful Life (Years)	Internally Generated Assets	Other Assets
1 Yea	None	Software and Licences
3 Years	None	Software and Licences
4 Years	None	Software and Licences
5 Years	None	Software and Licences

Note 17 – Financial Instruments

Balance Sheet items

The Council is obliged to analyse any Financial Instruments that it holds (whether liabilities such as borrowings or assets such as investments) into certain categories.

The Investments and Debtors disclosed in the Balance Sheet, as set out below (adjusted to exclude statutory debtors), are all categorised as Loans and Receivables, and are carried in the Balance Sheet at amortised cost.

Financial Instruments – Liabilities

	31-Mar-19		31-Mar-20	
	Short Term	Long Term	Short Term	Long Term
Financial Liabilities	£'000	£'000	£'000	£'000
Loans at amortised cost:				
- Principal sum borrowed	(43,000)	(68,000)	(66,000)	(75,000)
- Accrued interest	(564)	-	(507)	-
Total Borrowing	(43,564)	(68,000)	(66,507)	(75,000)
Liabilities at amortised cost:				
- Finance leases	-	(1,582)	-	(1,576)
Total Other Long-term Liabilities	0	(1,582)	0	(1,576)
Liabilities at amortised cost:				
- Trade payables	(13,534)	-	(9,692)	-
Included in Creditors	(13,534)	0	(9,692)	0
Total Financial Liabilities	(57,098)	(69,582)	(76,199)	(75,576)

The total short-term borrowing includes £324k (2019: £436k) accrued interest due within 12 months on long-term borrowing.

The creditors lines on the Balance Sheet include £14,073k (2019: £8,106k) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

Financial Instruments – Assets

	31-Mar-19		31-Mar-20	
	Short Term	Long Term	Short Term	Long Term
Financial Assets	£'000	£'000	£'000	£'000
<i>At amortised cost:</i>				
- Principal	6,000	-	17,000	-
- Accrued interest	8	-	48	-
<i>At fair value through profit & loss:</i>				
- Fair value	-	22,828	-	29,053
Total Investments	6,008	22,828	17,048	29,053
<i>At amortised cost:</i>				
- Principal	523	-	844	-
<i>At fair value through profit & loss:</i>				
- Fair value	8,785	-	3,964	-
- Accrued interest	5	-	3	-
Total Cash and Cash Equivalents	9,313	0	4,811	0
<i>At amortised cost:</i>				
- Trade receivables	2,321	-	3,674	-
- Loans made for service purposes	3,500	37,626	4,000	45,855
- Accrued interest	95	6,886	24	8,691
- Loss allowance	-	(642)	-	(778)
Included in Debtors	5,916	43,870	7,698	53,768
Total Financial Assets	21,237	66,698	29,557	82,821

The debtors lines on the Balance Sheet include £12,622k (2019: £8,880) short-term and £855k (2019: £725k) long-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet.

	31-Mar-19	31-Mar-20
	£'000	£'000
Bank accounts in credit	134	1
Bank overdrafts	(86)	(158)
Net position of offset accounts	48	(157)
Other bank accounts	475	1,001
Net position on balance sheet	523	844

Financial Instruments - Gains and Losses

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

	Financial Liabilities		Financial Assets		2019/20 Total	2018/19 Total
	Amortised Cost	Fair Value through Profit & Loss	Amortised Cost	Fair Value through Profit & Loss		
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	2,034	-	-	-	2,034	1,514
Fees paid	37	-	-	-	37	73
Interest payable and similar charges **	2,071	0	0	0	2,071	1,587
Interest income	-	-	(4,026)	(54)	(4,080)	(3,373)
Fees	-	-	(220)	0	(220)	-
Interest and investment income	0	0	(4,246)	(54)	(4,300)	(3,373)
Net impact on surplus/deficit on provision of services	2,071	0	(4,246)	(54)	(2,229)	(1,786)
Net Gain/(Loss) for the Year	2,071	0	(4,246)	(54)	(2,229)	(1,786)

Financial Instruments - Fair Value – Liabilities

		Balance Sheet 31-Mar-19	Fair Value 31-Mar-19	Balance Sheet 31-Mar-20	Fair Value 31-Mar-20
	Fair Value Level	£'000	£'000	£'000	£'000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	(41,325)	(42,549)	(75,324)	(75,708)
Other long-term loans	2	(27,111)	(27,265)	0	0
Short-term loans	2	(43,128)	(43,228)	(66,183)	(66,344)
Lease payables and PFI liabilities	2	(1,582)	(1,582)	(1,576)	(3,938)
TOTAL		(113,146)	(114,624)	(143,083)	(145,990)
Liabilities for which fair value is not disclosed		(26,824)		(30,806)	
TOTAL FINANCIAL LIABILITIES		(139,970)		(173,889)	
<i>Recorded on balance sheet as:</i>					
Short-term creditors		(21,640)		(23,765)	
Short-term borrowing		(43,128)		(66,183)	
Short-term provisions		(1,467)		(1,431)	
Long-term creditors		(1,582)		(1,576)	
Long-term borrowing		(68,436)		(75,324)	
Long-term provisions		(3,717)		(5,610)	
TOTAL FINANCIAL LIABILITIES		(139,970)		(173,889)	

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

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans as at the Balance Sheet date.

Financial Instruments - Fair Value - Assets

		Balance Sheet 31-Mar-19	Fair Value 31-Mar-19	Balance Sheet 31-Mar-20	Fair Value 31-Mar-20
	Fair Value Level	£'000	£'000	£'000	£'000
Financial assets held at fair value:					
Money market funds	1	8,791	8,791	3,967	3,967
Shares in unlisted companies	3	22,828	22,828	29,053	29,053
<i>Financial assets held at amortised cost:</i>					
Bank deposits & repos	2	6,531	6,527	17,892	17,921
Loans to companies	3	47,465	47,465	57,792	57,792
TOTAL		85,615	85,611	108,704	111,417
Assets for which fair value is not disclosed		11,926		17,151	
TOTAL FINANCIAL ASSETS		97,541		125,855	
<i>Recorded on balance sheet as:</i>					
Long-term debtors		44,595		54,623	
Long-term investments		22,828		29,053	
Short-term debtors		14,797		20,320	
Short-term investments		6,008		17,048	
Cash and cash equivalents		9,313		4,811	
TOTAL FINANCIAL ASSETS		97,541		125,855	

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

The fair value of financial assets held at amortised cost is lower than their balance sheet carrying amount because the interest rate on similar investments is now higher than that obtained when the investment was originally made.

Note 17.1 - 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.

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 . 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:

Long Term Credit

Rating

(Fitch)

	31-Mar-19	31-Mar-20
	£'000	£'000
AA	3,000	0
AA-	1,002	17,048
A+	2,006	0
	6,008	17,048

Credit risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

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:

	31-Mar-19	31-Mar-20
	£'000	£'000
Duration outstanding		
One months	602	2,522
Two months	18	68
Three months	204	40
More than three months	254	1,050
	1,078	3,680

Credit Risk: Loan Commitments and Financial Guarantees

In furtherance of the Council's service objectives, it has committed to lend money to the following organisations, should it be requested to do so:

	Total facility	Balance 31 March 2020
Graven Hill Village Development Co Ltd	£63.7m	£29.2m
Crown House Banbury Ltd	£9.7m	£9.5m
Banbury BID Ltd	£0.05m	£0.02m

Liquidity Risk

The Council manages its liquidity position through the risk management processes set out in its annual Treasury Management Strategy 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.

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.

The maturity analysis of current loans is as follows (principal amounts only shown i.e. excluding accrued interest):

Time to maturity	31-Mar-19 £'000	31-Mar-20 £'000
Less than 1 year	(43,000)	(66,000)
1 – 2 years	(27,000)	0
2 – 5 years	0	(21,000)
5-10 years	(31,000)	(28,000)
10-20 years	(5,000)	(21,000)
20-30 years	(5,000)	(5,000)
	(111,000)	(141,000)

Market Risk: Interest Rates

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments.

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 funds held for liquidity purpose e.g. money market funds and call accounts, the Council currently does not have any investments at variable rates.

Although the council is currently able to borrow at low interest rates, it is exposed to the risk that it may need to refinance some of its borrowing at higher interest rates in the future.

The Council has a number of strategies for managing interest rate risks. The Treasury Management team, in consultation with its advisors, 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 and Crown House Banbury 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 as a result has no exposure to loss arising from movements in exchange rates.

Note 18 – Inventories

The table below provides details on the level of inventories balances set out in the Balance sheet.

31-March-19	General Stock	31-March-20
£'000		£'000
169	Balance outstanding at start of year	220
695	Purchases	595
(644)	Recognised as an expense in the year	(628)
220	Balance Outstanding at Year End	187

Note 19a – Debtors

An analysis of the debtor's balance is shown below

31-Mar-19		31-Mar-20
£'000		£'000
2,321	Trade Receivables	3,674
474	Pre Payments	545
8,406	Other Receivable Amounts	16,102
11,201	Total Debtors	20,320

Note 19b Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non- domestic rates) can be analysed by age as follows;

31-Mar-19		31-Mar-20
£'000		£'000
0	Less than three months	0
0	Three to six months	0
758	Six months to one year	676
606	More than one year	674
1,364	Total Debtors	1,350

Note 20 – 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-Mar-19		31-Mar-20
£'000		£'000
523	Bank Balances/(Overdraft)	844
8,791	Short Term Investments	3,967
9,313	Total Cash and Cash Equivalents	4,811

Note 21– Assets Held for Sale

Assets held for sale		
Non-current		Non-current
31-Mar-19		31-Mar-20
£'000		£'000
0	Balance at start of year	0
	Assets Sold:	
0	Property Plant and Equipment	0
0	Balance Outstanding year end	0

Note 22 – Creditors

The table below provides detail on the level of creditors balances set out in the Balance Sheet

31-Mar-19		31-Mar-20
£000		£000
(9,239)	Trade Payables	(9,692)
(12,401)	Other Payable Amounts	(14,073)
(21,640)	Total Creditors	(23,765)

Note 23 - Provisions

The main provisions during 2019/20 are for NNDR appeals following the change in accounting arrangements for the collection fund from 1 April 2013. As a result of implementing the changes to the business rates legislation, the council is required to set up a provision for the potential cost of successful appeals with the Valuation Office.

Current Provisions

31-Mar-20	Sports and Leisure Provision	Health Walks Training Provision	NNDR Appeals Provision	Total
	£'000	£'000	£'000	£'000
Opening Balance	0	(4)	(1,464)	(1,468)
Increase in provision during year	0	0	(38)	(38)
Utilised during the year	0	0	74	73
Closing Balance	0	(4)	(1,428)	(1,431)

31-Mar-19	Sports and Leisure Provision	Health Walks Training Provision	NNDR Appeals Provision	Total
	£'000	£'000	£'000	£'000
Opening Balance	(52)	(4)	(2,116)	(2,172)
Increase in provision during year	0	0	(225)	(225)
Utilised during the year	52	0	877	929
Closing Balance	0	(4)	(1,464)	(1,468)

Long Term Provisions

31-Mar-20	NNDR Appeals	Landlord Rent Guarantee	Landlord Rent Ex-Charter	Banbury Bowls Club	58 Bridge Street - Repair & Renewals	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance	(3,470)	(109)	(18)	(47)	(73)	(3,717)
Increase in provision during year	(2,160)	(9)	0	0	(10)	(2,179)
Utilised during year	270	16	0	0	0	286
Closing Balance	(5,360)	(102)	(18)	(47)	(83)	(5,610)

31-Mar-19	NNDR Appeals	Landlord Rent Guarantee	Landlord Rent Ex-Charter	Banbury Bowls Club	58 Bridge Street - Repair & Renewals	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance	(1,681)	(107)	(18)	(47)	(63)	(1,916)
Increase in provision during year	(1,837)	(13)	0	0	(10)	(1,860)
Utilised during year	48	11	0	0	0	59
Closing Balance	(3,470)	(109)	(18)	(47)	(73)	(3,717)

Total Provisions

31-Mar-19	31-Mar-20
£'000	£'000
(4,089) Opening Balance	(5,184)
(2,085) Increase in provision during year	(2,217)
989 Utilised during year	360
(5,185) Closing Balance	(7,041)

Note 24 – 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-Mar-19		31-Mar-20
£'000		£'000
0	Balance 1 April	0
(5,423)	Capital Receipts in year	<u>(5,272)</u>
5,423	Capital Receipts used for financing	<u>5,272</u>
0	Balance 31 March 20	0

Capital Grants Unapplied

31-Mar-19		31-Mar-20
£'000		£'000
(378)	Balance 1 April	(145)
(1,136)	Capital grants recognised in year	(1,118)
1,369	Capital grants and contributions applied	1,098
(145)	Balance 31 March 20	(165)

Note 25 - Unusable Reserves

The Council has several 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-Mar-19		31-Mar-20
£'000		£'000
(34,206)	Revaluation Reserve	(41,218)
(72,924)	Capital Adjustment Account	(50,726)
98,100	Pension Reserve	72,770
(739)	Deferred Capital Receipts Reserve	(740)
(1,119)	Collection Fund Adjustment Account	(2,045)
202	Accumulated Absences Account	204
(10,686)	Total	(21,755)

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.

31-Mar-19		31-Mar-20
£'000		£'000
(27,111)	Opening Balance as at 1 April 2019	(34,206)
(8,749)	Upward revaluation of assets	5,582
954	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(13,798)
(7,795)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(8,216)
472	Difference between fair value depreciation and historical cost depreciation	472
228	Accumulated gains on assets sold or scrapped	732
700	Amount written off to the Capital Adjustment Account	1,204
(34,206)	Closing Balance 31 March 20	(41,218)

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-Mar-19		31-Mar-20
£'000		£'000
(101,006)	Opening Balance as at 1 April	(72,924)
2,779	Charges for depreciation and impairment of non-current assets	2,726
11,997	Revaluation losses on non-current assets	10,829
250	Amortisation of intangible assets	237
1,890	Revenue expenditure funded from capital under statute	2,178
2,222	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	2,359
19,138	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	18,329
700	Adjusting Amounts written out of the Revaluation Reserve	1,204
18,438	Net written out amount of the cost of non-current assets consumed in the year	17,125
(5,423)	Use of Capital Receipts Reserve to finance new capital expenditure	(4,039)
(3,162)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,425)
(1,052)	Statutory provision for the financing of capital investment charged against the General Fund	(1,630)
0	Capital expenditure charged against the General Fund	0
(9,637)	Capital financing applied in year:	(9,094)
0		
19,281	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	14,167
(72,924)	Balance 31 March	(50,726)

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-Mar-19		31-Mar-20
£'000		£'000
85,247	Balance 1 April	98,100
6,100	Remeasurements of the net defined benefit (liability)/asset	(31,312)
9,176	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	8,532
(2,423)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,550)
98,100	Balance 31 March	72,770

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Note 26 - Trading Operations

The authority established 3 trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations. Details of those units are as follows;

31 March 2019	Building Control	31 March 2020
£'000		£'000
(417)	Income	(440)
388	Expenditure	395
(29)	Net (Surplus) / Deficit for Year	(45)

31 March 2019	Corporate Properties & Industrial Estates	31 March 2020
£'000		£'000
(4,075)	Income	(3,804)
391	Expenditure	14,640
(3,684)	Net Surplus / Deficit for Year	10,836

31 March 2019	Markets	31 March 2020
£'000		£'000
(93)	Income	(80)
76	Expenditure	70
(17)	Net Surplus / Deficit for Year	(11)

31 March 2019	Trading Operations Total Income and Expenditure:	31 March 2020
£'000		£'000
(4,585)	Income	(4,324)
855	Expenditure	15,105
(3,730)	Net Surplus / Deficit for Year	10,781

31 March 2019	Analysis of Inclusion in The Comprehensive Income and Expenditure Statement:	31 March 2020
£'000		£'000
(3,730)	Net surplus on trading operations	10,781
0	Services to the public included in Expenditure of Continuing Operations	0
0	Support services recharged to Expenditure of Continuing Operations	0
(3,730)	Net surplus / deficit included in Financing and Investment Income and Expenditure	10,781

Note 27 - Agency Services

The Agency Services provides provisions to local councils for landscaping and ground maintenance. This is recharged to the town and Parish Councils.

31-Mar-19	Bicester Town Council	31-Mar-20
£'000		£'000
(250)	Income	(353)
309	Expenditure	337
59	Net Surplus/Deficit on the Agency Arrangement	(16)

31-Mar-19	Oxfordshire County Council	31-Mar-20
£'000		£'000
(100)	Income	(150)
206	Expenditure	211
106	Net Surplus/Deficit on the Agency Arrangement	61

31-Mar-19	Kidlington Parish Council	31-Mar-20
£'000		£'000
(117)	Income	(136)
143	Expenditure	133
26	Net Surplus/Deficit on the Agency Arrangement	(3)

31-Mar-19	South Northants Council	31-Mar-20
£'000		£'000
(46)	Income	(76)
65	Expenditure	77
19	Net Surplus/Deficit on the Agency Arrangement	1

31-Mar-19	Brackley Town Council	31-Mar-20
£'000		£'000
(54)	Income	(59)
74	Expenditure	61
20	Net Surplus/Deficit on the Agency Arrangement	2

Note 28 - Members' Allowances

The total of Members' Allowances paid in the year 2019/20 amounted to £317k. This compares to £312k in 2018/19. 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 2019/20 were as follows:

31 March 2019		31 March 2020	
£'000			£'000
303	Allowances		307
9	Expenses		10
312	Total Members' Allowances		317



Note 29 - 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 does not include 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 Northamptonshire Council are not included in the table below;

31 March 2019	Officers' Remuneration	31 March 2020
Number of employees	Remuneration Band	Number of employees
12	£50,001 to £55,000	13
2	£55,001 to £60,000	1
1	£60,001 to £65,000	2
2	£65,001 to £70,000	1
17		17



Note 29 Continued... The Remuneration paid to senior employees in Cherwell District Council 2019/20 is as follows:

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration Including Pension Contribution	Contribution to Oxfordshire	Cost to Cherwell District Council	Date in post 2019/20
Corporate Director of Customers and Organisational Development**	£17,911	£421	-	£18,333	£18,616	£32,045		£32,045	
Assistant Director - Planning & Development	£67,103	£444	-	£67,547	£9,905	£77,452		£77,452	
Assistant Director of Environmental Services	£79,856	£2,106	-	£81,961	£11,898	£93,860		£93,860	
Assistant Director of Housing and Social Care Commissioning	£30,166	£3,665	-	£33,831	£11,898	£45,729		£45,729	
Chief Operating Officer	£89,180	£2,044	-	£91,224	£13,017	£104,241		£104,241	Left 31 Jan 2020
Director of HR**	£7,968	£125	-	£8,093	£14,344	£12,449		£12,449	
Assistant Director - Performance & Transformation	£45,847	£748	-	£46,595	£6,449	£53,044		£53,044	
Assistant Director - Performance & Transformation	£57,594	£183	-	£57,777	£8,484	£66,261		£66,261	Left 31 Dec 2019
Director of Customers and Cultural Services**	£71	-	-	£71	£598	£103		£103	From 17 Mar 2020
Assistant Director of Wellbeing	£67,823	£1,074	-	£68,897	£10,106	£79,003		£79,003	
Corporate Director of Place and Growth**	£6,781	-	-	£6,781	£5,162	£8,706		£8,706	From 7 Jan 2020

Table continued on next page...

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration Including Pension Contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council	Date in post 2019/20
Assistant Director of Property Investment and Contract Management	£76,206	£4,258	-	£80,464	£11,246	£91,710		£91,710	
Assistant Director of Growth and Economy	£75,780	£2,505	-	£78,285	£11,246	£89,531		£89,531	
Joint Chief Executive - Yvonne Rees**	£73,859	£486	-	£74,346	£28,989	£85,937		£85,937	
Corporate Director of Communities*	-	-	-	-	-	-	£14,278	£14,278	Sep 2019 only
Director of Finance S151*	-	-	-	-	-	-	£5,328	£5,328	From 26 Feb 2020
Corporate Director Commercial Development Assets & Investments*	-	-	-	-	-	-	£2,268	£2,268	From 16 Mar 2020
Director of Law & Governance*	-	-	-	-	-	-	£30,888	£30,888	
Director of Digital & IT*	-	-	-	-	-	-	£5,609	£5,609	From 6 Mar 2020
Head of Procurement & Contract Management*	-	-	-	-	-	-	£14,683	£14,683	From July 2019
Total	£696,002	£18,059	-	£714,061	£161,961	£840,072	£73,054	£913,126	

Cherwell District Council has several joint posts under the Partnership Agreement with Oxfordshire County Council:

*Denotes Staff employed by Oxfordshire County Council and the District Council is charged a share of salary costs

**Denotes Staff employed by Cherwell District Council and a charge is made to Oxfordshire County Council for a share of the salary costs:



The remuneration paid to senior employees in Cherwell District Council for 2018/19 is as follows:

Post title	Salary (Including Fees & Allowances)	Expenses Reimbursed	Compensation for loss of office	Total Remuneration excluding Pension Contribution	Pension Contributions	Total Remuneration	Date in post in 2018/19	Yearly Salary in this Organisation
Joint Chief Executive - Yvonne Rees	£76,843	£1,461		£78,304	£10,981	£89,285	01 April 2018	£137,919
Executive Director Place & Growth	£24,075		£13,443	£37,518	£3,863	£41,381	Left Oct 18	£92,629
Director - Customers and Service Development	£40,361	£211		£40,572	£6,014	£46,586	01 April 2018	£86,666
Assistant Director Environmental Services	£39,155	£3,240		£42,395	£5,810	£48,205	01 April 2018	£77,983
Assistant Director - Customer Strategy and IT services	£18,828			£18,828	£2,805	£21,634	Left Dec 18	£67,301
Assistant Director- Housing & Social Care Commissioning	£30,508	£1,394		£31,902	£4,443	£36,344	01 June 2018	£73,710
Chief Operating Officer	£58,176	£5,980		£64,156	£8,641	£72,797	01 May 2018	£102,381
Assistant Director - Law & Governance	£25,301	£717		£26,019	£3,770	£29,789	Left Dec 18	£73,710
Assistant Director- Planning Policy & Development	£23,368	£93		£23,461	£3,482	£26,943	Left Dec 18	£73,710
Executive Director Wellbeing	£24,811	£484		£25,295	£0	£25,295	Left Dec 18	£92,629
Assistant Director - HR, OD & Payroll	£41,555			£41,555	£6,168	£47,723	01 April 2018	£66,233
Assistant Director - Finance & Procurement	£29,735	£366		£30,102	£4,431	£34,532	Left Dec 18	£73,710
Assistant Director - Performance & Transformation	£46,393	£59		£46,452	£7,872	£54,324	01 April 2018	£73,264
Assistant Director Wellbeing	£40,995	£1,887		£42,882	£6,108	£48,990	01 April 2018	£65,164
Assistant Director Property, Investment and Contract Management	£33,830	£5,487		£39,318	£4,974	£44,292	01 August 2018	£73,710
Assistant Director Planning and Economy	£36,618	£945		£37,563	£5,367	£42,929	01 July 2018	£73,710
Assistant Director Leisure and Sport	£22,495	£176	£25,017	£47,688	£3,335	£51,023	Left Nov 18	£65,164

- The Chief Executive, Director Customers and Service Development, Assistant Director Housing & Social Care Commissioning provide services for both Cherwell District Council and Oxford County Council. They are formally employed by Cherwell District Council and Oxford County Council is recharged for part of their salary and other remuneration.



Note 30 - 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.

31 March 2019		31 March 2020
£'000s		£'000s
40	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	61
0	Fees payable to the Audit Commission for the certification of grant claims and returns	0
40		61

Note 31 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20;

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

31-Mar-19 £'000		31-Mar-20 £'000
(637)	Revenue Support Grant	(114)
(9,702)	Non Domestic Rates (incl. Section 31 grant)	(13,782)
(4,009)	New Homes Bonus	(5,087)
(1,013)	Disabled Facilities Grant	(1,093)
(1,792)	Other Capital Grants and Contributions	(2,353)
(17,153)	Total	(22,428)

Credited to Services

31-Mar-19		31-Mar-20
£'000		£'000
(30,268)	Rent Allowances Subsidy Grant	(23,185)
(324)	Housing Benefit Administration Subsidy Grant	(290)
(51)	Family Annex Council Tax Discount Grant	(51)
(19)	Individual Election Registration	(18)
(116)	LCTS Administration Subsidy Grant	(112)
(227)	NDR Cost of Collection Grant	(231)
(384)	Flexible Homeless Support Grant	(192)
(17)	Brexit Preparation	(35)
0	Rough Sleeper Initiative	(158)
(59)	Universal Credit	(32)
(203)	Developer contributions (S106)	(255)
(30)	New Burdens	(165)
(260)	Discretionary Housing Payments	(250)
(996)	Other Grants & Contributions	(1,021)
(1,619)	Contributions from other Local Authorities	(1,948)
(321)	Bicester Healthy New Towns	(204)
(139)	Home Office - Syrian Refugees	(365)
0	Homes England - Garden Town Funding	(1,090)
(40)	Neighbourhood Planning	0
(35,072)	Total	(29,601)

Grants Receipts in Advance (Revenue Grants) - Current Liabilities

31-Mar-19		31-Mar-20
£'000		£'000
(3,160)	Section 106 developer contributions	(3,118)
(1,534)	Other Grants and contributions	(1,405)
(4,695)	Total	(4,523)

The Council has received several 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-Mar-19 £'000		31-Mar-20 £'000
(13,259)	Section 106 Developer Contributions - Capital	(9,601)
(45)	Other Contributions	(29)
(4)	DECC GREEN DEAL	(4)
(8)	DEFRA Monitoring & Modelling	(8)
(4,250)	NW Bicester Bridge	(4,250)
0	Eco Town Grant	(3,906)
(5)	Community Build Banbury	(5)
0	Garden Town Capacity Funding	(2,946)
(17,571)	Total	(20,749)

Note 32 - 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 including:

- Providing the statutory framework within which the Council operates,
- Provides the majority of its funding in the form of grants
- Prescribing 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 2019/20 works and services to the value of £2,520k (2018/19 £2,220k) 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

Officers of the Council made no material disclosures other than being a shared resource as noted below.

Oxfordshire County Council

Shared Resource: Cherwell District Council shares a number of officers with Oxfordshire County Council under a joint working relationship. The senior officers working in a shared capacity as at 31st March 2020 were:

Shared Post	Officer Employed by
Chief Executive Officer	Cherwell District Council
Corporate Director Customers & Organisational Development	Cherwell District Council
Director of Human Resources	Cherwell District Council
Assistant Director Housing & Social Care Commissioning	Cherwell District Council
Corporate Director Place and Growth	Cherwell District Council
Director Customers and Cultural Services	Cherwell District Council
Corporate Director of Communities	Oxfordshire County Council
Director of Finance S151	Oxfordshire County Council
Corporate Director Commercial Development, Assets & Investments	Oxfordshire County Council
Director of Law & Governance	Oxfordshire County Council
Director of Digital & IT	Oxfordshire County Council
Head of Insight and Corporate Programmes	Oxfordshire County Council
Head of Procurement & Contract Management	Oxfordshire County Council
Communications Team Leader	Oxfordshire County Council

Other Public Bodies

Payments to other Public Bodies must be disclosed to provide assurance to readers of these statements that any material transaction between the organisation and those in a position to influence its decisions is properly accounted for.

- The Council collects and pays over precepts on behalf of Oxfordshire County Council, Thames Valley Police and Crime Commissioner and the Town and Parish Councils within the Council area. Precepts for the County Council and Police Authority are shown in the Collection Fund. Town and Parish precepts are shown in the Comprehensive Income and Expenditure Account.
- The Local Government Pension Scheme of which Cherwell DC is a member is administered by Oxfordshire County Council

Subsidiaries and Joint Operations

The following subsidiaries and joint operations 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:

Councillor Ian Corkin	
Councillor Dan Sames	
Mr Hedd Vaughan-Evans	Resigned Dec 2019

Graven Hill Village Development Company Ltd:

Councillor Ian Corkin	
Councillor Dan Sames	
Mr Hedd Vaughan-Evans	Resigned Dec 2019

Crown House Banbury Ltd:

Councillor Nicholas Turner	Resigned Apr 2019
Councillor Simon Holland	
Mrs Karen Edwards	Resigned July 2019
Ms Gillian Douglas	

Crown Apartments Banbury Ltd:

Councillor Nicholas Turner	Resigned Apr 2019
Councillor Simon Holland	
Mrs Karen Edwards	Resigned July 2019
Ms Gillian Douglas	

CSN Resources Ltd:

Councillor Debbie Pickford	Resigned May 2019
Councillor Jason Slaymaker	
Councillor Hugo Brown	Appointed June 2019
Ms Claire Taylor	

CSN Associates Ltd:

Councillor Debbie Pickford	Resigned May 2019
Councillor Jason Slaymaker	
Councillor Hugo Brown	
Ms Claire Taylor	

Entities Controlled or Significantly Influenced by the Authority

During 2019/20 grant funding payments of £369,100 (2018/19 £377,000) were made to the Banbury Museum Trust. This transaction represents a significant part of the funding for this organisation.

Note 33 – 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-Mar-19		31-Mar-20
£'000		£'000
126,638	Opening Capital Financing Requirement	146,232
0	Adjustment to opening balance	
126,638	Opening balance	146,232
	Capital Investment:	
7,962	Property Plant and Equipment	19,004
9,980	Investment Property	3,508
306	Intangible Assets	771
1,890	Revenue Expenditure Funded from Capital Under Statute	2,178
290	Long Term Investments	6,225
9,444	Long Term Debtors	11,885
29,872	Total Capital Spending	43,571
	Sources of Finance:	
(5,423)	Capital receipts	(4,042)
(3,161)	Government Grants and other contributions	(3,422)
	Sums set aside from revenue:	
0	- Direct revenue contributions	0
	Debt Repayment:	
(1,694)	Minimum revenue Provision	(1,765)
(10,278)	Total Sources of Finance	(9,229)
146,232	Closing Capital Financing Requirement	180,574

Explanation of movements in year

31-Mar-19		31-Mar-20
£'000		£'000
21,288	Increase in underlying need to borrow (unsupported by government financial assistance)	36,107
0	Assets acquired under finance leases	
(1,694)	Statutory provision for repayment of debt (minimum Revenue Provision)	(1,765)
19,594	Increase/(decrease) in Capital Financing Requirement	34,342

Note 34 – 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-Mar-19		31-Mar-20
£'000		£'000
2,380	Other Land and Buildings	6,400
0	Vehicles, Plant, Furniture, Equipment and Other	0
2,380	Total	6,400

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

31-Mar-19		31-Mar-20
£'000		£'000
Finance lease liabilities (net present value of minimum lease payments):		
5	- current	6
1,588	- non-current	1,576
0	Finance costs payable in future years	0
1,593	Minimum lease payments	1,582

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

Minimum Lease payments			Finance Lease Liabilities	
31-Mar-19	31-Mar-20		31-Mar-19	31-Mar-20
£'000	£'000		£'000	£'000
5	6	Not later than one year	(191)	(204)
29	32	Later than one year and not later than five years	(765)	(817)
1,544	1,544	Later than five years	(5,210)	(5,393)
1,578	1,582	Total	(6,166)	(6,414)

Authority as Lessee - Operating Leases

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

31-Mar-19		31-Mar-20
£'000		£'000
26	Not later than one year	27
102	Later than one year and not later than five years	76
36	Later than five years	17
164	Total	120

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

31-Mar-19		31-Mar-20
£'000		£'000
29	Minimum lease payments	40
29	Total	40

Authority as Lessor - Finance Leases

31-Mar-19		31-Mar-20
£'000		£'000
	Finance lease debtor (net present value of minimum lease payments):	
0	- current	0
725	- non-current	725
0	Unearned finance income	0
0	Unguaranteed residual value of property	0
725	Gross investment in the lease	725

Note 35 - 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 2019/20.

Note 36 - Termination Benefits

The authority did not terminate the contract of any employees which resulted in termination benefits in 2019/20. The Figure in the financial year of 2018/19 was £72k.

Below are the costs Cherwell District Council are responsible for;

[a] Exit package cost band (including special payments)	[b] Number of compulsory redundancies		[c] Number of other departures		[d] Total number of exit packages by cost band [(b) + [c]		[e] Total cost of exit packages in each band	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
£0-£20,000	0	0	0	1	0	1	£0	£11,892
£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	0	0	0	1	0	1	£0.00	£11,892

Below are the costs Cherwell District Council & South Northants Council are 50/50% responsible for;

[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 £'000	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
£0-£20,000	0	0	0	0	0	0	£0	£0
£20,001-£100,000	0	2	0	1	0	3	£0	£119
£100,001-£240,000	0	0	0	0	0	0	£0	£0
Total	£0	£2	£0	£1	£0	£3	£0	£119

Note 37 - Defined Benefit Pension Scheme

37.1 Participation in Pension Schemes

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, and structural changes to the scheme (i.e. large-scale 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 the amounts required by statute as described in the accounting policies note.

37.2 Transactions Relating to Post-employment Benefits

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 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;

	31-Mar-19	31 March 20
Comprehensive Income & Expenditure Statement	£'000	£'000
Cost of Services:		
Current Service Cost	5,490	6,018
Past Service Cost/(Gain) – Including Curtailments	1,355	54
Administration Expense	58	58
Financing and Investment Income and Expenditure:		
Net Interest Expense	2,273	2,402
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	9,176	8,532

Other Comprehensive Income & Expenditure:

Return on Plan Assets (excluding amounts included in net interest expense)	4,332	(9,113)
Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	0	7,918
Actuarial Gains & Losses Arising on Changes in Financial Assumptions	(10,387)	20,165
Experience (Gain)/loss on defined benefit obligation	0	0
Other actuarial (Gains) & Losses on assets	(45)	12,342
Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(6,100)	31,312

	31-Mar-19	31-Mar-20
	£'000	£'000
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(9,176)	(8,532)
Employer's Contributions Payable to the Pension Scheme	2,423	2,550
Total	(6,753)	(5,982)

37.3 Pension Assets and Liabilities Recognised in the Balance Sheet

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

	31-Mar-19	31-Mar-20
	£'000	£'000
Pension Assets & Liabilities Recognised in the Balance Sheet		
Present value of the defined benefit obligation	(204,500)	(171,417)
Fair value of plan assets	110,240	101,891
Sub-total	(94,260)	(69,526)
Other movements in the liability	(3,840)	(3,244)
Net liability arising from defined benefit obligation	(98,100)	(72,770)

37.4 Assets and Liabilities in relation to Retirement Benefits

	31 March 19	31 March 20
Reconciliation of Present Value of Scheme Liabilities	£'000	£'000
Liabilities as of the Beginning of the Period	(190,019)	(208,340)
Current Service Cost	(5,548)	(6,076)
Interest Cost	(4,975)	(5,031)
Contributions by Scheme Participants	(1,009)	(1,006)
Change in financial assumptions	(10,387)	20,165
Change in demographic assumptions	0	7,918
Experience (Losses)/Gains on defined benefit obligation	(45)	12,342
Losses on Curtailments	0	0
Benefits Paid	4,998	5,421
Past Service Costs	(1,355)	(54)
Liabilities as of the End of the Period	(208,340)	(174,661)

	31 March 19	31 March 20
Reconciliation of Fair Value of Scheme Assets	£'000	£'000
Assets as of the Beginning of the Period	104,772	110,240
Interest on Assets	2,702	2,629
Return assets less interest	4,332	(9,113)
Actuarial Gains/(Losses)	0	0
Administration expenses	0	0
Employer Contributions	2,423	2,550
Contributions by Scheme Participants	1,009	1,006
Benefits Paid	(4,998)	(5,421)
Assets as of the End of the Period	110,240	101,891

Impact on the Council's cash Flow

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £175m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £73m.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary,
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the authority in the year to 31 March 2021 is £2,317k.

The weighted average duration of the defined benefit obligation is 21 years.

Sensitivity Analysis

Funding levels are monitored on an annual basis, with the last triennial review and valuation completed at 31 March 2019. The fund liability may go up and down depending on assumptions applied.

Measurement of Pension Liability

The present value of the pension liability depends on a number of factors that are determined on an actuarial basis and the value of the underlying assets. The actual liability of the Council will continue to be subject to volatility, as a result of a number of factors.

The estimated effects of the changes in the key individual assumptions in determining the net pension liability would increase the Council's pension liability as of 31 March 2020 as follows:

	31 March 19	31 March 20
Sensitivity analysis	£'000	£'000
0.5% decrease in the real discount rate	18,196	15,945
0.5% increase in the salary increase rate	1,943	1,385
0.5% increase in the pension increase rate	15,981	14,449
1-year increase in member life expectancy	8,334	6,986

The above table presents the changes in key assumptions in isolation. The information is only indicative of the estimated impact as the assumptions interact in complex ways.

37.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for Oxfordshire County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuary in the calculations are:

	31 March 19	31 March 20
Principal Assumptions	%	%
Rate of inflation: RPI	3.5	2.8
Rate of inflation: CPI	2.5	1.9
Rate of increase in salaries	3.8	1.9
Rate of increase in pensions	2.5	1.9
Rate of discounting scheme liabilities	2.4	2.3

These assumptions are set with reference to market conditions as at 31 March 2020. The estimated duration of Employer’s liabilities is 21 years.

The discount rate is the annualised yield at the 21 year point on the iBoxx 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.

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 21 year point on the BoE market implied inflation curve.

Future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI.

Salaries are assumed to increase by CPI until 31 March 2020 then CPI+1.5% per annum thereafter.

Mortality Assumptions	31 March 19 Years	31 March 20 Years
<u>Longevity at 65 for current pensioners</u>		
Men	23.4	22.2
Women	25.5	24.3
<u>Longevity at 65 for future pensioners</u>		
Men	25.6	22.9
Women	27.8	25.6

The following assumptions have been made:

- Members will elect to take 50% 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.
- Members opted-in to the 50:50 section at the previous valuation date will continue in this section.



The Local Government Pension Scheme's estimated asset allocation for Cherwell District Council consists of the following categories, by proportion of the total assets held:

Estimated Asset Allocation	31 March 19	31 March 20
	%	%
Equity Securities	10	0
Debt Securities	12	12
Private Equity	4	4
Real Estate	0	0
Investment Funds and Unit Trusts	70	81
Derivatives	0	0
Cash & Cash Equivalents	4	3
Total	100	100

37.6 McCloud Judgement & Guaranteed Minimum Pension (GMP) Indexation

An estimated McCloud judgement allowance has been added to the formal valuation results so the impact is continued to be included within the balance sheet at 31 March 2020 (as per the 2019 accounting approach).

The 2019 formal funding valuation included an allowance for full GMP equalisation / indexation within the LGPS. The rolled forward position to 31 March 2020 therefore includes this allowance.



Note 38 - Contingent Liabilities

NHS Trust

Cherwell District Council is part of an on-going legal case involving other councils, regarding NHS Trusts being treated as charitable organisations in terms of being eligible for 80% relief from business rates.

Should the outcome of the litigation be in favour of the NHS Trusts then this would mean a refund of business rates relating to previous years and an ongoing reduction in the business rates for NHS Trust properties in Cherwell.

The High Court ruled in favour of the councils in December 2019. In February 2020 the group of NHS Trusts applied for permission to appeal the ruling.

Oxfordshire County Council Bond

Cherwell District Council issued a Bond to Oxfordshire County Council in December 2019 on behalf of its wholly owned subsidiary, Graven Hill Village Development Company Ltd (GHVDC), relating to GHVDC's obligations under the S106 Agreement for payment of contributions and direct delivery of a primary school. The Bond Sum is £22m.

Note 39 - 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.

Collection Fund Accounts

31-Mar-19			31-Mar-20			
Business Rates £'000	Council Tax £'000	Total £'000	Collection Fund	Business Rates £'000	Council Tax £'000	Total £'000
Income:						
0	(98,267)	(98,267)	Council Tax Receivable	0	(105,076)	(105,076)
(92,273)	0	(92,273)	Business Rates Receivable	(103,401)	0	(103,401)
(4,121)	0	(4,121)	Transitional Protection Payments Receivable	(818)	0	(818)
(96,394)	(98,267)	(194,661)	Total Income	(104,219)	(105,076)	(209,295)
Expenditure:						
Contribution to Previous Year's estimated Surplus/Deficit:						
279	0	279	Central Government	938	0	938
223	58	281	Cherwell District Council	750	176	926
56	364	420	Oxfordshire County Council	188	1,160	1,348
0	46	46	Thames Valley Police and Crime Commissioner	0	148	148
Precepts, demands and shares:						
46,286	0	46,286	Central Government	47,225	0	47,225
37,029	11,416	48,445	Cherwell District Council	37,780	12,054	49,834
9,257	75,134	84,391	Oxfordshire County Council	9,445	79,136	88,581
0	9,603	9,603	Thames Valley Police and Crime Commissioner	0	11,114	11,114
Charges to Collection Fund:						
159	(302)	(143)	Write-offs of uncollectable amounts	294	21	314
(558)	296	(262)	Increase/(decrease) in allowance for impairment	98	593	691
2,843	0	2,843	Increase/(decrease) in allowance for appeals	4,634	0	4,634
227	0	227	Charge to General Fund for allowable collection costs for non-domestic rates	231	0	231
Other transfers to General Fund in accordance with non-domestic rates regulations						
500		500	Renewable Energy	481	0	481
96,301	96,615	192,916	Total Expenditure	102,064	104,402	206,466
(93)	(1,652)	(1,745)	Movement on Fund Balance	(2,156)	(674)	(2,830)
(2,002)	(638)	(2,641)	Balance at the beginning of the Year	(2,095)	(2,291)	(4,386)
(2,095)	(2,290)	(4,386)	Balance at the end of the Year	(4,251)	(2,965)	(7,216)
Shares of Balance						
(1,047)	0	(1,047)	Central Government	(2,125)	0	(2,125)
(838)	(271)	(1,109)	Cherwell District Council	(1,700)	(349)	(2,049)
(210)	(1,784)	(1,994)	Oxfordshire County Council	(425)	(2,294)	(2,719)
0	(236)	(236)	Thames Valley Police and Crime Commissioner	0	(322)	(322)
(2,095)	(2,291)	(4,386)	Total	(4,251)	(2,965)	(7,216)

Notes (1 – 4) to the Collection Fund

Note 1. General

This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates, council tax and the distribution to the major preceptors and the General Fund. The account is consolidated with other accounts of the Council.

Business Rates Retention applies, whereby local authorities Cherwell District Council (40%) and Oxfordshire County Council (10%) retain 50% of the business rates collected for the area and pay the remaining 50% to central government. In addition the government has set a level of business rates funding deemed to be applicable to each area and every Council receives a top-up (if business rates collected are below this deemed level of funding) or pays a tariff (if business rates collected are above this deemed level of funding).

With the introduction of business rates retention if a local authority increases its business rates base, and thereby increases its business rate income, it is allowed to retain a proportion of this increased income, whilst paying up to a maximum of 50% across to central government. This payment where it occurs is known as a levy payment. However, as Cherwell District Council is part of a business rates pool, the levy is distributed to the members as per the pooling arrangements with 0.72% paid to central government as a levy payment.

Note 2. Business Rates

Business Rates is a local tax that is paid by the occupiers of all non-domestic/business property.

Business rates are calculated and collected by the Council. The Government specifies an amount (50.4p in 2019/20; 49.1p for small businesses) and, subject to the effects of transitional arrangements, local businesses pay NNDR calculated by multiplying their rateable value by that amount. The income raised in Cherwell is distributed between Cherwell District Council, Oxfordshire County Council and Central Government in line with the distribution rules set out in Business Rates legislation.

NDR income was £104.1 m in 2019/20. The rateable value for the Council's area was £231.0 m at 31 March 2020 VOA valuation (2018/19: £228.6m).

Note 3. Provision for Un-collectable Amounts

Provision has been made within the accounts for un-collectable amounts based on guidelines. At the end of 2019/20 the accumulated provision for bad debts stood at £2.759m (£2.068m for 2018/19) made up as follows:



	31-Mar-20	31-Mar-19
Provision for Uncollectable Amounts	£'000	£'000
Non Domestic Rates	377	279
Council Tax	2,382	1,789
Total Provision	2,759	2,068

Note 4. Council Tax Base

The Council tax Base, for tax setting purposes, is calculated by reference to the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, and adjustments made for exempt properties and anticipated amendments. This is then converted to an equivalent number of band D dwellings which is the amount the authority estimates would be collected if a tax of £1 is set.

The figures for 2019/20 are:

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A	4,269	6/9ths	2,846
B	12,866	7/9ths	10,007
C	15,290	8/9ths	13,591
D	9,937	9/9ths	9,937
E	7,269	11/9ths	8,884
F	3,503	13/9ths	5,060
G	2,384	15/9ths	3,973
H	211	18/9ths	422
Totals	55,729		54,721
Adjustment for non- collection (-2.0%)			(1,094)
Contribution from MOD Properties			251
Council Tax Base 2019/20			53,877
Council Tax Base 2018/19			52,682



The Council tax payable at each band is shown below. This does not include parishes.

Band	Multiplier	Cherwell Council	Oxfordshire County Council	Thames Valley Police and Crime Commissioner	Total £s
A	6/9ths	85.67	979.22	137.52	1,202.41
B	7/9ths	99.94	1,142.42	160.44	1,402.80
C	8/9ths	114.22	1,305.63	183.36	1,603.21
D	9/9ths	128.50	1,468.83	206.28	1,803.61
E	11/9ths	157.06	1,795.24	252.12	2,204.42
F	13/9ths	185.61	2,121.64	297.96	2,605.21
G	15/9ths	214.17	2,448.05	343.80	3,006.02
H	18/9ths	257.00	2,937.66	412.56	3,607.22



Group Accounts and Explanatory Notes

Introduction

The purpose of the Group Accounts is to provide a picture of Cherwell District Council' and the group of companies and other entities, which are either controlled or are significantly influenced by the Council. The Group Accounts show the full extent of the Authority's wider assets and liabilities. While the Group Accounts are not primary statement, they provide transparency and enable comparison with other entities that have different corporate entities.

The Group Accounts include the following:

- Group Comprehensive Income and Expenditure Statement – summarises the resources that have been generated and consumed in providing services and managing the Group during the year. It includes all day-to-day expenses and related income on an accrual's basis.
- Group Movement in Reserves – shows the movement in the year on the Council's single entity usable and unusable reserves together with the Council's share of the Group expenses.
- Group Balance Sheet – reports the Council Group financial position at the year-end.
- Group Cash Flow Statement – shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cashflows as operating, financing and investing activities.
- Notes to the Group Accounts where the balances are materially different to those in the single entity accounts.

Results of the Subsidiaries

The following notes provide additional details about the Authority's involvement in the entities consolidated to form the group accounts.

Graven Hill Village Holding Company Ltd

The company is a holding company and does not trade. The council holds 100% of the shares in the company. The council has dominant control of the company by virtue of guaranteed majority voting rights on the board. The board consists of Councilors and Officers who are appointed by the council. 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.

For 2019/20, the company's results showed a loss of £0.029m (£0.059m loss in 2018/19), and net assets of £27.795m (£21.599m at 31 March 2019). Loans outstanding owed to the group total £13.091m (£11,642m at 31 March 2019).

A full copy of the company's accounts can be obtained from the Directors, Graven Hill Village Holding Company Ltd, The Plot Shop, Pioneer Square, Bicester, OX26 6JU.

Graven Hill Village Development Company Ltd

The company is a subsidiary of Graven Hill Village Holding Company Ltd. The holding company holds 99% of the shares and the council holds 1%. The council has dominant control of the



company by virtue of its control of the holding company. The board consists of the same Councilors and Officers as the holding company. The principal activity of the company during the period was that of a property development company. The development company has a subsidiary, Graven Hill Village Management Company Ltd for resident's property management, which has not begun trading and so is not included in these group accounts.

For 2019/20, the company's results showed a surplus of £0.475m (£0.344m surplus in 2018/19), and net assets of £26.148m (£19.449m at 31 March 2019). Loans outstanding from the group to the company total £42.649m (£35.085m at 31 March 2019).

A full copy of the company's accounts can be obtained from the Directors, Graven Hill Village Development Company Ltd, The Plot Shop, Pioneer Square, Bicester, OX26 6JU.

Crown House Banbury Ltd

The company was purchased in Aug 2017. The principal activity of the company during the period was that of a property development company. The council holds 100% of the shares in the company. The council has dominant control of the company by virtue of guaranteed majority voting rights on the board. The board consists of Councilors and Officers who are appointed by the council.

For 2019/20, the company's results showed a loss of £1.906m (£0.371m loss in 2018/19), and net liabilities of £2.874m (£1.225m at 31 March 2019). This is primarily due to the accounting entries required to recognize the revaluation loss on the building at completion of the refurbishment works. Loans outstanding from the council total £10.006m (£8.014m at 31 March 2019).

A full copy of the company's accounts can be obtained from the Directors, Crown House Banbury Ltd, Bodicote House, White Post Lane, Bodicote OX15 4AA.

Other entities within the Group

The other entities within the Group in which the council has an interest are:

- CSN Resources Ltd, which provides Revenues and Benefits services to the council. The company is a Teckal company limited by guarantee. Liability is shared equally with South Northamptonshire District Council. The company started trading in 2017/18 and broke even that year. The company showed a surplus of £0.191m in 2019/20 (£0.086m in 2018/19) and has been included in the group, according to IFRS 11:23, at 50%.
- CSN Associates Ltd, which is intended to trade the services of CSN Resources with third parties, has not begun trading.
- Graven Hill Village Management Company Ltd is a subsidiary of Graven Hill Village Development Company to manage the property retained within the group. The only activity for the company in this financial year relates to service charges resulting in offsetting Debtor and Creditor balances of £2,000.
- Crown Apartments Banbury Ltd is a subsidiary of Crown House Banbury Ltd to manage the property. The only activity for the company this financial year relate to service charges resulting in a loss for the year of £0.013m and net liabilities of £0.012m owed to the group.

Summary of Group

Company Name	Date of Incorporation / Acquisition
Graven Hill Village Holding Company Ltd	25 Jun 2014
Graven Hill Village Development Company Ltd	25 Jun 2014
CSN Resources Ltd	25 April 2017
CSN Associates Ltd	25 April 2017
Crown House Banbury Ltd	4 Aug 2017
Graven Hill Village Management Company Ltd	26 Feb 2018
Crown Apartments Banbury Ltd	7 June 2018



Group Comprehensive Income and Expenditure Account

Group Accounts Net Expenditure		Group Accounts Net Expenditure
31-Mar-19 £000		31-Mar-20 £000
	Governance & Monitoring	1,561
	Public Health & Wellbeing	1,241
	Place & Growth	2,469
	Communities	8,551
	Adults and Housing Services	29
	Community Development, Assets & Investments	1,503
	Finance S151	4,353
	Customers and Organisational Development	5,268
37,211	Net Cost of Services	2,976
	3,822 Other Operating Expenditure	5,149
20,670	Financing and Investment Income & Expenditure	26,127
(577)	Movement in Fair value of investment properties	1,505
(28,645)	Taxation and Non-Specific Grant Income	(32,333)
32,482	(Surplus) / deficit on Provision of Service	25,423
(7,795)	(Surplus) / deficit on the revaluation of non- current assets	(8,216)
6,100	Actuarial (gains) / losses on pension assets & liabilities	(31,312)
0	(Surplus)/Deficit on Other items	0
(1,695)	Other Comprehensive Income & Expenditure	(39,528)
30,787	(Surplus)/ deficit on Total Comprehensive Income & Expenditure	(14,105)

Group Movement in Reserves Statement

Group Accounts 31/03/2020	General	Earmarked	Capital	Capital	Total Usable	Unusable	Total
	Fund	General Fund	Receipts	Receipts			
	Balance	Reserves	Reserve	Un-applied	Reserves	Reserves	Reserves
	£000	£000	£000	Account	£000		£000
Balance at 31 March 2019	7,983	(21,661)	0	(145)	(13,824)	(9,608)	(23,433)
Adjustment to opening balances to correct final reserves positions	1,671				1,671	(1,671)	0
Restated Balance at 31 March 2019	9,654	(21,661)	0	(145)	(12,153)	(11,279)	(23,433)
Movement in Reserves during 2019/20							0
Surplus or deficit on the provision of services	25,423	0	0	0	25,423	0	25,423
Other Comprehensive Income / Expenditure		0	0	0	0	(39,528)	(39,528)
Total Comprehensive Income and Expenditure	25,423	0	0	0	25,423	(39,528)	(14,105)
Adjustments between accounting basis and funding basis under regulations	(28,304)		0	(20)	(28,324)	28,324	0
Net Increase or Decrease before Transfers to Earmarked Reserves	(2,881)	0	0	(20)	(2,901)	(11,204)	(14,105)
Transfers to / from Earmarked Reserves	3,602	(3,602)		0	0		0
Increase or Decrease in 2019/20	721	(3,602)	0	(20)	(2,901)	(11,204)	(14,105)
Balance at 31 March 2020	10,375	(25,263)	0	(166)	(15,055)	(22,483)	(37,537)

Group Accounts 31/03/2019	General	Earmarked	Capital	Capital	Total Usable	Unusable	Total
	Fund	General Fund	Receipts	Receipts			
	Balance	Reserves	Reserve	Un-applied	Reserves	Reserves	Reserves
	£000	£000	£000	Account	£000		£000
Balance at 31 March 2018	8,936	(16,989)	(0)	(378)	(8,432)	(45,206)	(53,638)
Adjustment to opening balances to correct recorded liabilities at acquisition	(1,415)				(1,415)	834	(581)
Restated Balance at 31 March 2019	7,521	(16,989)	(0)	(378)	(9,847)	(44,372)	(54,219)
Movement in Reserves during 2018/19							0
Surplus or deficit on the provision of services	32,482	0	0	0	32,482	0	32,482
Other Comprehensive Income / Expenditure		0	0	0	0	(1,695)	(1,695)
Total Comprehensive Income and Expenditure	32,482	0	0	0	32,482	(1,695)	30,787
Adjustments between accounting basis and funding basis under regulations	(36,692)		0	233	(36,459)	36,459	0
Net Increase or Decrease before Transfers to Earmarked Reserves	(4,210)	0	0	233	(3,977)	34,764	30,787
Transfers to / from Earmarked Reserves	4,672	(4,672)		0	0		0
Increase or Decrease in 2018/19	462	(4,672)	0	233	(3,977)	34,764	30,787
Balance at 31 March 2019	7,983	(21,661)	(0)	(145)	(13,824)	(9,608)	(23,433)

Group Balance Sheet

Group Accounts		Group Accounts
31-Mar-19		31-Mar-20
£000		£000
122,125	Property, Plant & Equipment	133,588
79,661	Investment Property	69,602
837	Intangible Assets	1,504
0	Assets held for sale	0
1,111	Long Term Investments	1,111
5,694	Long Term Debtors	2,119
209,427	Long Term Assets	207,924
6,008	Short Term Investments	17,048
71,544	Inventories	69,854
8,817	Short Term Debtors	17,105
14,932	Cash and Cash Equivalentents	14,427
101,300	Current Assets	118,433
(43,128)	Short Term Borrowing	(66,183)
(47,023)	Short Term Creditors	(38,250)
(1,468)	Receipts in Advance	(1,387)
(4,694)	Provisions	(6,935)
(96,313)	Current Liabilities	(112,756)
(3,790)	Provisions	(5,610)
(71,520)	Long Term Creditors	(76,935)
(98,100)	Pension Liability	(72,770)
(17,572)	Capital Grants Receipts in Advance	(20,749)
(190,982)	Long Term Liabilities	(176,064)
23,433	Net Assets	37,537
(12,154)	Useable Reserves	(15,055)
(11,279)	Unusable Reserves	(22,483)
(23,433)	Total Reserves	(37,537)

Group Cashflow

2018/19 GROUP £'000	2019/20 CDC £000	GHH £000	GHD £000	SUBJECT TO AUDIT			GROUP £000	
				CHB £000	CAB £000	CSN £000		
	Note							
Cash Flows from Operating Activities								
31,149		24,071	(29)	475	(1,906)	(13)	191	22,789
(2,779)	14	(2,726)	0	0	0	0	0	(2,726)
(11,997)	14	(10,829)	0	0	0	0	0	(10,829)
(250)	16	(237)	0	0	0	0	0	(237)
(19,280)	15	(14,167)	0	0	0	0	0	(14,167)
2,394	14	2,589	0	0	0	0	0	2,589
(9,126)	18	(33)	0	1,240	0	0	0	1,207
19,448	19	5,524	(1,429)	(1,930)	7	29	29	2,200
5,901	22	(2,125)	8	(8,575)	(70)	21	453	(10,287)
(1,022)	23	(1,856)	0	0	(73)	0	0	(1,929)
0	25	0	0	0	0	0	0	0
(12,853)	25	25,330	0	0	0	0	0	25,330
(3,024)	37	(29,664)	0	0	0	0	0	(29,664)
(23,876)		6	1,449	6,179	2,467	0	0	10,101
(2,805)	31	(3,445)	0	0	0	0	0	(3,445)
5,423	24	5,272	0	0	0	0	0	5,272
(22,695)		(2,290)	(0)	(2,611)	424	9	672	(3,796)
Cash Flows from Investing Activities								
8,001	14	19,004	0	(317)	0	0	0	18,687
7,201	15	3,508	0	0	(406)	0	0	3,102
306	16	771	0	0	0	0	0	771
(5,423)	24	(5,272)	0	0	0	0	0	(5,272)
(0)		0	0	0	0	0	0	0
(993)		17,265	(6,225)	0	0	0	0	11,040
9,091		35,276	(6,225)	(317)	(406)	0	0	28,328
Cash Flows from Financing Activities								
4,000	31	1,098	0	0	0	0	0	1,098
580			6,225	6,225				12,450
2,805	31	(3,445)	0	0	0	0	0	(3,445)
220	17	(29,943)			0	0	0	(29,943)
1,114		(5,419)					0	(5,419)
209	10	221	0	0	0	0	0	221
8,928		(37,488)	6,225	6,225	0	0	0	(25,038)
(4,676)		(4,502)	(0)	3,297	19	9	672	(506)
19,608		9,313	1	5,273	13	0	333	14,932
14,932		4,811	0	8,570	31	9	1,005	14,427

Note 1 Accounting Policies of for the Group

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Council has consolidated its interests in all the entities over which it exercises control or significant influence. Graven Hill Holding Company Ltd, Graven Hill Development Company Ltd and Crown House Banbury Ltd have been consolidated because together they are material to the Council's balance sheet. In addition, the Council has consolidated CSN Resources to provide a full picture of the Council's arrangements for good governance.

Where group entities use different accounting policies to the Council, their accounts have been restated to re-align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Intra-group transactions have been eliminated before consolidation on a line by line basis.



Note 2 Group Property Plant and Equipment

Movements to 31 March 2020

	Land and Buildings	Vehicles Plant & Equipment	Infrastructure Assets	Surplus Assets	Community Assets	Assets under Construction	Total Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
at 1 April 2019	104,818	13,305	5,443	10	24	12,759	136,359
Adjustments to cost/value & depreciation impairment		(253)					(253)
Adjusted opening balance as at 1 April 2019	104,818	13,052	5,443	10	24	12,759	136,106
Additions	2,653	1,214	113	0	14	15,412	19,406
Acc Dep & Imp WO to GCA	(2,089)	0	0	0	0	0	(2,089)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,216	0	0	0	0	0	8,216
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,829)	0	0	0	0	0	(10,829)
Derecognition – disposals	(2,350)	(201)	0	0	0	(37)	(2,588)
Reclassifications and transfer	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	(34)	0	0	0	0	0	(34)
Other movements in cost or valuation	8,688	0	0	0	0	(8,688)	0
at 31 March 2020	109,073	14,065	5,556	10	38	19,446	148,188
Accumulated Depreciation and Impairment							
at 1 April 2019	(2,432)	(9,121)	(2,683)	0	0	0	(14,236)
Adjustment to cost/value		120					120
Adjusted opening balance 1 April 2019	(2,432)	(9,001)	(2,683)	0	0	0	(14,116)
Depreciation charge	(1,697)	(866)	(154)	0	0	(94)	(2,811)
Acc. Depreciation WO to GCA	2,089						2,089
Derecognition – disposals	29	201	0	0	0	0	230
Assets reclassified (to)/from Investment Property	8						8
Other movements in depreciation and impairment	(94)	0	0	0	0	94	(0)
at 31 March 2020	(2,097)	(9,666)	(2,837)	0	0	0	(14,599)
Net Book Value							
at 31 March 2020	106,976	4,399	2,719	10	38	19,446	133,588
at 31 March 2019	102,386	4,184	2,760	10	24	12,759	122,123

Property, plant and equipment within the Group is measured at current value and revalued at least every five years by the Council's valuers Montague Evans. Details of when the Council's property plant and equipment were revalued are shown in Note 14 to the single entity accounts.

Note 3 Group Inventories

31st Mar 2019		31st Mar 2020
£'000		£'000
25,579	Land	25,854
42,863	Development Costs	43,813
220	Stock	187
70,662	Total Inventories	69,854



Annual Governance Statement 2019/20

INTRODUCTION

1. This is Cherwell District Council’s Annual Governance Statement for 2019/20. It provides:
 - An *opinion* on the Council’s governance arrangements from the Council’s senior managers and the leader of the Council
 - A review of the *effectiveness* of the Council’s governance arrangements during 2019/20;
 - A *conclusion* in relation to the effectiveness
 - A review of the *action plan* completed in 2019/20
 - An new *action plan* for 2020/21
 - An *annex* summarising our governance framework

The Annual Governance Statement is required by law¹ and follows the best practice guidance from the Chartered Institute of Public Finance and Accounting (CIPFA). This year, the Statement also highlights the governance issues posed by the COVID-19 pandemic.

STATEMENT OF OPINION

2. It is our opinion that the Council’s governance arrangements in 2019/20 were sound and provide a robust platform for achieving the Council’s priorities and challenges in 2020/21. It is our opinion that this has remained the case during the COVID-19 pandemic; and that despite the challenges posed by this, the Council’s governance in dealing with the pandemic and our ability to maintain sound governance during the outbreak, has been effective.

SIGNATURES

Signed on behalf of Cherwell District Council:

..... Date Date

Yvonne Rees
Chief Executive

Lorna Baxter
Chief Finance Officer

..... Date Date

Councillor Barry Wood
Leader of the Council

Steve Jordan
Monitoring Officer

¹ Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015



REVIEWING OUR EFFECTIVENESS DURING 2019/20

This review looks at:

- Effectiveness of our governance – generally and in relation to COVID-19
- Conclusion about this effectiveness
- Internal Audit function during 2019/20
- Our statutory governance roles
- Review of actions from 2019/20
- Actions for 2020/21
- Outline of our governance

Overview

3. We have reviewed our overall effectiveness both in general and with regard to the COVID-19 pandemic

Generally:

4. Specific action points for 2020/21 are set out in Annex 1. We believe these actions will help to embed some key governance issues arising out of our experience in 2019/20, including the implications of the COVID-19 pandemic. Our experience is also very much allied to that of our partner authority, Oxfordshire County Council. There were no specific action points identified to 2019/20.
5. Here are just some ways in which our governance has proved effective during 2019/20
 - In partnership with Oxfordshire County Council, the Council has delivered [a joint senior management structure](#) across both authorities .
 - The council set and operated within an agreed budget that included a council tax increase in line with government requirements.
 - Improved Information Governance arrangements across the Council following the separation from South Northants Council and the partnership with Oxfordshire County Council through the creation of a new Information Governance Group
 - The Council successfully delivered its elections in May 2019, with one third of members elected for a four-year period.
 - The Overview & Scrutiny Committee received a briefing from the Monitoring Officer on the revised statutory guidance on scrutiny in local government published by the Ministry of Housing, Communities and Local Government (MHCLG) in May 2019. The Committee undertook to put in place an Executive-Scrutiny Protocol.
 - During the year, the Council was re-accredited with Cyber Essentials plus, which is the highest level of certification available for cyber security.
 - The Council has a well embedded formal complaints handling processes, this was further improved during the year with the addition of an online form for tracking.

During COVID-19

6. Common with other authorities, we had to act swiftly to meet the demands of the pandemic. We are confident that we were able to do so without compromising good governance and democratic accountability. Our reaction benefited from:
 - Clear leadership structure
 - Dedicated Gold and Silver Command structures
 - Partnership working with Oxfordshire County Council
 - Risk assessments
 - Flexible and reactive approach.
 - Regular engagement with the administration and Political Group Leaders so as to aid transparency of actions being taken
 - Regular and timely communications with councillors, staff and stakeholders

Impact

7. Given lockdown and social distancing rules, **democratic decision-making** was moved to a virtual setting. A fast-track project was soon established to create viable online decision-making through MS Teams, with councillor and officer training.
8. This also included the facility for members of the public to take part in virtual meetings e.g. for questions and the presentation of petitions. A **revised Constitution and protocol** was devised, consistent with our Constitution's key principles of openness, transparency and accountability. The councillor constituency voice was also maintained through the designation of a specific email address for councillors to raise COVID-19 related issues on behalf of their communities.
9. Clearly some services, more reliant on physical space, were also impacted – e.g. Reception. The Council reviewed the options in the light of legislation, its business continuity processes and has prioritised Reception and the front line services it provides in its reopening of Bodicote House, with socially distanced and risk-assessed measures in place to ensure the Council continues to be accessible to the public. Access was kept open throughout to a number of buildings and parts of core offices for essential legal business. It was part of the Council's learning curve to see how much Council business could be successfully done remotely, with secure and effective technology. Our **business continuity plans** were put to the test and found to be effective.

Command structure

10. The Council's **Gold and Silver Command** structures worked very well. Quickly put in place, the Command structures enabled the Council to keep a grip on the bigger picture while getting into the essential detail: e.g. community and voluntary sector co-ordination, the supply of personal protective equipment; the flow of communications to support for businesses; and business continuity. Plugging this into the wider **regional structures** (e.g. **Thames Valley Local Resilience Forum**) ensured the flow of essential information and experience. Such

partnership working has been key to our response to the pandemic, in particular our close working with other District/City Councils and the County Council. Annex 2 is a one-page illustration of the Command structure and how in its local and regional setting.

Beyond COVID-19

11. The Council's reaction to the pandemic has ***fast-tracked the development*** of key governance issues: the safe and reactive deployment of technology (to enable almost seamless homeworking and virtual meetings); business continuity awareness and practices; working without silos, service-planning becoming more aware the cross-cutting interplay of services; reviewing the portfolio of property; enhanced focus on security, wellbeing and health and safety; greater day to day senior manager co-operation and commitment; and the deepening of the Cherwell District Council/Oxfordshire County Council partnership, with the whole pandemic management being undertaken jointly through the Gold and Silver command structures.

12. ***Going forward***, the resource implications of the pandemic will be a challenge for the local government sector. The Council's governance experience of COVID-19, alongside our partner, Oxfordshire County Council, will shape future planning as we manage the delivery of quality services and democracy in the post-COVID-19 world:
 - Use of buildings and remote working
 - Business continuity, risk assessment and project planning
 - Fluidity and accountability of decision making
 - Smart use of technology and digital engagement and solutions
 - Financial management

13. The Council has approved (jointly with Oxfordshire County Council) a robust recovery strategy – "***Restart Recover Renew***". Importantly, this strategy will enable the Council to move from recovery to normal business. It also recognises the opportunity to learn from our experience and to transform our services for the better.

Internal audit in 2019/20

14. The 2019 CIPFA Statement on the "Role of the Head of Internal Audit in public service organisations" outlines the principles that define the core activities and behaviours that belong to the role of the 'Head of Internal Audit' and the governance requirements needed to support them. The Council's arrangements conform with the governance requirements of the CIPFA statement as our Chief Internal Auditor:
 - objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control
 - championing best practice in governance and commenting on responses to emerging risks and proposed developments.



- be a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the audit committee
 - lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively
 - be professionally qualified and suitably experienced.
15. The Internal Audit Service delivered through CW Audit Services, operates in accordance with the Public Sector Internal Audit Standards (PSIAS). CW Audit's systems and processes for complying with PSIAS were confirmed as appropriate by an external assessment that was carried out in April 2018.
16. One of the key assurance statements is the annual report and opinion of the Head of Internal Audit, which during 2019/20 was provided by CW Audit Services. An annual opinion of '**significant assurance**' was provided on the Council's internal control environment and systems of internal control. This was based on the results of individual audits completed over the course of the year, including key financial systems and risk management.
17. Where Internal Audit identifies areas for improvement, management action plans are in place and are routinely monitored by the Internal Audit team. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

Our statutory governance roles

18. The Council is required to appoint to three specific posts, each of which oversees a key aspect of the Council's governance:
- **Head of the Paid Service** (HOPS) role – which is our Chief Executive, Yvonne Rees: how the Council's functions are delivered, the appointment and proper management of staff
 - **Monitoring Officer** – throughout 2019/20 and early 2020/21 this was Nick Graham, Director of Law and Governance: responsible for the Council's Constitution, the lawfulness and integrity of its decision-making and the quality of its ethical governance. With Nick leaving in early June, Steve Jorden, Corporate Director for Commercial Development, Assets and Investment, was duly appointed as interim Monitoring Officer, with recruitment started to the permanent post of Director of Law & Governance and Monitoring Officer.
 - **'Section 151 Officer'** – during 2019/20 until late February the Chief Finance Officer was Adele Taylor. Lorna Baxter was duly appointed to the role and is responsible for the financial management of the authority.



19. Each of these roles continued to be performed soundly during 2019/20. Each of the postholders is an integral member of the Council's most senior leadership team (CEDR – Chief Executive Direct Reports). As such, they are fully sighted on all of the Council's objectives, workstreams and emerging plans; and their perspectives and voices continue to be heard in, and to influence, this senior forum.
20. The Chief Finance Officer and the Monitoring Officer both have open access to the Chief Executive at all times. They carry a statutory responsibility to report issues to Full Council, if needed. As such, the posts remain pivotal to the Council's good governance.

Governance Actions – Review of 2019/20 and priorities for 2020/21

21. Although no actions were highlighted through our Internal Audit opinion for 2018/19, one identified area where there was a focus for action in 2019/20 related to increasing training and development around our commercial activities. The outcome was to ensure that as an organisation we continue to fully engage and understand the implications of our decision-making in respect of these models. A governance review has now been commissioned which will bring forward best practice approaches including approaches to training and development.
22. Annex 1 sets out the actions for 2020/21. In addition to the specific actions a review of the constitution is also being undertaken. Actions will be monitored by the Corporate Governance Assurance Group and the Accounts, Audit & Risk Committee.

Governance in Outline

23. Annex 3 sets out the Council's governance framework in outline.

August 2020



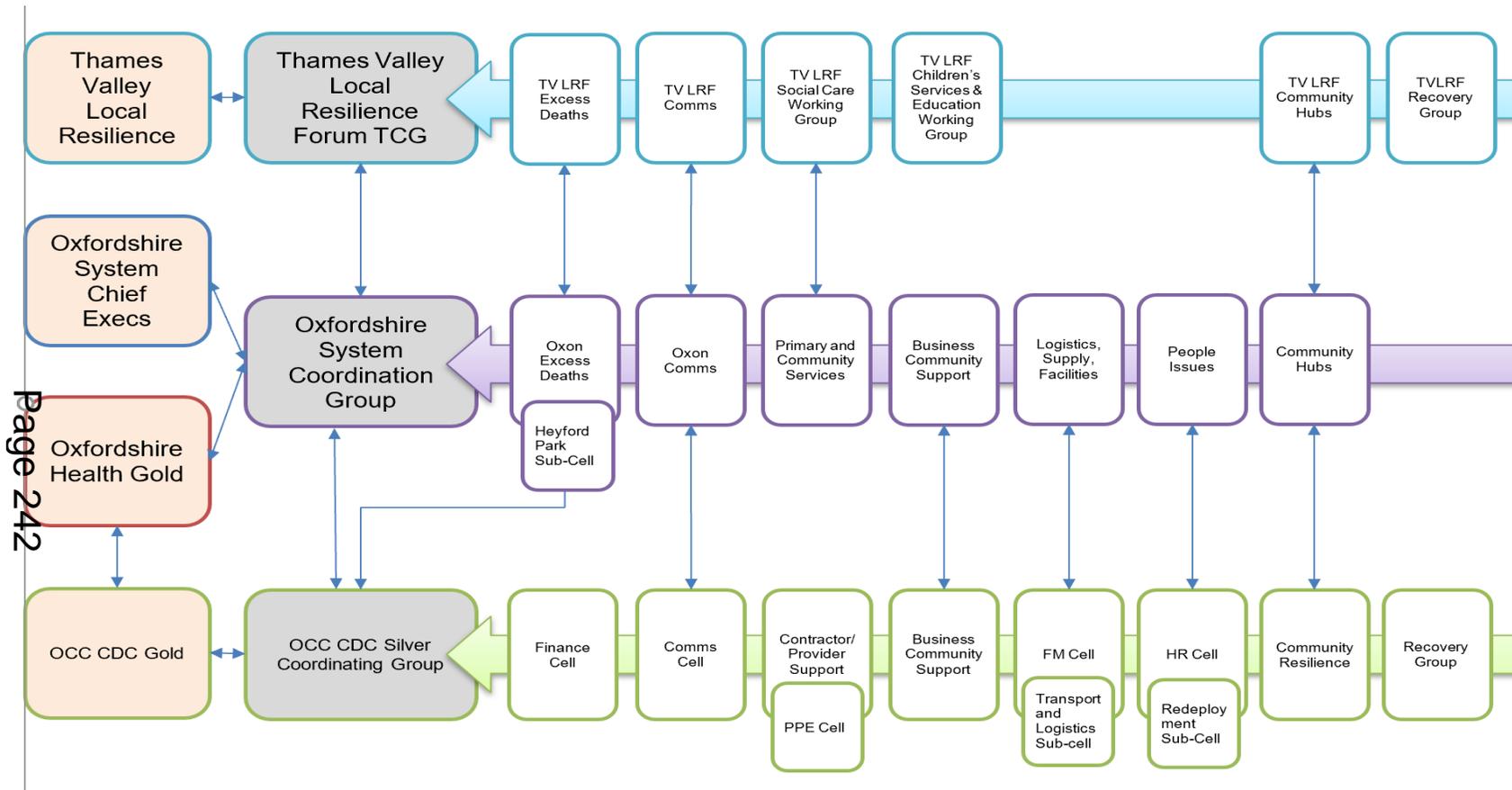
Annex 1 – Significant Governance Issues – Actions Identified for 2020/21

	Action now planned for 2020/21	Timescale for Completion	Responsible Officer	Monitoring Body
1	<p>Alignment of Annual Governance Statement preparation – Oxfordshire CC and Cherwell District Council:</p> <p>achieving a more streamlined approach to AGS preparation across both authorities which...</p> <ul style="list-style-type: none"> engages senior managers and is clearly aligned to corporate objectives achieves revised and more meaningful Directors Certificate of Assurance process establishes a joint Corporate Governance Assurance Group of key governance officers with a view across both authorities becomes a ‘living, year-round activity’ not simply one about producing a ‘document’ reviews the current arrangement of ‘lead statements’ and establishing a corporate governance lead for Property-Security establishes a relevant Local Codes of Corporate Governance which better reflects the Councils’ current work 	<p>June – September 2020</p> <p>June-July 2020</p> <p>June 2020</p> <p>Ongoing</p> <p>September 2020</p> <p>September 2020</p>	Glenn Watson Principal Governance Officer	Corporate Governance Assurance Group

	Action now planned for 2020/21	Timescale for Completion	Responsible Officer	Monitoring Body
2	<p>Review of post-COVID governance arrangements:</p> <ul style="list-style-type: none"> • Corporate Governance Assurance Group to keep under review the Council’s governance as we emerge from COVID including • Linkage to any ongoing Gold-Silver command activity/experience • Lessons for key governance activities across the Corporate Lead areas – e.g. business continuity, risk, procurement, democratic decision making, ICT security, health and safety and property management; financial management. 	Ongoing June 2020– March 2021	Monitoring Officer	Corporate Governance Assurance Group



Annex 2 – COVID-19 Oxfordshire Response Structure



Annex 3 Overview Governance Framework

Cherwell District Council – Governance Framework

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Council, Cabinet and Leader	Decision Making	Risk Management	Scrutiny and Review	Senior Officer Leadership
<ul style="list-style-type: none"> Provide leadership and set policy Develop and set policy to ensure the Council's communities thrive and prosper. 	<ul style="list-style-type: none"> All meetings are held in public Decisions are recorded and accessible via the Council's website. 	<ul style="list-style-type: none"> Risk registers identify strategic and operational risks Key risks are considered by senior managers at least monthly Monitoring of performance and finances is considered by senior managers on a monthly basis 	<ul style="list-style-type: none"> The Council operates scrutiny arrangements Scrutiny committees review Council policy and can challenge decisions The Accounts, Audit and Risk Committee (AARC) and the Budget Planning Committee (BPC) reviews the financial governance of the Council at regular intervals 	<ul style="list-style-type: none"> The head of paid service is the Chief Executive who is responsible for all staff and leading an effective senior leadership team, the Chief Executive's Direct Reports (CEDR) The Director of Finance is the Council's Section 151 officer and is responsible for safeguarding the Council's financial responsibilities and ensuring value for money The Monitoring Officer is the Council's Director of Law and Governance who is responsible for ensuring the legality and promoting high standards of conduct.



Foot Notes

These Foot Notes relate to information in the Finance Director’s Narrative Statement and provide links to documents containing supporting information referenced under the sub headings “About the District” and “Our Leadership and Workforce”

Foot Note1: <https://www.nomisweb.co.uk/reports/lmp/la/1946157323/report.aspx?pc=OX154AA#tabresp>

Foot Note2:

<http://modgov.cherwell.gov.uk/documents/g3456/Public%20reports%20pack%20Tuesday%2017-Dec-2019%20Constitution.pdf?T=10&Info=1>

Foot Note 3:

<https://www.cherwell.gov.uk/info/5/your-council>

Foot Note 4:

<http://modgov.cherwell.gov.uk/mgListExecPosts.aspx?bcr=1>



Statement of Accounts 2019/20

Adjusted Differences to the Unaudited Statement of Accounts 2019/20

During the course of the audit it is normal for amendments to be made to the unaudited accounts to make corrections identified by management or to address issues raised by the external audit.

The following amendments have been made relating to technical adjustments and corrections to summary disclosures:

- Council and Group Movement in Reserves Statement – £2.414m has been re categorised as Earmarked Reserves from General Reserves.
- Note 15 – Investment Properties – The total figure for Investment Properties has been corrected to show the value of £0.619m.
- The Group Comprehensive Income & Expenditure Accounts has been corrected by £22m to show £ 24.909m.
- Cashflow – reviewing the presentation
- Note 31 – Grants Income – reviewing the presentation
- The prior year figure in respect of adjustments in the Expenditure and Funding Analysis was incorrectly stated by £0.880m
- Other Changes – There have also been other minor amendments to the disclosure notes to improve presentation or clarity including the disaggregation of values to give greater transparency.

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Dear Maria,

Re: Letter of Representations

This letter of representations is provided in connection with your audit of the council financial statements of Cherwell District Council (“the Council”) for the year ended 31 March 2020. 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 council financial statements give a true and fair view of the Council financial position of Cherwell District Council as of 31 March 2020 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 for the Council.

We understand that the purpose of your audit of our 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 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 2019/20 for the Council.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the council financial statements. We believe the Council 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 Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and are free of material misstatements, including omissions. We have approved the council financial statements.
3. The significant accounting policies adopted in the preparation of the Council financial statements are appropriately described in the Council financial statements.
4. As members of management of the Council, we believe that the 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 2019/20 for the Council that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.

5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the council financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because *[specify reasons for not correcting misstatement]*.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any noncompliance with applicable laws and regulations, including fraud.

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

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

4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Council (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:

- involving financial statements;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. 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 all material transactions, events and conditions are reflected in the council financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Council and committees (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 18 November 2020.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the 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 council 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 Council has complied with, all aspects of contractual agreements that could have a material effect on the council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. 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 council 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. No guarantees have been given to third parties.

E. Subsequent Events

1. Other than those described in Note 6 to the council financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to year end which require adjustment of or disclosure in the council financial statements or notes thereto.

F. Other Information

1. We acknowledge our responsibility for the preparation of the other information.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Going Concern

1. Accounting policy a) General Principles to the council financial statements discloses all of the matters of which we are aware that are relevant to the 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.

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the council financial statements.

J. Reserves

1. We have properly recorded or disclosed in the council financial statements the useable and unusable reserves.

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the asset valuations and net pension liability valuation and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the council 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.

L. Asset Valuation 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 in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 for the Council.

2. We confirm that the significant assumptions used in making the asset valuation estimates appropriately reflect our intent and ability to carry out planned uses of assets valued.

3. We confirm that the disclosures made in the council financial statements with respect to the accounting estimate(s) are complete and made in accordance with

CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 for the Council.

4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the council financial statements due to subsequent events, including due to the COVID-19 pandemic.

M. 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.

Yours Faithfully,

Director of Finance

Chair of the Accounts, Audit & Risk Committee.

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Cherwell District Council

Accounts, Audit and Risk Committee

18 November 2020

2018/19 Audit Fee

Report of the Director of Finance

This report is public

Purpose of report

To make the Committee aware of the updated in the 2018/19 Audit Fee

1.0 Recommendations

The meeting is recommended:

- 1.1 Note the £33,977 audit fee for work over and above the 2018/19 scale fee.

2.0 Introduction

- 2.1 Audit fees are set based on the Public Sector Audit Appointments (PSAA) Scale Fee. However, there are regularly elements of work that are in excess of the standard assumptions contained within the scale fee. This report sets out the basis for the additional costs for the 2018/19 audit of £33,977.

3.0 Report Details

- 3.1 The 2018/19 audit scale fee was £40,138. In addition to the standard audit work, a further £33,977 of work was carried out as part of the 2018/19 audit was carried out. This work related to:
 - Group Accounts Work - £15,723
 - Multiple versions of the accounts - £10,997
 - Castle Quay valuation - £7,257
- 3.2 Group Accounts and Castle Quay will usually result in audit costs over and above the standard scale fee. The Council has also learnt lessons regarding version control which it will implement when making amendments to the 2019/20 accounts as part of the audit.
- 3.3 For context, additional audit fees in 2017/18 and 2016/17 were £38,751 and £31,537 respectively.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The Committee should be aware of the costs of the audit and any variations to the standard scale fee.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 None

7.0 Implications

Financial and Resource Implications

- 7.1 The costs have been accrued as part of the 2019/20 accounts and so will result in any additional costs to the Council in 2020/21

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845,
michael.furness@cherwell-dc.gov.uk

Legal Implications

- 7.2 There are no legal implications arising directly from this report.

Comments checked by:

Chris Mace, Solicitor, 01295 221808, chris.mace@cherwell-dc.gov.uk

Risk Implications

- 7.3 There are no risk management implications arising directly from this report.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786,
louise.tustian@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All Corporate Plan Themes

Lead Councillor

N/A

Document Information

Background papers

None

Report Author and contact details

Michael Furness, Assistant Director of Finance, 01295 221845,
michael.furness@cherwell-dc.gov.uk

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Cherwell District Council

Accounts, Audit and Risk Committee

18 November 2020

Treasury Management Report – Q2 (September 2020)

Report of the Director of Finance

This report is public

Purpose of report

To receive information on treasury management performance and compliance with treasury management policy and Prudential Indicators for 2020-21 as required by the Treasury Management Code of Practice.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the Q2 (September 2020) Treasury Management Report.

2.0 Introduction

- 2.1 In 2012 the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports. This quarterly report provides an additional update.
- 2.2 The Council's Treasury Management strategy for 2020-21 was approved at a meeting on 24 February 2020. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk is therefore central to the Council's treasury management strategy.
- 2.3 The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 24 February 2020.

3.0 Report Details

- 3.1 At the end of September 2020 the Council had borrowing of £152m and investments of £15.4m - a net borrowing position of £136.6m (30/6/20 - £119.6m).
- 3.2 Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk
- 3.3 All treasury management activities undertaken during the first 6 months of 2020-21 complied with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy, and all Prudential Indicators were met during, and at the end of, the reporting period (see 3.10 and 3.18 below).

Borrowing performance for 6 months ended 30 September 2020

- 3.4 The Council requires external borrowing to fund its capital programme, and had total debt of £152m at the report date. £75m (49%) of the current debt is at fixed rate for the medium-long term from the Public Works Loan Board (PWLB), with the remainder borrowed short term from other local authorities (at fixed rates, but on a rolling basis with various durations, therefore effectively variable rate).
- 3.5 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required,
- 3.6 The table below shows the borrowing position during and at the end of the reporting period:

	Borrowing Amount £	Interest Rate	Interest Budget* £	Interest Actual* £	Variance £
Apr-Sep 2020	£144.2m (average)	1.64% (annualised)	£1.102m	£1.185m	£83k
As at 30/9/20	£152m	1.43%	-	-	-

* Interest payable relates to external loans only, excluding finance lease interest of £93k

- 3.7 Interest payable for the full year is forecast to be £16k over budget.

- 3.8 The table below shows average borrowing rates for the reporting period:

Borrowing Benchmarking	3-year	5-year	10-year	20-year
PWLB Maturity rate	1.98%	2.00%	2.24%	2.69%

- 3.9 A full list of current borrowing is shown below:

Lender	Principal Borrowed £	Maturity Date
Lincolnshire County Council	5,000,000	16/10/2020
Derbyshire County Council	5,000,000	20/10/2020
Elmbridge Borough Council	5,000,000	04/01/2021
Bromley Borough Council	5,000,000	21/01/2021

London Borough of Newham	10,000,000	15/02/2021
Greater London Authority	5,000,000	19/02/2021
Vale of Glamorgan	2,000,000	19/03/2021
Derbyshire Pension Fund	10,000,000	01/04/2021
St Helens Council	10,000,000	14/05/2021
Rugby Borough Council	5,000,000	08/07/2021
North of Tyne Combined Authority	10,000,000	29/09/2021
Oxfordshire County Council	5,000,000	15/07/2022
PWLB - ref 506477	21,000,000	19/10/2024
PWLB - ref 116158	6,000,000	25/09/2025
PWLB - ref 114322	6,000,000	19/09/2026
PWLB - ref 507455	10,000,000	31/05/2028
PWLB - ref 116160	6,000,000	25/09/2029
PWLB - ref 114324	6,000,000	19/09/2030
PWLB - ref 507456	5,000,000	31/05/2033
PWLB - ref 116162	5,000,000	25/09/2034
PWLB - ref 114326	5,000,000	19/09/2035
PWLB - ref 507457	5,000,000	31/05/2048
TOTAL	152,000,000	

3.10 Compliance with the authorised limit and operational boundary for external debt is demonstrated in the table below:

	2020/21 Maximum	30/9/20 Actual	2020/21 Operational Boundary	2020/21 Authorised Limit	Complied?
Borrowing / Total debt	£154m	£152m	£215	£240m	Yes

Treasury Investment performance for 6 months ended 30 September 2020:

3.11 Funds available for investment are on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and funding of the Capital Programme.

3.12 In 2020/21 the Council expects to receive lower income from its cash and short-dated money market investments than it did in 2019/20 and earlier years. Dividends and income paid will ultimately depend on many factors including but not limited to the duration of COVID-19 and the extent of its economic impact.

3.13 The table below shows the investment position during and at the end of the reporting period:

	Investment Amount £	Interest Rate	Interest Budget £	Interest Actual £	Variance £
Apr-Sept 2020	£30.2m (average)	0.38% (annualised)	£51k	£58k	£7k

As at 30/9/20	£15.4m	0.47%	-	-	-
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3.14 Interest receivable currently shows a favourable variance against budget of £7k, but is forecast to show an adverse variance against budget of £18k for the full year. Cash balances in the early part of the year have been higher than expected due to government grants being received up-front, but lower than forecast interest rates will soon outweigh those gains.

3.15 The table below shows average money-market rates for the reporting period:

Investment Benchmarking	Overnight	7-day	1-month	3-month
LIBOR	0.05%	0.07%	0.11%	0.23%
SONIA (mid-rate)	0.09%	0.13%	0.13%	0.26%

3.16 The Council's cash investments are held primarily for liquidity purposes and therefore only available for relatively short term deposits in a restricted selection of high quality instruments.

3.17 A full list of current investments is shown below:

Counterparty	Principal Deposited £	Maturity Date/ Notice period
<u>Fixed Term Deposits</u>		
Lancashire County Council	3,000,000	02/11/2020
Slough Borough Council	3,000,000	30/11/2020
Darlington Borough Council	2,000,000	21/05/2021
<u>Money Market Funds</u>		
Goldman Sachs Asset Management	3,285,000	Same day
Federated Investors UK	4,026,000	Same day
<u>Notice account</u>		
Handelsbanken	47,301	Same day
TOTAL	15,358,301	

3.18 Compliance with investment limits is shown in the table below:

	2020/21 Maximum	30/9/20 Actual	2020/21 Limit	Complied?
Any single organisation, except the UK Government	£5.0m	£4.0m	£5m	Yes
UK Central Government	£35.5m	Nil	Unlimited	Yes
Any group of organisations under the same ownership	£5.0m	£4.0m	£5m per group	Yes

Any group of pooled funds under the same management	£5.0m	£4.0m	£5m per manager	Yes
Money Market Funds	£10.0m	£7.3m	£15m in total	Yes

Non-treasury investment activity

- 3.19 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.
- 3.20 As at 30 September 2020, the Council holds £81m of investments in the form of shares (£33.1m) and loans (£47.9m excluding accrued interest) to subsidiary companies and other organisations, primarily Graven Hill and Crown House.
- 3.21 The loan elements of these non-treasury investments generate a higher rate of return than earned on treasury investments, but this reflects the additional risks to the Council of holding such investments.

Overall performance

- 3.22 The overall performance for the 6 months to 30 September 2020 is as follows:

	Budget £k	Actual £k	Variance £k
Borrowing costs*	1,195	1,278	83
Treasury income	(51)	(58)	(7)
Non-treasury income	(2,169)	(2,158)	11
Total cost/(income)	(1,025)	(938)	87

*Borrowing costs include finance lease interest of £93k

- 3.23 Although currently showing an adverse variance, the full year forecast is expected to show a positive variance against budget of £13k. This figure will be updated in future reports as events progress in terms of borrowing and interest rate activity.
- 3.24 Our treasury advisers, Arlingclose, have provided a full economic report and interest rate forecast, which can be found at Appendix 1

4.0 Conclusion and Reasons for Recommendations

- 4.1 This report details the Treasury Performance and compliance with the Prudential Indicators for the Council for the period ending 30 September 2020.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To request further information on the performance reported.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising directly from any outcome of this report.

Comments checked by:

Michael Furness, Assistant Director – Finance

michael.furness@cherwell-dc.gov.uk

01295 221845

Legal Implications

7.2 There are no legal implications arising directly from any outcome of this report.

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious Business

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01295 221695

Risk Management Implications

7.3 It is essential that this report is considered by the Audit Committee as it demonstrates that the risk of not complying with the Council's Treasury Management Policy has been avoided

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes

louise.tustian@cherwell-dc.gov.uk

01295 221786

8.0 Decision Information

Key Decision: N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All.

Links to Corporate Plan and Policy Framework

Links to all areas of Corporate Plan.

Lead Councillor

None.

Document Information

Appendix number and title

- Appendix 1 – Arlinglouse Economic Report and Interest Rate Forecast

Background papers

None

Report Author and contact details

Ian Robinson – Finance Business Partner

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Appendix 1 – Arlinglouse Economic Report and Interest Rate Forecast (02 October 2020)

External Context

Economic background: The spread of the coronavirus pandemic dominated during the period as countries around the world tried to manage the delicate balancing act of containing transmission of the virus while easing lockdown measures and getting their populations and economies working again. After a relatively quiet few months of Brexit news it was back in the headlines towards the end of the period as agreement between the UK and EU on a trade deal was looking difficult and the government came under fire, both at home and abroad, as it tried to pass the Internal Market Bill which could override the agreed Brexit deal, potentially breaking international law.

The Bank of England (BoE) maintained Bank Rate at 0.1% and its Quantitative Easing programme at £745 billion. The potential use of negative interest rates was not ruled in or out by BoE policymakers, but then a comment in the September Monetary Policy Committee meeting minutes that the central bank was having a harder look at its potential impact than was previously suggested took financial markets by surprise.

Government initiatives continued to support the economy, with the furlough (Coronavirus Job Retention) scheme keeping almost 10 million workers in jobs, grants and loans to businesses and 100 million discounted meals being claimed during the 'Eat Out to Help Out' (EOHO) offer.

GDP growth contracted by a massive 19.8% (revised from first estimate -20.4%) in Q2 2020 (Apr-Jun) according to the Office for National Statistics, pushing the annual growth rate down to -21.5% (first estimate -21.7%). Construction output fell by 35% over the quarter, services output by almost 20% and production by 16%. Recent monthly estimates of GDP have shown growth recovering, with the latest rise of almost 7% in July, but even with the two previous monthly gains this still only makes up half of the lost output.

The headline rate of UK Consumer Price Inflation (CPI) fell to 0.2% year/year in August, further below the Bank of England's 2% target, with the largest downward contribution coming from restaurants and hotels influenced by the EOHO scheme. The Office for National Statistics' preferred measure of CPIH which includes owner-occupied housing was 0.5% y/y.

In the three months to July, labour market data showed the unemployment rate increased from 3.9% to 4.1% while wages fell 1% for total pay in nominal terms (0.2% regular pay) and was down 1.8% in real terms (-0.7% regular pay). Despite only a modest rise in unemployment over the period, the rate is expected to pick up sharply in the coming months as the furlough scheme ends in October. On the back of this, the BoE has forecast unemployment could hit a peak of between 8% and 9%.

The US economy contracted at an annualised rate of 31.7% in Q2 2020 (Apr-Jun). The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% but announced a change to its inflation targeting regime. The move is to a more flexible form of average targeting which will allow the central bank to maintain interest rates at low levels for an extended period to support the economy even when inflation is 'moderately' above the 2% average target, particularly given it has been below target for most of the last decade.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5%.

Financial markets: Equity markets continued their recovery, with the Dow Jones climbing to not far off its pre-crisis peak, albeit that performance being driven by a handful of technology stocks including Apple and Microsoft, with the former up 75% in 2020. The FTSE 100 and 250 have made up around half of their losses at the height of the pandemic in March. Central bank and government stimulus packages continue to support asset prices, but volatility remains.

Ultra-low interest rates and the flight to quality continued, keeping gilts yields low but volatile over the period with the yield on some short-dated UK government bonds remaining negative. The 5-year UK benchmark gilt yield started and ended the June–September period at -0.06% (with much volatility in between). The 10-year gilt yield also bounced around, starting at 0.21% and ending at 0.23% over the same period, while the 20-year rose from 0.56% to 0.74%. 1-month, 3-month and 12-month bid rates averaged 0.02%, 0.06% and 0.23% respectively over the period.

At the end of September, the yield on 2-year US treasuries was around 0.13% while that on 10-year treasuries was 0.69%. German bund yields remain negative across most maturities.

Credit review: Credit default swap spreads eased over most of the period but then started to tick up again through September. In the UK, the spreads between ringfenced and non-ringfenced entities remains, except for retail bank Santander UK whose CDS spread remained elevated and the highest of those we monitor at 85bps while Standard Chartered was the lowest at 41bps. The ringfenced banks are currently trading between 45 and 50bps.

After a busy second quarter of the calendar year, the subsequent period has been relatively quiet for credit changes for the names on our counterparty list. Fitch assigned a AA- deposit rating to Netherlands lender Rabobank with a negative outlook and prior to that, while not related to our counterparty list but quite significant, revised the outlook on the US economy to Negative from Stable while also affirming its AAA rating.

There continues to remain much uncertainty around the extent of the losses banks and building societies will suffer due to the impact from the coronavirus pandemic and for the UK institutions on our list there is the added complication of the end of the Brexit transition period on 31st December and what a trade deal may or may not look like. The institutions on Arlingclose’s counterparty list and recommended duration remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

Outlook for the remainder of 2020/21

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

The medium-term global economic outlook is weak. While the strict initial lockdown restrictions have eased, coronavirus has not been suppressed and second waves have prompted more restrictive measures on a regional and national basis. This ebb and flow of

restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.

The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise. This has supported a sizeable economic recovery in Q3.

However, the scale of the economic shock to demand, on-going social distancing measures, regional lock downs and reduced fiscal support will mean that the subsequent pace of recovery is limited. Early signs of this are already evident in UK monthly GDP and PMI data, even before the latest restrictions.

This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets have priced in a chance of negative Bank Rate.

Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or if the UK leaves the EU without a deal.

Arlingclose expects Bank Rate to remain at the current 0.10% level and additional monetary loosening in the future most likely through further financial asset purchases (QE). While Arlingclose's central case for Bank Rate is no change from the current level of 0.1%, further cuts to Bank Rate to zero or even into negative territory cannot be completely ruled out.

Gilt yields are expected to remain very low in the medium term. Shorter-term gilt yields are currently negative and will remain around zero or below until either the Bank of England expressly rules out negative Bank Rate or growth/inflation prospects improve.

Downside risks remain in the near term, as the government dials down its fiscal support measures, reacts to the risk of a further escalation in infection rates and the Brexit transition period comes to an end.

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Cherwell District Council

Accounts, Audit and Risk Committee

18 November 2020

Progress of Counter Fraud Service

Report of the Senior Investigation Officer – Corporate Fraud Team

This report is public.

Purpose of report

The report provides an overview of the current progress of the Authority's counter fraud response following the delegation of authority in July 2018 to Oxford City Council.

1.0 Recommendations

The Audit Committee is recommended to:

- 1.1 Review and note the current performance of the Corporate Fraud team
- 1.2 Consider future work plans as described and the impact that this will have on future performance and income to the authority.

2.0 Introduction

- 2.1 The Authority's counter-fraud function is set out in the anti-fraud and anti-corruption policy, as well as the Fraud Response Plan and the Whistleblowing Policy.
- 2.2 In July 2018 the Council delegated the counter fraud investigation function to Oxford City Council under Section 101 of the Local Government Act 1972. The function was intended to maintain the counter fraud resource following recruitment and staffing issues under previous arrangements.
- 2.3 The length of the contract for provision of the service was 2 years to July 2020 with an option to extend. The contract has now been extended to April 2021.
- 2.4 The aim of this report is to provide members with an overview of the changes to working practice, the results achieved to date under current arrangements, and detail regarding work in progress.

3.0 Report Details

- 3.1 'Oxford Investigation Service' (OIS), the Counter Fraud team at Oxford City Council, utilises an 'intelligence led' investigation model which has proven to be highly effective. The team providing the counter-fraud function consists of a Senior Investigation Officer, an Investigation Officer and an Intelligence Officer. All are professionally accredited officers with a great deal of proven experience in counter-fraud.
- 3.2 The team was given a fully corporate investigative remit which allows the use of a wide range of legal powers. This facilitates a capability to detect, prevent and disrupt criminal behaviour and activity in connection with Council services.

Results

- 3.3 Between 18 August 2020 and the 6 November 2020, the corporate fraud team has achieved the following results:

Directly Attributable Savings

Type	Fraud Loss Avoidance*	Income Generated	Comment
Discretionary Grant Payment	£80,000	£0	Work by the Fraud Team has prevented a grant payment to illegible businesses.
Test and Trace Fraud	£500	£0	Work by the Fraud Team and CSN has prevented payment to an illegible person.
Totals	£80,500	£0	

- 3.4 There are currently 34 live cases in CDC at various stages of investigation.
- 3.5 There are no outstanding prosecution cases within CDC at this time.
- 3.6 Joint working with the Department for Work and Pensions (DWP) Counter-Fraud Team had been suspended as all the DWP Fraud Team had been redeployed onto Universal Credit (UC) work. The UC work has decreased and DWP staff are gradually beginning to work joint cases. It is anticipated that this work will increase as referrals begin to increase.
- 3.7 Regular liaison meetings are held with DWP and other LA's where the latest policy changes and problem cases are discussed. The Senior Investigation Officer (SIO) attends these meetings on behalf of CDC; however, the meetings have been temporarily suspended due to the Covid 19 situation.
- 3.8 The SIO sits on the National Executive Board of the Tenancy Fraud Forum (TFF) and is also chair of the Thames Valley Tenancy Fraud Forum (TVTFF). This involves attending meetings on a quarterly basis to both forums. Both organisations provide counter fraud advice and support to Local Authorities and Social Housing Providers. The SIO attended the last National Executive Board meeting on 12

February 2020. The last executive meeting was completed through video conferencing on 22 Oct 2020.

4.0 Work in Progress

- 4.1 Training was provided for the Entitlements Team at the beginning of August. The team are exploring the options for providing training to staff and what platform to use.
- 4.2 Work on the National Fraud Initiative Exercise for 2020/21 has been ongoing with the uploads of the data being progressed. The upload has to be completed by December 2020 with the matches becoming available in Feb. When the matches are made available the majority of the Fraud Teams work will be filtering the results. Datasets for the Covid Grant payments will also be uploaded in January 21 with the results of that being available in March 21.
- 4.3 Since the start of the Covid-19 crisis councils across the country have increasingly been the target of Cyber Criminals. The attacks have been by various means, and although at Cherwell there have been no reported attempts, it is important to remain aware and vigilant to this emerging risk. Staff have been notified of this risk at CDC through the issue of “fraud alert” notices.
- 4.4 The Corporate Fraud Team have been involved in building the process for the distribution of grant payments to businesses in the District. This involved several meetings with stakeholders to build a process that was robust to prevent fraud but ensured that the local businesses got the help they needed quickly.
- 4.5 The Fraud Team have been involved in the Grants payments to local businesses. They have helped build a due diligence process that has ensured that the payments go to the right businesses. The team has had to review fourteen applications where there may have been concerns that they were fraudulent. Eventually five of these applications were considered to be suspicious enough that an Interview under Caution was the outcome. Due to the Covid 19 situation these interviews had to be delayed until PACE compliant rooms could be made safe. Of the 14 cases eight of them have been refused a grant for numerous reason and this has resulted in a prevention of £80,000 being paid out to either ineligible businesses or fraudulent applications.
- 4.6 The Fraud Team have been involved in the setting up and reviewing of payments made to individuals through the Test and Trace Payments Scheme. Any potential fraudulent applications are referred to the team to complete checks and take appropriate action.
- 4.7 The Fraud Team have also been involved in the process in preparation for payments through the Local Lockdown Grants Scheme. Since a national lockdown has been imposed this preparation work will mean the scheme should be able to be implemented quickly and help given to local businesses.
- 4.8 Planning is underway to promote Fraud Awareness Week which is over the following period of time 15 to 21 November 2020. This will include highlighting the way that frauds are perpetrated and giving tips to ensure that staff members and customers are better protected.

5.0 Conclusion and Reasons for Recommendations

- 5.1 The delivery of the Counter Fraud response has been impacted by Covid, most noticeably in the ability to progress joint investigations with DWP, and undertaking interviews under caution; however, this is now changing, and cases are being progressed once again. The administration of business grants has been a new fraud risk area of activity during recent months. The strong collaboration between CSN, Finance, Internal Audit and Counter Fraud Teams has seen robust systems and processes adopted, that has managed the risk of fraud effectively.

6.0 Consultation

- 6.1 Not applicable.

7.0 Alternative Options and Reasons for Rejection

- 7.1 This report is for noting progress and performance only. Therefore, no alternative options are presented for consideration.

8.0 Implications

Financial and Resource Implication

- 8.1 The cost to Cherwell District Council for the provision of Counter Fraud services is within the existing budget. The contract runs until April 21 when a new service will begin, which is the subject of a separate report.
- 8.2 In addition to cashable savings, having a robust counter fraud strategy which includes a dedicated investigation team has additional benefits. These include preventing additional financial and reputational loss alongside other advantages such as advice, guidance and public assurance that the authority is actively working to tackle fraud in the district.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845

michael.furness@cherwell-dc.gov.uk

Legal Implications

- 8.3 There are no legal implications arising directly from this report.

Comments checked by:

Christopher Mace, Solicitor, 01295 221808

Christopher.Mace@cherwell-dc.gov.uk

Risk Implications

- 8.4 There are no risk management issues arising directly from this report. Risks are managed as part of the services operational risk register and then escalated as and when necessary to the leadership risk register.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786
louise.tustian@cherwell-dc.gov.uk

9.0 Decision Information

Key Decision: N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

Councillor Tony Illott – Lead Member for Financial Management.

Background papers

None

Report Author and contact details

Rob Ducker, Senior Investigation Officer, 01865 252180

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Cherwell District Council

Accounts, Audit and Risk Committee

18 November 2020

Update on Counter-Fraud Arrangements for 2021/22

Report of Director of Finance

This report is public.

Purpose of report

This report presents the revised arrangements for Counter-Fraud, to become fully operational from April 2021/22.

1.0 Recommendations

The meeting is recommended:

- 1.1 Comment and note the updated arrangements for Counter-Fraud for 2021/22.

2.0 Introduction

- 2.1 This report presents the revised arrangements for Counter-Fraud, to become fully operational from April 2021/22. This supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council has in place proportionate and effective resources and controls to prevent and detect fraud as well as investigate those matters that do arise.

3.0 Report Details

- 3.1 Within CDC the counter-fraud service has been provided by Oxford City Council, initially under a joint contract with SNC. That contract ended in June 2020 but was extended to the end of March 2021 to provide time for the development of an Oxfordshire County Council (OCC)/Cherwell District Council (CDC) joint working solution.
- 3.2 A proposal for the creation of a joint working Counter-Fraud service across OCC and CDC has been approved by CEDR. This will replace the current contract that CDC has with Oxford City Council to provide counter fraud support, which ends March 2021.

- 3.3 This will see the existing Internal Audit joint working arrangement extended to include Counter-Fraud where the service is provided by the OCC team jointly across both Councils. The joint Counter-Fraud service will be fully operational from April 2021. The team will be managed through OCC but will require an increase in staff resource to have the capacity to deliver the service. The updated Internal Audit and Counter-Fraud Structure Chart is included in Appendix 1. The new arrangements include for 2 Counter-Fraud Officers and 1 Intelligence & Data Officer (who will be supported to complete an apprenticeship intelligence analyst qualification).
- 3.4 Recruitment has already commenced to ensure that the new service can be fully operational before the end of the financial year.
- 3.5 The joint Finance management team of the Director of Finance, Assistant Director of Finance (CDC), and Assistant Director of Finance (OCC) will oversee the performance and growth of the service and agree the annual financing and budget plans.
- 3.6 Quarterly updates will continue, reporting on counter-fraud activity to the Accounts, Audit & Risk Committee. These will be provided by the Oxford City Council Fraud Service until the end of the financial year and then from April 2021 from the joint OCC/CDC team.
- 3.7 The joint working arrangement presents an excellent opportunity to strengthen both OCC and CDC's approaches to the prevention and detection of fraud. Both Councils have similar anti-fraud and corruption policies and a zero tolerance to fraud. The inherent risk of fraud across both Councils' services is high, both from external sources, but also internal corporate fraud. Whilst systems and controls are generally sound, fraud remains a risk. Fraud risk is also a high priority for the Government.

4.0 Conclusion and Reasons for Recommendations

- 4.1 This report provides the committee with an update on the arrangements to develop and deliver a joint counter-fraud service from April 2021. The arrangement will strengthen current arrangements and approach to counter-fraud prevention, detection and investigation.

5.0 Consultation

Not applicable.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: No alternative options have been identified as this report is for information only.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising directly from this report.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845

michael.furness@cherwell-dc.gov.uk

Legal Implications

7.2 There are no legal implications arising directly from this report. The service will be provided under the S113 Partnership Agreement.

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious, 01295 221695

richard.hawtin@cherwell-dc.gov.uk

Risk Implications

7.3 There are no risk management issues arising directly from this report.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786

louise.tustian@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision: N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

Councillor Tony Illott – Lead Member for Financial Management.

Document Information**Appendix number and title**

Appendix 1 – Internal Audit and Counter Fraud Structure Chart.

Background papers

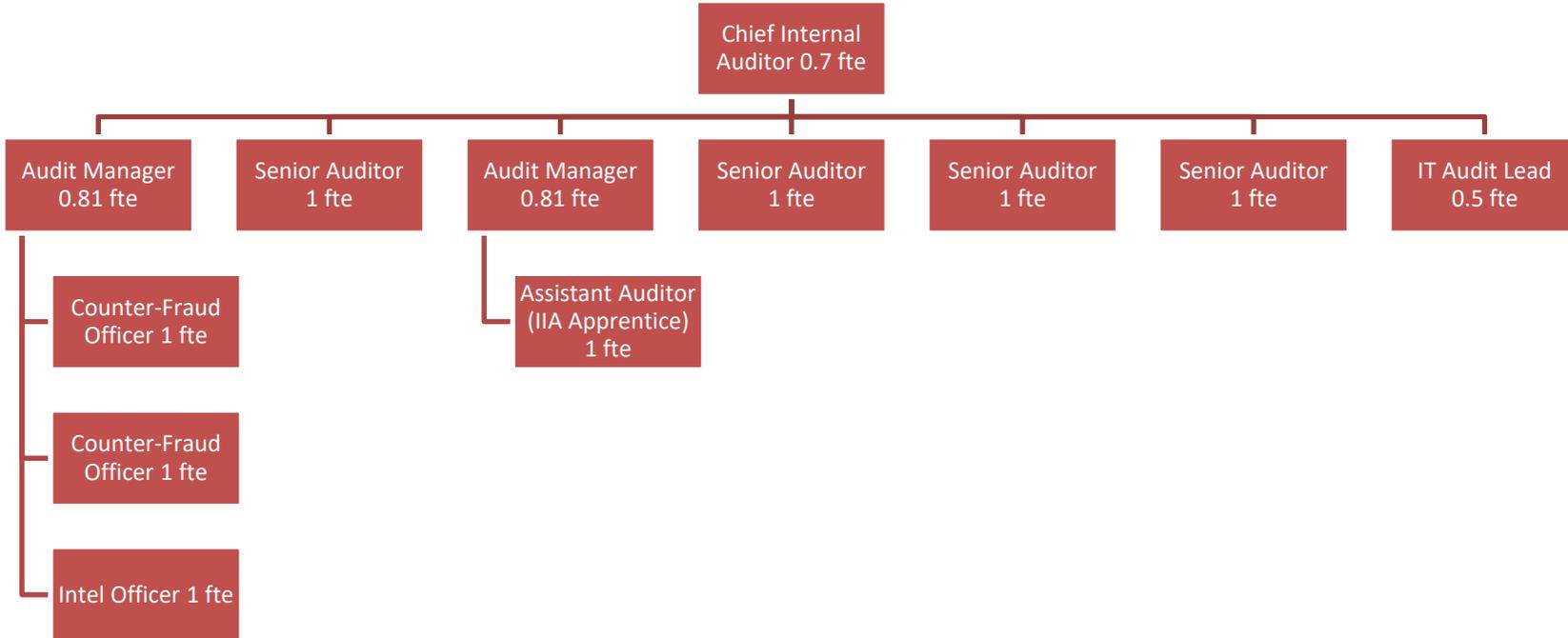
None

Report Author and contact details

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Appendix 1

Internal Audit and Counter Fraud Structure Chart 2020/21



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Cherwell District Council

Accounts, Audit and Risk Committee

18 November 2020

Redmond Review into Local Government Audit

Report of the Director of Finance

This report is public

Purpose of report

To update the Accounts, Audit and Risk Committee on the outcome of the Redmond Review into Local Government Audit.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the findings of the Redmond Review

2.0 Introduction

- 2.1 In July 2019, the then Secretary of State for the Ministry of Communities, Housing and Local Government, James Brokenshire commissioned a review of the arrangements in place to support the transparency and quality of local authority financial reporting and external audit including those introduced by the Local Audit and Accountability Act 2014. Sir Tony Redmond was appointed to undertake the review due to his experience in the Local Government sector and former role as President of the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 2.2 A Call for Views was launched in September 2019 and received 156 responses and more than 100 interviews were carried out. The report arising from the review was published on 8th September 2020. [The full report is published at GOV.UK](#)
- 2.3 The Review was carried out in the context that Local Government in England is responsible for 22% of total UK public sector expenditure making it essential that local authority financial reporting is of the highest level of transparency to allow taxpayers to understand how their money is being spent. The Review examined the effectiveness of local audit and its ability to demonstrate accountability for audit performance to the public. It also considered whether the current means of reporting the Authority's annual accounts enables the

public to understand this financial information and receive the appropriate assurance that the finances of the authority are sound.

- 2.4 The key findings of the Review, summary of recommendations, and potential implications for the Council are set in this report.

3.0 Report Details

- 3.1 The key findings of the Review can be summarised into four themes:

- (i) **Local Audit arrangements** – The most significant finding is the lack of coherence in local audit arrangements including in the approach to procuring audit services. There were serious concerns regarding effectiveness of local audit which is in part due to the current fee structure.
- (ii) **Current Fee Structure** – The Review estimated that the cost of External Audit is 25% less than it should be and as a result the quality of auditors has reduced. There is also concern auditors do not have the experience or knowledge of local authorities. Evidence was considered that 40% of local authority audits were not completed by the 31 July deadline for 2018/19.
- (iii) **Governance arrangements** – The Review questioned whether Audit Committees understand the issues to question and challenge in an effective way and noted that there are relatively low number of independent Audit Committee members and little communication between Audit Committee and inspectors with no formal exchange of views. There seems to be no real relationship between Audit Committee and Full Council with very few audit reports going to Council. The Review questions the role of three statutory officers (Head of Paid Service, Monitoring Officer and Section 151 Officer) in relationship to Audit and in particular whether they engage with auditor together on an informal or formal basis. The Review noted that Internal Audit is not currently utilised effectively by External Audit as the Audit code of practice does not require them to liaise with the Internal Audit function. The Review also noted that there is not always sufficient expertise amongst staff involved in completing the year end accounts process.
- (iv) **Transparency and reporting** – The Review concluded that the current arrangements do not enable the general public to understand the statement of accounts and found that more can be done to improve the transparency of what local authorities do. Consideration was given to simplifying the accounting framework for local government accounts, however this was not considered appropriate in the context of local authorities becoming more commercial in their operations.

Review Recommendations

- 3.2 The Review Recommendations are set out in full at Annex 1. The Review contains 23 recommendations across four categories of which three categories and 19 recommendations apply to the production of the Council's accounts and external audit. The remaining category, containing three recommendations applies only to smaller authorities with an annual turnover of under £6.5m. Recommendation 23 also applies only to smaller authorities.

External Audit Regulation

- 3.3 The central recommendation of the Review is for the creation of a new body, the Office of Local Audit and Regulation (OLAR), to manage, oversee and regulate local audit with the following key responsibilities:
- procurement of local audit contracts;
 - producing annual reports summarising the state of local audit;
 - management of local audit contracts;
 - monitoring and review of local audit performance;
 - determining the code of local audit practice; and
 - regulating the local audit sector.
- 3.4 The review also focusses on the sustainability of the external audit market, the skills within the audit team and the level of audit fees. The review sets out recommendations to address these issues.
- 3.5 Public Sector Audit Appointments (PSAA) was incorporated by the Local Government Association (LGA) in 2014 and has been specified by MHCLG as an 'appointing person' under provisions of the Local Audit and Accountability Act 2014. PSAA appoints external auditors to local authorities and is responsible for the statutory function of setting audit fees, including the current practice of agreeing fee variations for additional audit work. It is recommended that the responsibilities of this body be discharged by the OLAR which will set a fee structure that will 'ensure that adequate resources are deployed to meet the full extent of local audit requirements' and that the quality of the audit will 'be consistent with the highest standard of audit within the revised fee structure.'
- 3.6 A number of other recommendations are made in this category, including that, where appropriate, external audit should use the work of Internal Audit to support their conclusion. The report recognizes that internal auditors are much closer to the business than external audit, providing a 'rich source of knowledge' and work which focuses on governance and service delivery matters.
- 3.7 The Review recommends that the deadline for the completion of audits be extended from 31 July to 30 September to enable more time for the audit to take place and to make easier for audits to be resourced. This proposal would require an amendment to the Accounts and Audit Regulations 2015.
- 3.8 Not all recommendations require a change to statute and some recommendations could be adopted based on local decisions such as:

- Formalising the facility for the Chief Exec, Monitoring Officer and Chief Finance Officer to meet with the Key Audit Partner at least annually, and;
- Appointing at least one suitably qualified independent member to the Audit Committee

3.9 It is also recommended that the external auditors should report to Full Council annually in September in addition to the current practice of reporting to Audit Committees. They should report to all members on risks identified and conclusions reached in a transparent and understandable format to reduce the risk that a majority of elected members may not be sighted on serious governance or financial resilience issues.

Financial Resilience of local authorities

3.10 Under the current regulations there is no specific responsibility for auditors to provide an opinion on whether a local authority is financially sustainable. The Review recommends that MHCLG reviews its current framework for seeking assurance that financial sustainability in each local authority in England is maintained and that key concerns relating to service and financial viability be shared between Local Auditor and Inspectorates including Ofsted, Care Quality Commission and HMICFRS prior to completion of the external auditor's Annual Report.

3.11 The Review considers a number of possible frameworks for assessment including CIPFA's Pillars of Financial Resilience and the Financial Management Code of Practice (FM Code). Although not prescribed in the formal recommendation, the review notes that MHCLG could give the FM Code statutory status and require local authorities to report on compliance with the Code in their Annual Governance Statement with auditors expected to report on material breaches.

Transparency of Financial Reporting

3.12 The Review recommends the development of a new 'Summarised Accounts' or 'Simplified Statements' that are prepared on the budget setting basis and reconcilable to the Council Tax Requirement. These accounts would:

- include a standardised statement of service information and costs, perhaps based on the statutory Service Reporting Code of Practice (SERCoP)
- be reconcilable to the Statutory Accounts
- be subject to audit.

3.13 The objective of creating these additional statements is to increase transparency and, as a short stand-alone document, would be accessible to taxpayers and service users. There may also be an opportunity to remove some of the existing statements and disclosures within the statement of accounts that reconcile the outturn position, funding position and IFRS accounting basis, although it is noted that the work to complete the reconciliation would still need to be undertaken.

- 3.14 The Primary Legislation for the Local Authority Accounting Framework is the Local Government Act 2003 which allows the Secretary of State to make provision about accounting practices that local authorities must follow. The Secondary Legislation is the Capital Finance and Accounting Regulations 2003 which gives CIPFA the power to produce a statutory accounting code. This means that CIPFA can take forward this recommendation through revisions to the Accounting Code of Practice without amendments to primary or secondary legislation. In practice, this would be done in consultation with the Financial Reporting Advisory Board (FRAB) which advises HM Treasury on public sector accounting.

Recommendations into practice

- 3.15 If adopted in full, the review recommendations have an impact on the preparation of the annual statement of accounts and the annual audit process which will have resource implications for the Council. The degree to which this applies will depend on how many of the recommendations are taken forward.

External Audit Regulation

- 3.16 The creation of the OLAR is estimated to cost in the region of £5m per year. Identifying funding for this is outside of the scope of the recommendations. In terms of the proposal to review the audit fee, the PSAA already has the ability to agree fee variations and it is common for additional fees to be agreed. At this stage it is difficult to estimate how significant a fee increase would be for individual authorities after taking account of these additional fees.
- 3.17 The proposed extension of the audit deadline from 31 July to 30 September could have a detrimental impact on resources in the finance team with staff leave over the summer period needing to be balanced with the audit requirements and impacting on the team's ability to move onto other areas work.
- 3.18 The recommendation for external audit to place reliance on the work of internal audit may help to decrease the level of audit activity although this could also impact on the internal audit work plan.

Financial Resilience of local authorities

- 3.19 It is acknowledged in the Review that expanding the scope of the audit will increase audit costs (both in terms of the audit fee and resource to respond to audit queries) but concludes that the expansion of the opinion to encompass financial resilience and sustainability would, potentially, provide comfort to the authority and to council taxpayers that the finances are in good order.
- 3.20 The impact on resources will not be clear until MHCLG set out a proposed assurance framework. However, if the framework is consistent with the suggestions set out in the Review, this should not create a significant resource requirement. Although the FM Code does not have statutory status, the Council is already planning to self-assess and report on compliance with the code to the Audit & Governance Committee.

Transparency of Financial Reporting

- 3.21 The introduction of an additional financial statement is likely to create additional work for the finance team. Although the review makes recommendations about extending the audit period there is no recommendation to extend the date for the publication of the draft accounts beyond the 31 May, concentrating further work into an already short period of time.
- 3.22 The Review does not comment on other external reporting completed by local authorities. The Council already produces an outturn report which is reconciled to the budget set by Council in February and reported to Cabinet in May or June following the 31 March. In addition, all local authorities are required to complete the Revenue Outturn report to MHCLG which is based on the SERCoP. There is a risk that the addition of another reporting format may create duplication and further confusion for residents.

Responses to the publication of the review

- 3.23 In the press release announcing the publication of the review, the Secretary of State for Communities, Housing and Local Government stated that 'This government remains committed to a locally-led audit regime, alongside robust local scrutiny and local accountability by the press and public.' MHCLG will 'carefully consider the recommendations proposed, which will play an important strategic role in strengthening the overall framework for local accountability.' However, a timeframe for this has not been set out and no formal commitment has been made to implement the recommendations.
- 3.24 The Chief Executive of CIPFA, Rob Whiteman welcomed the recommendations in the Review, including the creation of the new audit body to 'ensure a stable future for local public audit that is currently at risk.' Whiteman also praised the proposed new financial reporting requirements which 'would support more effective communication of the often-complex financial affairs of local authorities.'
- 3.25 CIPFA have sought stakeholders' views on the impact of the recommendations and other commentaries of the Review on local authority financial reporting and the strategic plan for the development of the Code in its consultation on the 2021/22 Code of Practice which closed on 23 October.
- 3.26 The PSAA has issued a response to the Review which is broadly supportive of the report. However, the response also raised concerns that structural reorganisation, including the creation of the OLAR, would take time and would therefore not resolve the current challenges facing the audit sector. It is also unclear where the additional resources will come from to fund investment in external audit.

4.0 Conclusion and Reasons for Recommendations

4.1 It is important that the Accounts, Audit and Risk Committee is aware of the recommendations that have been proposed from the Redmond Review.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

6.1 None – the report is for information.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications associated with this report.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845,
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Legal Implications

7.2 There are no legal implications associated with this report.

Comments checked by:

Chris Mace, Solicitor, 01295 221808, chris.mace@cherwell-dc.gov.uk

Risk Implications

7.3 There are no risk management implications arising directly from this report.

Comments checked by:

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8.0 Decision Information

Key Decision N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All Corporate Plan Themes

Lead Councillor

N/A

Document Information

Appendix number and title

- Appendix 1 – Summary of Review Recommendations

Background papers

Report Author and contact details

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Summary of Review Recommendations

External Audit Regulation

1.	A new body, the Office of Local Audit and Regulation (OLAR), be created to manage, oversee and regulate local audit with the following key responsibilities: <ul style="list-style-type: none"> • procurement of local audit contracts; • producing annual reports summarising the state of local audit; • management of local audit contracts; • monitoring and review of local audit performance; • determining the code of local audit practice; and • regulating the local audit sector.
2.	The current roles and responsibilities relating to local audit discharged by the: <ul style="list-style-type: none"> • Public Sector Audit Appointments (PSAA); • Institute of Chartered Accountants in England and Wales (ICAEW); • FRC/ARGA; and • The Comptroller and Auditor General (C&AG) to be transferred to the OLAR
3.	A Liaison Committee be established comprising key stakeholders and chaired by MHCLG, to receive reports from the new regulator on the development of local audit.
4.	The governance arrangements within local authorities be reviewed by local councils with the purpose of: <ul style="list-style-type: none"> • an annual report being submitted to Full Council by the external auditor; • consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee; and • formalising the facility for the CEO, Monitoring Officer and Chief Financial Officer (CFO) to meet with the Key Audit Partner at least annually
5.	All auditors engaged in local audit be provided with the requisite skills and training to audit a local authority irrespective of seniority.
6.	The current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements.
7.	That quality be consistent with the highest standards of audit within the revised fee structure. In cases where there are serious or persistent breaches of expected quality standards, OLAR has the scope to apply proportionate sanctions.
8.	Statute be revised so that audit firms with the requisite capacity, skills and experience are not excluded from bidding for local audit work
9.	External Audit recognises that Internal Audit work can be a key support in appropriate circumstances where consistent with the Code of Audit Practice.
10.	The deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year.
11.	The revised deadline for publication of audited local authority accounts be considered in consultation with NHSI(E) and DHSC, given that audit firms use the same auditors on both Local Government and Health final accounts work.
12.	The external auditor be required to present an Annual Audit Report to the first Full Council meeting after 30 September each year, irrespective of whether the accounts have been certified; OLAR to decide the framework for this report.

13.	The changes implemented in the 2020 Audit Code of Practice are endorsed; OLAR to undertake a post implementation review to assess whether these changes have led to more effective external audit consideration of financial resilience and value for money matters.
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Smaller Authorities Audit Regulation (Not Applicable to the County Council)

14.	Smaller Authorities' Audit Appointments Ltd (SAAA) considers whether the current level of external audit work commissioned for Parish Councils, Parish Meetings and Internal Drainage Boards (IDBs) and Other Smaller Authorities is proportionate to the nature and size of such organisations.
15.	SAAA and OLAR examine the current arrangements for increasing audit activities and fees if a body's turnover exceeds £6.5m.
16.	SAAA reviews the current arrangements, with auditors, for managing the resource implications for persistent and vexatious complaints against Parish Councils.

Financial Resilience of local authorities

17.	MHCLG reviews its current framework for seeking assurance that financial sustainability in each local authority in England is maintained.
18.	Key concerns relating to service and financial viability be shared between Local Auditor and Inspectorates including Ofsted, Care Quality Commission and HMICFRS prior to completion of the external auditor's Annual Report.

Transparency of Financial Reporting

19.	A standardised statement of service information and costs be prepared by each authority and be compared with the budget agreed to support the council tax/precept/levy and presented alongside the statutory accounts.
20.	The standardised statement should be subject to external audit.
21.	The optimum means of communicating such information to council taxpayers/service users be considered by each local authority to ensure access for all sections of the communities.
22.	CIPFA/LASAAC be required to review the statutory accounts, in the light of the new requirement to prepare the standardised statement, to determine whether there is scope to simplify the presentation of local authority accounts by removing disclosures that may no longer be considered to be necessary.
23.	<p>Joint Panel on Accountability and Governance (JPAG) be required to review the Annual Governance and Accountability Return (AGAR) prepared by smaller authorities to see if it can be made more transparent to readers. In doing so the following principles should be considered:</p> <ul style="list-style-type: none"> • Whether "Section 2 – the Accounting Statements" should be moved to the first page of the AGAR so that it is more prominent to readers; • Whether budgetary information along with the variance between outturn and budget should be included in the Accounting Statements; and • Whether the explanation of variances provided by the authority to the auditor should be disclosed in the AGAR as part of the Accounting Statements.

Accounts, Audit and Risk Committee Work Programme 2020/21

Date	Agenda Items
20 January 2021	Internal Audit 2020/21 Progress Report Draft Treasury Management Strategies 2021/22 Work Programme Update Counter Fraud 2020/21 Progress Report
17 March 2021	Performance, Finance and Risk Monitoring Report - Q3 - January 2021 Housing Benefit Subsidy Audit Housing Benefit Risk Based Verification Policy Internal Audit 2020/21 Progress Update External Audit Update Treasury Management Q3 Update Work Programme Update

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