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Cherwell DISTRICT COUNCIL NORTH OXFORDSHIRE

Committee: **Accounts, Audit and Risk Committee**

Date: **Wednesday 20 March 2024**

Time: **6.30 pm**

Venue: **Bodicote House, Bodicote, Banbury, Oxon OX15 4AA**

Membership

Councillor Lynn Pratt (Chairman)
Councillor Besmira Brasha
Councillor Donna Ford
Councillor Simon Lytton
Harry Lawson – Independent Person (No voting rights)

Councillor Simon Holland (Vice-Chairman)
Councillor Andrew Crichton
Councillor Harry Knight
Councillor Ian Middleton
Sarah Thompson – Independent Person (No voting rights)

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 17 January 2024.

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. Risk Based Verification Policy 2024/2025 (Pages 11 - 34)

Report of Assistant Director of Finance.

Purpose of report

To seek approval of the reviewed Risk Based Verification (RBV) Policy for 2024/25

Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To note the contents of the report.

1.2 To approve the Risk Based Verification Policy for the financial year 2024/2025, as set out at Appendix 1 to this report.

8. Internal Audit Contract Procedure

Verbal update from Head of Finance/Deputy S151 Officer.

9. Update on Counter Fraud Annual Plan 2023/24 (Pages 35 - 44)

Report of Assistant Director of Finance.

Purpose of report

This report presents a summary of activity against the Annual Plan for the Counter-Fraud service at CDC for 2023/24, which was previously presented to the Accounts, Audit & Risk July 2023 committee. The Plan 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.

Recommendations

The Accounts, Audit & Risk Committee resolves:

1.1 Comment and note the summary of activity against the Annual Counter Fraud Plan for 2023/24.

10. Draft Annual Report of Accounts, Audit and Risk Committee (Pages 45 - 56)

Report of Assistant Director of Finance.

Purpose of report

The report presents the draft report of the Accounts, Audit & Risk Committee.

Recommendations

The Accounts, Audit & Risk Committee resolves:

1.1 To review the draft report, agree any amendments and finalise in preparation for presentation to Council by the Chair of the Accounts, Audit & Risk Committee.

11. Risk Monitoring Report January 2024 (Pages 57 - 70)

Report of Assistant Director Customer Focus.

Purpose of report

To update the committee on how well the council is managing its Strategic Risks.

Recommendations

The Accounts, Audit & Risk Committee resolves:

1.1 To note the Risk Monitoring Report for January 2024.

12. 2021/22 Final Audit Results Report (Pages 71 - 344)

Report of Assistant Director of Finance.

Purpose of report

To ask the Committee to note the final audit results and annual report of the council's external auditors in relation to the 2021/22 statement of accounts. To also note the final Letter of Representation and the final 2020/21 Statement of Accounts.

Recommendations

The meeting is recommended:

1.1 Note the final 2021/22 Audit Results Report (Appendix 1).

1.2 Note the final 2021/22 Annual Audit Report of the External Auditor (Appendix 2)

1.3 Note the final Letter of Representation (Appendix 3)

1.4 Note the final Statement of Accounts for 2021/22 (Appendix 4)

13. Draft Statement of Accounts 2022-23 (Pages 345 - 514)

Report of Assistant Director of Finance.

Purpose of report

To provide an opportunity for review of the draft 2022/23 Statement of Accounts which were published on 2 February 2024.

Recommendations

The Accounts, Audit and Risk committee resolves:

1.1 To note the report and publication of the draft statement of accounts 2022/23 (Appendix 1), and raise any queries on the draft statement of accounts.

1.2 To note the current consultations from Central Government to implement 'backstop' dates to combat the backlog of outstanding audits across England.

14. 2023/24 Accounting Policies (Pages 515 - 552)

Report of Assistant Director of Finance.

Purpose of report

To ask the Committee to review and approve the Accounting Policies for inclusion in the 2023/24 Statement of Accounts which are due to be published by 31 May 2024. The council is required to set accounting policies which set out the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting financial statements.

Recommendations

The meeting is recommended:

1.1 To approve the accounting policies as recommended by the Chief Finance Officer (Appendix 1).

15. Annual Governance Statement 2022/2023 - Update on Actions (Pages 553 - 580)

Report of Monitoring Officer & Assistant Director of Law & Governance.

Purpose of report

To consider an update on actions from the Annual Governance Statement (AGS) 2022/2023.

Recommendations

The Accounts, Audit and Risk Committee is recommended to:

1.1 Consider and comment on the update on the actions arising from the Annual Governance Statement 2022/2023.

16. Work Programme

To consider and review the Work Programme.

Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.

Information about this Meeting

Apologies for Absence
Apologies for absence should be notified to democracy@cherwell-dc.gov.uk or 01295 221534 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.

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Queries Regarding this Agenda
Please contact Natasha Clark, Democratic and Elections democracy@cherwell-dc.gov.uk, 01295 221534

Shiraz Sheikh

Monitoring Officer

Published on Tuesday 12 March 2024

Cherwell District Council

Accounts, Audit and Risk Committee

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Bodicote House, Bodicote, Banbury, Oxon OX15 4AA, on 17 January 2024 at 6.30 pm

Present:
Councillor Simon Holland (Vice-Chairman, in the Chair)

Councillor Besmira Brasha
Councillor Andrew Crichton
Councillor Donna Ford
Councillor Simon Lytton
Harry Lawson, Independent Person (non-voting)
Sarah Thompson, Independent Person (non-voting)

Substitute Members:

Councillor Barry Wood (In place of Councillor Lynn Pratt)

Apologies for absence:

Councillor Lynn Pratt
Councillor Harry Knight
Councillor Ian Middleton

Also Present:

Councillor Adam Nell, Portfolio Holder for Finance

Also Present Virtually:

Alison Kennett, External Audit
Maria Grindley, External Audit
Katherine Kitashima, Audit Manager (internal Audit)

Officers:

Michael Furness, Assistant Director Finance & S151 Officer
Joanne Kaye, Head of Finance and Deputy Section 151 Officer
Emma Faulkner, Principal Officer - Scrutiny and Democratic Lead
David Rogers, Democratic and Elections Officer

Officers Attending Virtually:

Sarah Cox, Chief Internal Auditor
Celia Prado-Teeling, Performance Team Leader

46 **Declarations of Interest**

There were no declarations of interest.

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

There were no petitions or requests to address the meeting.

48 **Minutes**

The Minutes of the meeting of the Committee held on 15 November 2023 were agreed as a correct record and signed by the Chairman.

49 **Chairman's Announcements**

There were no Chairman's announcements.

50 **Internal Audit Progress Report 2023/24**

The Committee considered a report from the Assistant Director – Finance which provided an update on Internal Audit progress since September 2023.

Three audits had been finalised since the last update, relating to Climate, Revenues and Benefits IT Applications and Business Continuity.

The implementation status of previously agreed management actions continued to be positive across the organisation, with good rates of implementation and evidence that other actions were being actively progressed.

The Portfolio Holder for Finance Councillor Adam Nell congratulated Internal Audit on their progress, and thanked Councillors Pratt and Ford who had been interviewed during the completed audits.

In response to a question from Independent Person Harry Lawson regarding future Internal Audit arrangements at the conclusion of the existing contract, the Assistant Director – Finance advised that discussions were ongoing and he was confident a new provider and contract would be in place for 1 May 2024.

Resolved

(1) That the Internal Audit Progress Report 2023/24 report be noted.

51 **External Audit Update**

The Committee considered a report from external auditors Ernst & Young (EY) that presented Draft Audit Results for 2021/22.

In presenting the report, Maria Grindley of EY explained that the Executive Summary gave details on the current status of the audit, including prior year adjustments. As this was a progress report there was still the opportunity for Members to ask questions on any aspects of the work to date.

With regards to value for money it was reported that there were no risks of weakness or matters to report by exception.

In addition to the adjustments referred to in the 'audit differences' section, Alison Kennet advised that following receipt of the 2022 pensions evaluation, a balance sheet adjustment of £5.3 Million was required against pension liability.

In response to a question from Independent Person Harry Lawson regarding the delay in auditing accounts from previous financial years, Maria Grindley explained that the matter affected all local authorities and was being considered by the Minister. Legislation was expected to address the issue and outline what action would be taken to catch up.

Resolved

(1) That the Draft Audit Results Report for 2021/22 report be noted.

(2) That authority be granted to the Assistant Director of Finance, in consultation with the Chair of the Committee (or Deputy Chair in their absence), can make any further changes to the draft letters of representation agreed with the auditors that may arise during completion of the audit.

52 **Treasury Management Report - Q3 2023/24 (December 2023)**

The Committee considered a report from the Assistant Director of Finance that detailed treasury management performance and compliance with the treasury management policy for 2023-24, as required by the Treasury Management Code of Practice.

All treasury management activities undertaken to date during the 2023-24 financial year complied with the CIPFA Code of Practice and the council's approved Treasury Management Strategy, and all of the Treasury Management Prudential Indicators had been met during the reporting period.

In response to questions from the Committee regarding non-treasury investments to subsidiaries and the status of dividends and repayments to the council, Councillor Nell advised that the Graven Hill Company had recently paid £9M as a result of sale of land at the development site. Detailed loan agreements were in place with the company, and the council would also shortly be receiving the first dividend payment in line with those agreements.

The Committee thanked officers for the hard work undertaken in relation to Treasury Management.

Resolved

(1) That the Treasury Management Report - Q3 2023/24 (December 2023) report be noted.

53 **Capital, Investment and Treasury Management Strategies 2024-25**

The Committee considered a report from the Assistant Director of Finance that detailed draft Capital & Investment Strategy, and Treasury Management Strategy for 2024-25.

The Capital and Investment Strategy was introduced in 2019-20, and must satisfy the requirements of government legislation and CIPFA guidance.

It was proposed by Councillor Barry Wood and seconded by Councillor Donna Ford that the draft Capital & Investment Strategy, and Treasury Management Strategy for 2024-25 be recommended to Executive for approval.

Resolved

(1) That the draft strategies for 2024-25 be recommended to Executive for approval.

54 **Work Programme**

The Committee considered the indicative work programme for the remainder of 2023-24.

Resolved

(1) That the work programme be noted.

55 **Urgent Business**

There were no items of urgent business.

The meeting ended at 7.19 pm

Chairman:

Date:

This report is public	
Risk Based Verification Policy 2024/2025	
Committee	Accounts Audit and Risk Committee
Date of Committee	20 March 2024
Portfolio Holder presenting the report	Portfolio Holder for Finance, Councillor Adam Nell
Date Portfolio Holder agreed report	29 February 2024
Report of	Assistant Director of Finance, Michael Furness

Purpose of report

To seek approval of the reviewed Risk Based Verification (RBV) Policy for 2024/25

1. Recommendations

The Accounts, Audit and Risk Committee resolves:

1.1 To note the contents of the report.

1.2 To approve the Risk Based Verification Policy for the financial year 2024/2025, as set out at Appendix 1 to this report.

2. Executive Summary

2.1 Risk Based Verification is a method of applying different checks to new claims for Housing Benefit and Council Tax Reduction according to the risk associated with these claims. The profile is determined by specific software using statistical information and experience about what type of claim represents what type of risk. The higher the risk, the greater the checks used to establish that the claim is genuine. The aim is to reduce the burden on customers to provide excessive evidence and enable low risk claims to be assessed and put into payment more quickly. Efforts can then be concentrated on those claims with a high-risk category where there is an increased chance of fraud and error.

2.2 The RBV policy must be reviewed annually, and any changes must be referred to the Audit Committee for approval. In accordance with DWP guidance changes will not be made in-year as this would complicate the audit process

Implications & Impact Assessments

Implications	Commentary			
Finance	There are no new financial implications related to this report. Any costs will be picked up within existing budgets. Applying a risk based score allows the Council to focus its resources on those highest risk applications Leanne Lock – Strategic Business Partner			
Legal	Applying the RBV policy meets the Council's legal obligations to verify information for Housing Benefit claims, as required by Regulation 86 of the Housing Benefit Regulations. In order to ensure that the RBV policy is working it may be helpful to compare data from previous years to see if there is a similar trend in claims made and awarded across the categories. Consideration should also be given as to any data protection issues that could arise it personal information is added to the system and stored. Shahin Ismail, interim Head of Legal Services			
Risk Management	There are no risk management issues arising directly from this report. Any arising risk will be managed through the service operational risk and escalated to the Leadership Risk Register as and when necessary Celia Prado-Teeling, Performance Team Leader			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				Risk Based Verification applies to all new claims for Housing Benefit and Council Tax Reduction. The mathematical model used to determine the risk score does apply one of the protected characteristics i.e. age Other than age, no protected characteristics are used. The use of age in the model is supported by specific clauses in the Equalities Act 2010 and by Technical Page 53 Guidance on the Act written by the Equality and Human Rights Commission. Specifically, that age can be used in "the prevention of fraud or other forms of abuse or inappropriate use of services provided by the service provider. All council's proposals, changes and decisions are done taken careful consideration of our commitments to equalities and inclusion as set in our equalities framework, keeping those principles at the core of all we do. Celia Prado-Teeling, Performance Team Leader

A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		As set out above
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		As set out above
Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy				N/A
Council Priorities	Housing that meets your needs. This work supports the efficient delivery of Housing Benefit and Council Tax Reduction application which help to prevent homelessness and support vulnerable residents.			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	When the original policy was proposed in 2017 consultation was carried out with officers and the policy was approved by the S151 Officer (Director of Finance) and by members. Although no formal consultation took place with residents or stakeholders the change was communicated, and the policy will be placed on the website. No material changes are proposed to the policy.			

Supporting Information

3. Background

3.1 Risk Based Verification is a method of applying different checks to new claims for Housing Benefit and Council Tax Reduction according to the risk associated with these claims. The aim is to reduce the burden on customers having to provide excessive evidence and enable low risk claims to be assessed and put into payment more quickly. Efforts can then be concentrated on those claims with a high-risk category where there is an increased chance of fraud and error.

4. Details

4.1 The RBV module was introduced in November 2017. An online application form is available for new Housing Benefit and Council Tax Reduction claims. This offers our customers the option of applying for help online and to have immediate confirmation of the verification required to complete their claim. For customers who cannot apply online, the Customer Services Team continue to offer hard copy forms and/or appointments to assist with the online application. This has also helped to prepare our customers for Universal Credit Full Service which is an online process.

4.2 Each new claim received is allocated a risk score in real time of low, medium or high. The evidence requirements will differ based on the risk score assigned with high risk claims requiring greater evidence to support the claims. The evidence requirements for each risk group are contained in the Risk Based Verification Policy a copy of which is shown in Appendix 1 of this report.

4.3 DWP suggests that around 55% of cases will be low risk, 25% medium risk and 20% high risk.

4.4 Performance using RBV will be monitored monthly to ensure its effectiveness. Reporting and monitoring will include as a minimum, the percentage of cases in each risk category and the levels of fraud and error detected in each.

4.5 An updated RBV policy was approved by both members and the S151 Officer in July 2023. This policy must be reviewed each year but cannot be amended in-year as this would complicate the subsidy audit process.

4.6 The policy for Cherwell District Council has now been reviewed (copy attached at Appendix 1 of this report). There are only minor changes, and these do not affect the substance of the policy.

4.7 The evidence list and risk categories can be seen on Appendix 2.

5. Alternative Options and Reasons for Rejection

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

Option 1 As RBV is a voluntary scheme the alternative would be to not adopt the scheme and the verification process would revert to the original DWP requirement for full evidence to be provided on all new claims (i.e. all claimants would be treated as being categorised “red”). This has been rejected as it is anticipated that the number of new claims received continue to increase during the cost-of-living crisis and it will become increasingly difficult to meet the current level of service if the verification requirements become more onerous. Without an RBV approach, all new customers would have to provide the maximum level of documentary evidence.

This would place a greater burden on both claimants and the team assessing claims and result in slower claim processing times.

6 Conclusion and Reasons for Recommendations

6.1 The RBV policy must be reviewed annually, and any changes must be referred to the Accounts, Audit and Risk Committee for approval. In accordance with DWP guidance changes will not be made in-year as this would complicate the audit process. The required review having been undertaken, the RBV Policy for 2024/2025 is recommended for agreement.

Decision Information

Key Decision	No
Subject to Call in	N/A
If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Risk Based Verification Policy 2024/2025
Appendix 2	List of evidence
Appendix 3	Equality Impact Assessment
Background Papers	N/A
Reference Papers	N/A
Report Author	Sandra Ganpot Benefit Services and Performance Manager
Report Author contact details	Sandra.ganpot@cherwell-dc.gov.uk 01295 221721

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Appendix 1

Cherwell District Council

Risk Based Verification Policy

Background

It is estimated that the overall spend on Housing Benefit in 2022-2023 was £15.4 billion with 2.5 million recipients (statistics taken from Office for Budget Responsibility website). Ensuring that the right help is awarded is crucial both to the customers and the taxpayers. Combating fraud and reducing error is a key component of this.

The Verification Framework Policy was introduced by the Department for Work and Pensions (DWP) as guidance, in line with the Social Security Administration Act 1992, for administering Housing and Council Tax Benefit claims. This policy recommended that local authorities should obtain substantial evidence before determining claims for benefit. Although voluntary it was adopted by most Councils (including Cherwell District Council) to ensure that the correct amount of benefit was paid, that subsidy was maximised, and that fraud was minimised.

Cherwell District Council currently administers 6414 claims for Housing Benefit and Council Tax Reduction. This Risk Based Verification Policy has been developed to underpin a regime of preventing fraud and error from entering the system whilst continuing with live caseload intervention.

The policy considers that Cherwell District Council must adhere to Housing Benefit and Council Tax Reduction legislation. The regulations do not specify what information and evidence the Council should obtain from a customer. However, it does require an authority to have information which allows an accurate assessment of a claimant's entitlement, both when a claim is made and renewed because of a change in circumstances.

The Council's legal obligation to verify information for Housing Benefit claims is defined in Housing Benefit Regulation 86 which states:

“a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person’s entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable.”

Risk Based Verification has been used by Cherwell or new Housing Benefit and Council Tax Reduction claims since 1 November 2017.

What is Risk Based Verification (RBV)

RBV is a method of applying different levels of checks to new claims for Housing Benefit and Council Tax Reduction dependent upon a complex risk profile given to each customer. The profile is determined by specific software using statistical information and experience about what type of claim represents what type of risk. The higher the risk, the greater the checks used to establish that the claim is genuine.

This approach allows the targeting of resources towards more high risk cases and is very effective in identifying higher levels of fraud and error, reducing the overall cost of verifying claims and improving processing times for some low risk claims. In adopting RBV there is still an obligation to establish all the facts and make an accurate assessment but there is not the need to gather documentary evidence in all cases.

Implementing Risk Based Verification at Cherwell District Council

Pursuant to DWP circular S11/2011 Cherwell District Council (hereafter referred to as ‘the Council’) will apply RBV to new claims for HB and CTRS with effect from 1 November 2017. The Council will use an on-line application form with software integrated into the Revenues and Benefits system to produce risk scores in real time. Customers may also apply on a hard copy form.

Each new claim will be allocated a risk score – Low, Medium or High. The evidence requirements will differ based on the risk score assigned. The evidence requirements are contained at Appendix A of this policy. Circular S11/2011 confirms that local authorities have discretion to determine their own risk groups. Circular G1/2016 gives updated advice on the evidence standards required. It should be noted that original documentation of a National Insurance Number and confirmation of identity must be provided in all cases regardless of the risk score, in order to comply with legislation. This verification is only required on the first claim and will not be requested again in support of any future claims.

Low Risk

The claimant's identity will be verified in accordance with sections 1(1a) and 1(1b) of the Social Security Administration Act 1992. The evidence required will be original documents to prove identity and National Insurance Number, photocopies or original evidence of self-employed earnings and student income and status. A LAREV1 (valuation form) is also required for any other properties. A check on Searchlight or Verification of Earnings and Pensions (VEP) can be obtained to provide a breakdown of income declared on the claim form.

Medium Risk

Cases in this group must have the same checks as low risk plus copies (emails will be accepted as copies), scans, or original documentation to prove all declared income and capital. Verification of Earnings and Pensions (VEP) can also be used to obtain evidence of earnings. Please note: all evidence for identity must be original documentation.

High Risk

All high-risk cases must have the same checks as low and medium groups, but the documentation must be original to prove all declared income and capital. Verification of Earnings and Pensions (VEP) can also be used to obtain evidence of earnings. In addition, further checks may be carried out which could include a telephone call, home visit or a credit check via the National Anti Fraud Network (NAFN)

Monitoring RBV

DWP suggest that around 55% of cases will be low risk, 25% medium risk and 20% high risk

Performance using RBV will be monitored monthly to ensure its effectiveness. Reporting and monitoring will include as a minimum, the percentage of cases in each risk category and the levels of fraud and error detected in each.

Once a risk group has been allocated, individual claims cannot be downgraded by an officer to a lower risk group. They can, however , be upgraded to a higher risk group with the approval from a senior officer or the Benefits and Performance Manager if the officer has good reason to think this is appropriate. All cases which are upgraded will be recorded along with the reason for doing so.

All risk scores are recorded by the RBV software and will show on the customer's account within the Revenues and Benefits system or within the notes if the score is taken from estore

This will enable the Auditors to check the level of verification needed to support the assessment of each claim type for the purposes of subsidy so helping to protect the

Council from financial risk. Failure to apply the verification standards as stipulated in the RBV policy may have an impact on the subsidy claimed and could result in a loss of revenue for the council Xantura records all risk score requests and an audit log of requests is generated which the Council will use to ensure that the new claims process is being followed and reduced verification applied where appropriate. There will be a blind sample of cases where the risk group will be adjusted, and level of verification applied will be checked.

Monthly reports will be provided to the Revenues and Benefits team detailing the percentage of cases falling into each risk group, the fraud and error identified in each risk group and the level of fraud and error detected in the sample of blind cases.

Review of the policy

The RBV policy will be reviewed annually, and any changes will be referred to the Accounts, Audit and Risk Committee for approval. In accordance with DWP guidance changes will not be made in-year as this would complicate the audit process. If the policy is not reviewed then the previous policy will remain in place until a review is undertaken

Training and awareness

Training will be provided to all staff within the Benefits and Council Tax Reduction team and to the Customer Services Team on the use of RBV, including refresher training and training for new entrants. This will ensure that the processes and procedures are agreed and understood. Discussions will take place with all internal and external stakeholders.

Business Continuity

The RBV solution is web-based and the ability to obtain a risk group in real time is dependent on an internet connection. In the event of the officers being unable to generate a risk score for any claim, the claim will be treated as medium risk and the appropriate level of verification will be applied.

Audit requirements

External audit has been consulted on the implementation of RBV and on this policy. Auditors will carry out their duties against the terms of the RBV policy and, provided cases have been assessed correctly against the requirements of the policy, this shall meet audit requirements.

Policy approval

This Policy has been produced in line with Department for Work and Pensions guidance on the use of Risk-Based Verification as detailed in HB/CTS circular S11/2011 and G1/2016.

This policy is approved by:

Accounts, Audit and Risk Committee

Date:

(Section 151 Officer)

Name:

Signed

Appendix 2

Cherwell District Council RBV Evidence Checklist

Evidence Type		Subcategory		Low Risk		Medium Risk		High Risk
Identity & NINO		Claimant's ID/NINO	>	**If Passported/qualifying benefits: Searchlight** **If Standard claims: 2 items of ID and 1 NINO originals**	>	**If Passported/qualifying benefits: Searchlight** **If Standard claims: 2 items of ID and 1 NINO originals**	>	**If Passported/qualifying benefits: Searchlight** **If Standard claims: 2 items of ID and 1 NINO originals**
Residency & Rent	>	Private Tenants		*Required to raise risk score to Medium*	>	**Originals or Photocopies;**	>	**Originals Required**
	>	Social Landlords/Non-HRA		*Required to raise risk score to Medium*	>	**Originals, photocopies or electronic files from landlord.**	>	**Originals Required or electronic files from landlord**
	>	Registered		*Required to raise risk score to Medium*	>	**Originals or Photocopies**	>	**Originals Required**
Household	>	Partner's ID/ NINO	>	**Originals or Searchlight where identity has been verified for a qualifying benefit**	>	**Originals or Photocopies Searchlight check**	>	**Originals Required or Searchlight check**

Appendix 2

	>	Dependents (responsibility for not ID of)		Nothing required	>	Originals or Photocopies or Searchlight check	>	Originals Required or searchlight check
	>	Non-Dependent Working		Nothing required/ Searchlight	>	Originals or Photocopies of wage slips, P45, P60, Searchlight or VEP	>	Originals Required of wage slips, P45 or P60, Searchlight or VEP
	>	Non-Dependent (PB) Non-Dependent no income	>	Nothing required/ Searchlight	>	Searchlight check P45 or statement	>	Searchlight Check P45 or statement
	>	Non-Dependent Student	>	Nothing required	>	Originals or Photocopies	>	Originals Required
	>	Non-Dependent Not Working					>	Originals Required
	>	2AR: Non-Dependents Not Working		Nothing required	>	Originals or Photocopies	>	Originals Required
Income	>	State Benefits or Universal Credit	>	Searchlight	>	Searchlight Check	>	Searchlight or original or photocopies of documents
	>	Earnings, SSP, SMP & SPP	>	Nothing required/ Searchlight	>	Originals, Photocopies of wage slips, P45, P60 or VEP	>	Originals Required of wage slips, P45, P60 or VEP
	>	Self Employed	>	Self-employed proforma gore original or non-original audited accounts, profit, and loss statements	>	Self-employed proforma or original or non-original audited accounts, profit, and loss statements	>	Self-employed proforma or original audited accounts required – Receipts and Invoices
Childcare Costs				Nothing required	>	Originals or Photocopies	>	Originals Required
Students	>	(Income + Status Required)	>	Originals or photocopies	>	Originals or Photocopies	>	Originals Required
Capital	> >	Working Age Working Age & > £6,000			 >	 Originals or Photocopies	>	Originals Required; must include last 2 months' transactions
	> >	Elderly Elderly & > £10,000			 >	 Originals or Photocopies	>	Originals Required; must include last 2 months' transactions
	>	Property	>	LAREV1	>	Originals, Photocopies or LAREV1	>	Originals Required and LAREV1

Appendix 2

Cases in High-Risk Group may also be subject to additional checks in the form of a credit check via NAFN, a telephone call or home visit unless the claim has been ended prior to the check being conducted.

Reference to qualifying benefits relate to the following DWP benefits:

- *Income Support*
- *Job Seekers Allowance (income based)*
- *Pension Credit*
- *Bereavement Benefit*
- *Widows Benefit*
- *Incapacity Benefit*
- *Employment and Support Allowance (income related)*
- *Severe Disability Benefit*
- *Retirement Pension*
- *Maternity Allowance*
- *Employment and Support Allowance*
- *Universal Credit*
- *Personal Independence Payment*
- *Attendance Allowance*

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Cherwell District Council

Equality Impact Assessment

Risk Based Verification

Section 1: Summary details

Directorate and Service Area	Revenues and Benefits
What is being assessed (e.g. name of policy, procedure, project, service or proposed service change).	Risk Based Verification Policy
Is this a new or existing function or policy?	Existing
Summary of assessment Briefly summarise the policy or proposed service change. Summarise possible impacts. Does the proposal bias, discriminate or unfairly disadvantage individuals or groups within the community? (following completion of the assessment).	Risk Based Verification is a method of applying different checks to new claims for Housing Benefit and Council Tax Reduction according to the risk associated with these claims. The aim is to reduce the burden on customers to provide excessive evidence and enable low risk claims to be assessed and put into payment more quickly. Efforts can then be concentrated on those claims with a high-risk category where there is an increased chance of fraud and error.
Completed By	Jacey Scott
Authorised By	Michael Furness
Date of Assessment	08.03.2024

Section 2: Detail of proposal

Context / Background Briefly summarise the background to the policy or proposed service change, including reasons for any changes from previous versions.	Each new claim received is allocated a risk score in real time of low, medium or high. The evidence requirements will differ based on the risk score assigned with high risk claims requiring greater evidence to support the claims. The evidence requirements for each risk group are contained in the Risk Based Verification Policy.
Proposals Explain the detail of the proposals, including why this has been decided as the best course of action.	Risk Based Verification is a method of applying different levels of checks to new claims for Housing Benefit and Council Tax Reduction based on a risk profile. This approach is an effective way of improving the time taken to assess claims for our customers, allows resources to be targeted and at the same time helps to prevent fraud and error
Evidence / Intelligence List and explain any data, consultation outcomes, research findings, feedback from service users and stakeholders etc, that	When the original policy was proposed in 2017 consultation was carried out with officers and the policy was approved by the S151 Officer (Director of Finance) and by members. Although no formal consultation took place with residents or stakeholders the change was communicated, and the policy will be placed on the website.

supports your proposals and can help to inform the judgements you make about potential impact on different individuals, communities or groups and our ability to deliver our climate commitments.	
Alternatives considered / rejected Summarise any other approaches that have been considered in developing the policy or proposed service change, and the reasons why these were not adopted. This could include reasons why doing nothing is not an option.	As RBV is a voluntary scheme the alternative would be to not adopt the scheme and the verification process would revert to the original DWP requirement for full evidence to be provided on all new claims. This has been rejected as it is anticipated that the number of new claims received continue to increase during the cost of living crisis and it will become increasingly difficult to meet the current level of service if the verification requirements become more onerous. Without an RBV approach, all new customers would have to provide the maximum level of documentary evidence. This would place a greater burden on both claimants and the team assessing claims and result in slower claim processing times.

Section 3: Impact Assessment - Protected Characteristics

Protected Characteristic	No Impact	Positive	Negative	Description of Impact	Any actions or mitigation to reduce negative impacts	Action owner* (*Job Title, Organisation)	Timescale and monitoring arrangements
Age	☒	☐	☐				
Disability	☒	☐	☐				
Gender Reassignment	☒	☐	☐				
Marriage & Civil Partnership	☒	☐	☐				
Pregnancy & Maternity	☒	☐	☐				
Race	☒	☐	☐				
Sex	☒	☐	☐				
Sexual Orientation	☒	☐	☐				
Religion or Belief	☒	☐	☐				

Section 3: Impact Assessment - Additional Community Impacts

Additional community impacts	No Impact	Positive	Negative	Description of impact	Any actions or mitigation to reduce negative impacts	Action owner (*Job Title, Organisation)	Timescale and monitoring arrangements
Rural communities	☒	☐	☐				
Armed Forces	☒	☐	☐				
Carers	☒	☐	☐				
Areas of deprivation	☒	☐	☐				

Section 3: Impact Assessment - Additional Wider Impacts

Additional Wider Impacts	**No Impact**	**Positive**	**Negative**	**Description of Impact**	**Any actions or mitigation to reduce negative impacts**	**Action owner*** (*Job Title, Organisation)	**Timescale and monitoring arrangements**
Other Council Services	☒	☐	☐				
Providers	☒	☐	☐				
Social Value [1]	☒	☐	☐				

[1] If the Public Services (Social Value) Act 2012 applies to this proposal, please summarise here how you have considered how the contract might improve the economic, social, and environmental well-being of the relevant area

Section 4: Review

Where bias, negative impact or disadvantage is identified, the proposal and/or implementation can be adapted or changed; meaning there is a need for regular review. This review may also be needed to reflect additional data and evidence for a fuller assessment (proportionate to the decision in question). Please state the agreed review timescale for the identified impacts of the policy implementation or service change.

Review Date	08.03.2024
Person Responsible for Review	Jacey Scott
Authorised By	Michael Furness

This report is public	
Update on Counter Fraud Annual Plan 2023/24	
Committee	Accounts, Audit & Risk Committee
Date of Committee	20 March 2024
Portfolio Holder presenting the report	Cllr Nell – Portfolio Holder Finance
Date Portfolio Holder agreed report	6 March 2024
Report of	Assistant Director of Finance

Purpose of report

This report presents a summary of activity against the Annual Plan for the Counter-Fraud service at CDC for 2023/24, which was previously presented to the Accounts, Audit & Risk July 2023 committee. The Plan 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.

1. Recommendations

The Accounts, Audit & Risk Committee resolves:

1.1 Comment and note the summary of activity against the Annual Counter Fraud Plan for 2023/24.

2. Executive Summary

2.1 This report presents an update on delivery of the counter fraud plan, including an update on the case figures and results from completed investigations. The Counter Fraud Team's purpose is to promote and apply the council's zero-tolerance approach to fraud, corruption and theft, by thoroughly investigating any instances of fraud, applying the appropriate sanctions, undertaking proactive and preventative work to prevent and detect fraud through, training, awareness, data matching and proactive reviews.

2.2 The majority of referrals to the team continue to be in relation to people claiming Single Person Discounts (SPD). So far, for 2023/24 9 people have had their SPD removed as a result of investigations undertaken by the team. There are several open investigations that have been completed where we are awaiting the decision regarding the recovery values. The financial results of these will be reported to the Assistant Director of Finance as part of the handover arrangements to the new counter fraud service provider.

2.3 The majority of the National Fraud Initiative (NFI) data matching work has been completed, with the results reported to the November 2023 meeting of the Accounts, Audit & Risk Committee. There has been a financial recovery of over £15k and £74k of future loss prevented. Since that meeting some further matches were released by

NFI, these have been reviewed by the team. There are some now under investigation which are predicted to yield further financial recovery.

2.4 Following a case this year where the team has been investigating an electoral roll registration which did not have a corresponding council tax account, the team have undertaken a full data matching exercise. This had identified potential cases where council tax is not being applied, where it is expected. These cases are now subject to further investigation.

2.5 The work undertaken by the team reduces the council's risk of exposure to fraud and the associated costs of fraud. The investigations undertaken have led to individual cases of single person discount status being removed, identification of undeclared council tax, and identification of undeclared business rates.

Implications & Impact Assessments

Implications	**Commentary**			
Finance	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	The Council must have a sound system of internal control which includes the work of the Counter Fraud Team having an effective annual plan and regular review of the key policies is good practice to ensure that the Council meets its legal obligations. Comments checked by: Shiraz Sheikh, Monitoring Officer & Assistant Director – Law, Governance & Democratic Services shiraz.sheikh@cherwell-dc.gov.uk			
Risk Management	There are no risk management issues arising directly from this report. Any arising risks will be managed through the service Operational Risk and escalated to the Leadership Risk Register as and when necessary. Comments checked by: Celia Prado-Teeling, Performance & Insight Team Leader, 27 February 2024 Celia.prado-teeling@cherwell-dc.gov.uk			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		Not applicable

B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		Not applicable
Climate & Environmental Impact		x		Not applicable
ICT & Digital Impact		x		Not applicable
Data Impact		x		Not applicable
Procurement & subsidy		x		Not applicable
Council Priorities	Not applicable			
Human Resources	Not applicable			
Property	Not applicable			
Consultation & Engagement	Not applicable			

Supporting Information

3. Background

3.1 The Counter-Fraud team's purpose is to adhere and to promote the zero-tolerance approach to fraud detailed in the Council's Fraud Strategy, by thoroughly investigating any instances of fraud; applying the appropriate sanctions; undertaking proactive and preventive work to prevent and detect fraud through training, awareness raising, data matching and proactive reviews.

4. Details

4.1 There have been no further changes to the Counter Fraud team / resources since the last update to the July 2023 Accounts, Audit & Risk Committee meeting. The committee were notified at the November 2023 Accounts, Audit & Risk Committee meeting that OCC Counter Fraud team will no longer be providing the service to Cherwell District Council from April 2024. There will be a handover of cases to the new service. This is the last Counter Fraud update that we will provide to the Committee.

4.2 The Counter Fraud team continue to meet regularly with the Department for Work and Pensions (DWP) and are undertaking joint investigations with them.

4.3 The Counter-Fraud Team and Head of Revenues & Benefits have meetings to discuss, progress, and close down cases where necessary. The Counter-Fraud Team liaise with Revenues & Benefits managers on an individual case-by-case basis to progress cases.

Case figures as of February 2024:

Indicator	**Value**
Number of new cases received April 23 – February 24.	48 (of which 36 have been closed)
Current open cases as of February 24. With the Police	18 cases currently open (12 from 2023/24, 4 from 2022/23, 2 from 2021/22) There are currently no cases with the Police
2023/24 Cases by type	SPD: 29 CTS: 10 CTS & SPD: 3 Council Tax Exemption: 3 Housing Abandonment: 1 Business Rates: 2
YTD New Cases by referral source	Other Local Authority: 2 Anonymous: 31 Member of Public: 3 Employee / Internal Control: 11 Government Agency: 1

Outcomes for Year 2023/24 (as at February 2024)

Type of Outcome	**Value**
Investigations	9 Single Person Discounts have been removed following investigations by the team. £4,130 is estimated to have been lost and £3,489 is in recovery by Revenues and Benefits. There is an ongoing benefit to the public sector of £4,793 per annum from these cases. There are several investigations that have been completed and await final decisions regarding financial recovery. These include: • An SPD case where the discount will be removed from 2015. This is expected to result in a recovery of up to £6,600. • A case where multiple properties let for short term stays were undeclared for council tax and/or business rates. If the properties are banded for council tax, savings are estimated to be approximately £1,450 per annum for each property.

	• A case where a business has been operating without its premises being declared for business rates. Awaiting referral to Valuation Office for valuation. The team continue to maintain regular communication with the DWP and are improving case processes where DWP input is required for the investigation of alleged Council Tax Support (CTS) fraud. 1 joint investigation with DWP is in progress. Since the previous report in November 2023, a further 3 are now awaiting further progression and being monitored. 1 case referred to DWP was investigated by them independently, and is awaiting a decision on financial recovery. The team may be monitoring the cases either because a request for joint working has been sent but not yet responded to or it is a case type that the DWP are not currently dealing with. A referral may have been passed internally to their 'Compliance' section and we will continue to monitor its progress as the outcome may affect a CDC benefit or discount. In some instances, the DWP will investigate a case without input from us, but we will actively monitor whether any benefit claims have changed.
Investigation totals to date (2023/24 cases)	SPD: Estimated Loss: £4,130 Amount in Recovery: £3,489 Future annual loss prevented: £4,793 When the Counter Fraud Service is passed to the new provider, we will supply the S151 Officer with an update on the total recoveries at that point (as there are several cases where the recovery figures are still to be confirmed)
National Fraud Initiative Exercise - recovery and savings figures	These results were previously reported to the committee at the November meeting: The 45 reports initially received have been fully reviewed. £15,173 is being recovered and £74,291 is estimated to have been saved (using the NFI's estimated savings calculation) from the following eight reports: 93. Housing Benefit (HB) Claimants to Waiting List: £10,053 being recovered; £4,548 saved (ending and backdating of 1 HB claim)

	231 & 233. Waiting List to Housing Tenants: £8,566 saved (2 applicants removed from waiting list) 240 & 241. Waiting List to HB Claimants: £25,698 saved (6 applicants removed from waiting list) 257. Waiting List to Waiting List: £12,849 saved (3 applicants removed from waiting list) 261. Waiting List to DWP Deceased: £21,415 saved (5 applicants removed from waiting list) 436.1 Council Tax Reduction Scheme to Pensions: £5,120 being recovered; £1,215.72 saved (3 CTS claims updated) Since our report to the November 2023 committee meeting: Three NFI matches with HMRC aiming to identify CTS fraud were released in November 2023 and have now been reviewed by the team. Those that appear to have identified issues have been referred to Revenues and Benefits in order for them to make contact with the claimants to confirm financial information. This could result in the cancellation or adjustments of benefits. Financial results will be known within the next month.

Update against the Counter-Fraud Plan 2023/24

4.4 The 2023/24 Plan, previously presented to the July 2023 meeting of the Accounts, Audit & Risk Committee, is structured around the 5 pillars of anti-fraud activity in the Local Government Counter Fraud and Corruption Strategy – Fighting Fraud and Corruption Locally:

Objective	Actions	Timescale	March 2024 update
Govern: Have robust arrangements in place to ensure counter-fraud, bribery and corruption	1) Deliver awareness training sessions to a range of staff and members to include knowledge of fraud risks, their role in prevention activity and process to refer suspicions.	1) Ongoing.	1) Training to Revenues & Benefits and AARC members has been delivered.

measures are embedded throughout the organisation.	2) Provide the Accounts, Audit & Risk Committee with reports during the year about the arrangements in place to protect the council against fraud and the effectiveness of these. 3) Review the council's anti-fraud strategy and identify areas for development by reference to the Fighting Fraud and Corruption Locally strategy.	2) July, November & March. 3) End of quarter 3.	2) Provided as per the Counter-Fraud plan. 3) The anti-fraud and corruption strategy is currently being reviewed.
Acknowledge: Understand fraud risk and maintain a robust anti-fraud response.	1) Undertake an assessment of the council's overall response to fraud and identify any areas for improvement. 2) Continue development of Council's fraud risk register.	1) End of quarter 3. 2) End of quarter 3.	1) Incorporated into the review of the Anti-Fraud & Corruption Strategy. 2) The Council's fraud risk register is subject to continuous review.
Prevent: Prevent and detect fraud taking place against the organisation, using proactive work and data analysis.	1) Fraud alerts to be provided to service areas as necessary. 2) Delivery of the NFI 2022/2023 exercise. 3) To enhance data analytic capability in order to identify potential areas of proactive work.	1) Ongoing. 2) End of quarter 3. 3) Ongoing.	1) Alerts have been provided to relevant service areas as required. 2) All matches have been reviewed. The matches with HMRC were released in November 2023 and have now been reviewed. Details passed to Revenues and Benefits for potential cancellation or readjustment of benefits. 3) Proactive review of the electoral roll against council tax has been completed (see paragraph 4.6 below).
Pursue: Carry out fraud investigations, apply sanctions to offenders and recover losses.	1) Conduct investigations into suspected fraud and malpractice. 2) Continue to work with the Department for Work and Pensions (DWP) Fraud and Compliance teams to counter Council Tax	1) Ongoing. 2) Ongoing.	1) This is ongoing. 18 cases are currently open. 2) This is ongoing. 1 joint investigation with DWP for CTRS fraud is in progress.

	Reduction Scheme (CTRS) fraud. 3) To carry out a risk assessed review of the NFI CT single person discount exercise.	3) End of quarter 4.	3) Ongoing – will be passed to new provider.
Protect: Recognising the harm that fraud can cause in the community.	1) Review and share fraud trends and new threats with relevant service areas. 2) Respond to information requests from the Police, other Local Authorities and investigation bodies such as HMRC. 3) Continue to foster relations with other CDC teams such as Licencing.	1) Ongoing. 2) Ongoing. 3) Ongoing.	1) Ongoing. 2) Ongoing. 3) Ongoing.

Other updates / Cases to note:

4.5 Checks made identified an electoral roll registration without a corresponding council tax account. The Counter Fraud Team carried out a site visit and identified what appeared to be a residential dwelling. Further checks undertaken identified the possibility that as well as an undeclared residential building, outbuildings may have been modified for business purposes, without any registration for business rates. A referral was made to planning enforcement and a site visit undertaken. An admission has been made that the building is used for residential purposes and Revenues and Benefits are liaising with the Valuation Office Agency to obtain a council tax banding. Planning Enforcement will be carrying out further site visits to establish business use and rateable value.

4.6 As a result of the case identified at 4.5 above, the team's intelligence and data officer has carried out a whole population data matching exercise comparing the electoral roll register against the council tax database. This has identified a number of properties potentially not paying council tax. These will now be subject to an initial investigation by a CDC Officer and any that require counter fraud investigation will likely be passed over to the new provider.

4.7 The Economic Crime and Transparency Bill has now received Royal Assent. The legislation allows for an organisation such as a Local Authority to be criminally liable for the failure to prevent fraud. The 'adequate procedures' in the Bill appear to be similar to those within the UK Bribery Act 2010. County and District Councils have been advised to draw up risk assessments and the team is currently liaising with other councils to ensure consistency in order to prepare a draft which will be shared with the S151 Officer. It is likely that the new counter fraud service provider will supply further briefings once more is known about the legislation.

4.8 The NFI matches linking CTS/HB claims and HMRC data were released in November 2023 and all 117 matches have now been processed. 11 are being progressed with the Revenues and Benefits Team and may yield a financial recovery.

5. Alternative Options and Reasons for Rejection

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

Option 1: Not applicable

6 Conclusion and Reasons for Recommendations

6.1 In conclusion, this paper presents a summary of activity against the Counter Fraud plan for 2023/24. The Committee are requested to review and comment on the update on activity.

Decision Information

Key Decision	No
Subject to Call in	
If not, why not subject to call in	
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	None
Background Papers	None
Reference Papers	None
Report Author	Sarah Cox, Chief Internal Auditor & Declan Brolly Counter Fraud Team Manager
Report Author contact details	sarah.cox@oxfordshire.gov.uk Declan.brolly@oxfordshire.gov.uk, 07586 478442

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This report is public	
Draft Annual Report of Accounts, Audit and Risk Committee	
Committee	Accounts, Audit & Risk Committee
Date of Committee	20 March 2024
Portfolio Holder presenting the report	Councillor Adam Nell – Finance
Date Portfolio Holder agreed report	6 March 2024
Report of	Assistant Director of Finance

Purpose of report

The report presents the draft report of the Accounts, Audit & Risk Committee.

1. Recommendations

The Accounts, Audit & Risk Committee resolves:

1.1 To review the draft report, agree any amendments and finalise in preparation for presentation to Council by the Chair of the Accounts, Audit & Risk Committee.

2. Executive Summary

2.1 In accordance with CIPFA (The Chartered Institute of Public Finance & Accountancy) Guidelines for Local Authorities 2022, it is recommended practice for an annual public report to be produced and reported to Council demonstrating how the committee has discharged its responsibilities.

Implications & Impact Assessments

Implications	Commentary
Finance	The 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	There are no legal implications arising directly from this report. Comments checked by: Shiraz Sheikh, Monitoring Officer & Assistant Director – Law, Governance & Democratic Services shiraz.sheikh@cherwell-dc.gov.uk
Risk Management	There are no risk management issues arising directly from this report. Any arising risks will be managed through the service

	Operational Risk and escalated to the Leadership Risk Register as and when necessary. Comments checked by: Celia Prado-Teeling, Performance & Insight Team Leader, 27 February 2024 Celia.prado-teeling@cherwell-dc.gov.uk			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
Climate & Environmental Impact		x		
ICT & Digital Impact		x		
Data Impact		x		
Procurement & subsidy		x		
Council Priorities	Not applicable			
Human Resources	Not applicable			
Property	Not applicable			
Consultation & Engagement	Not applicable			

Supporting Information

3. Background

3.1 Compliance with CIPFA's guidance for Local Authority Audit Committees 2022, demonstrates the committee's commitment to high standards and the production of the annual report demonstrates the role the committee exercises in being a key component of good governance for Cherwell District Council.

4. Details

4.1 A draft report of the activities of the committee for the financial year 2023/24 has been prepared and is included within Appendix 1. It is proposed that suggested amendments/additional comments are discussed and agreed at the committee.

4.2 The final report will then be produced for the Chair of the committee, to schedule and present to Council.

5. Alternative Options and Reasons for Rejection

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

Option 1: [Insert option] No alternative options have been identified as this report is for information only.

6 Conclusion and Reasons for Recommendations

6.1 This report provides the draft annual report of the work of the committee during the financial year 2023/24 for review and agreement by the committee members.

Decision Information

Key Decision	Not applicable
Subject to Call in	
If not, why not subject to call in	
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Draft Annual Report of Accounts, Audit & Risk Committee 2023/24
Background Papers	None
Reference Papers	None
Report Author	Sarah Cox
Report Author contact details	Sarah Cox, Chief Internal Auditor sarah.cox@cherwell-dc.gov.uk

APPENDIX 1:

Accounts, Audit & Risk Committee Annual Report

Report of the work of the Accounts, Audit & Risk Committee during 2023-24

Contents

Chair’s Introduction

As the Chair I am very pleased to present this annual report which sets out the role of the Accounts, Audit & Risk Committee and summarises the work we have undertaken during the financial year 2023/24. I have only been on this Committee since May 2023; however I note that it is well supported by Officers, providing a high standard of reports and presentations. I would like to thank the Finance Team, Governance Officers, Risk & Performance Team, Internal Audit and External Audit for their input.

The Committee is a key component of the council’s governance framework, providing independent support to ensure good governance and strong public financial management.

I should like to take this opportunity to give my personal thanks to all fellow Committee members who have contributed and supported the work of the Committee in such a meaningful and positive way throughout the past year.

COUNCILLOR LYNN PRATT
Chair, Accounts, Audit & Risk Committee

Role of the Accounts, Audit & Risk Committee

The Accounts, Audit & Risk Committee operates in accordance with the "Audit Committees, Practical Guidance for Local Authorities" produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2022. The Committee complies with the CIPFA's position statement. The Guidance defines the purpose of an Audit Committee as follows:

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

The key functions of the Account's Audit & Risk Committee are defined within its terms of reference, which is included within the council's constitution.

How the Committee has discharged its responsibilities during 2023/24

Key AARC Activities	July 23	Sept 23	Nov 23	Jan 24	March 24
Financial Reporting					
Statement of Accounts 2021/22					
Draft Statement of Accounts 2022/23					
2022/23 Accounting Policies					
2023/24 Accounting Policies					
Treasury Management update					
Capital and Investment Strategy 2024/25					
Treasury Management Strategy 2024/25					
Treasury Management – Annual Performance Report 2022/23					
Treasury Management Training					
Review of Support to Subsidiaries					
Housing Benefit & Council Tax Reduction Risk Based Verification					
Housing Benefit Subsidy Audit					
Financial Management Code – Forecast Self-Assessment Update					
Internal Audit					
Annual Report of the Chief Internal Auditor 2022/23					
Internal Audit Strategy and Plan 2023/24					
Review of Internal Audit Reports and monitor of in-year progress					
Review of Internal Audit Charter and Quality Assurance Programme					
Internal Audit Contract Procurement					
External Audit					
External audit progress updates					
Governance & Risk Management					
Risk Management Report					
Approval of Annual Governance Statement (AGS) for 2022/23					
Annual Governance Statement – review of actions					
AARC – draft annual report					
Local Code of Corporate Governance					
Local Government and Social Care Ombudsman annual report					
Counter-Fraud					
Approval of Counter-Fraud Strategy and plan for 2023/24					
Counter-Fraud Plan update					

Our work in 2023/24

The Committee has effectively discharged their responsibilities for 2023/24 in accordance with the committee's terms of reference and CIPFA guidelines for Audit Committees. The key activities of the Committee are captured in the table above. In summary:

Financial Reporting

The Committee reviewed the proposed accounting policies for the 2022/23 statement of accounts and considered the external auditors progress update report on the audit of the accounts. The committee also reviewed the proposed changes to the 2021/22 draft statement of accounts.

The Committee receives reports on Treasury Management throughout the year, exercising its stewardship role, including the Treasury Management Outturn Report for 2022/23 and quarterly Treasury Management monitoring reports for 2023/24. Additionally, the Committee considered the draft Capital and Investment Strategy 2024/25 and the draft Treasury Management Strategy 2024/25. The Committee have provided effective scrutiny of the treasury management strategy and policies through receiving regular reports of activity, reviewing the treasury risk profile and adequacy of treasury risk management. The Committee received Treasury Management training from its external treasury advisers.

The Committee was also kept updated on the support the Council provides to its subsidiary companies and the impact this has on the council's status as a going concern.

The Committee reviewed the results of the Councils forecast self-assessment position against the requirements of CIPFA's Financial Management Code, which concluded strong compliance and a resilient and sustainable approach to managing the Council's funds.

Internal Audit

The Committee approved the Internal Audit Strategy for 2023/24, including the annual audit plan.

The Committee receives regular progress reports from the Chief Internal Auditor, including summaries of the outcomes from Internal Audit work.

The Committee has continued to review and monitor material weaknesses identified from the internal audit reports with Senior Managers attending to provide assurance on how the issues were being addressed. This has supported the implementation of the actions plans to deliver the required improvements in key areas for the Council.

The completion of the Internal Audit Plan and the annual statement of the Chief Internal Auditor is produced for the Committee at the end of the financial year. Based on the evidence of the reports presented to the Committee, the internal audit team continues to provide an effective challenge and therefore assurance on the key risk activities.

The Committee also met with the Chief Internal Auditor in a private session during November 2023 and are satisfied Internal Audit are free to carry out their duties without restrictions.

The Committee approves the Internal Audit Charter on an annual basis, this was approved at the July 2023 meeting.

The Committee received the report of the External Assessment of Internal Audit against Public Sector Internal Audit Standards. The assessment concluded that Internal Audit were "fully conforming" with the standards and no recommendations were required.

External Audit

The Council's external auditors, Ernst and Young, attended virtually some of the committee meetings during 2023/24, providing progress updates on their work plan, along with any matters arising. The external auditor's Audit Results Report for 2021/22 was presented to the Committee in January 2024.

The Committee met virtually with the external auditors in a private session in November 2023. The Committee is satisfied that they are free to carry out their duties without restrictions. The Committee are also assured that if identified they would bring any material issues to the attention of the Committee.

Governance & Risk Management

The Committee approved the Annual Governance Statement (AGS) for 2022/23 to sit alongside the Council's accounts.

The Committee receives quarterly updates on risk management, considering the Leadership Risk Register element of the Performance, Risk and Finance Monitoring Report.

Counter-Fraud

The Committee receives regular updates from the Counter Fraud Team on outcomes of investigations. The Committee plays a key role in monitoring the effectiveness of the Council's counter fraud arrangements.

Overall, the Council has a strong system of internal control, so as expected, there is very little fraud identified; however nationally statistics show that fraud is on the increase, so it is important that the Council remains vigilant.

Accounts, Audit & Risk Committee self-assessment 2023

At the end of 2022, CIPFA (The Chartered Institute of Public Finance & Accountancy), issued updated guidelines and position statement to local authority audit committees. As part of those guidelines it is recommended that the committee undertake a regular self-assessment exercise against the recommended standards set out in the CIPFA 2022 guidelines. The Accounts, Audit and Risk Committee met in February 2023 and completed the self-assessment of good practice, which included review of core knowledge and skills.

The self-assessment exercise concluded that the committee has a high degree of performance against good practice principles, that it is soundly based and has in place knowledge membership. The committee complies with the CIPFA position statement 2022 and has fulfilled its terms of reference and the key issues escalated during the year.

Where matters for improvement were identified, these have been captured within an action plan. The Chair of the Accounts, Audit & Risk Committee and the Assistant Director of Finance are overseeing the completion of the planned actions.

One of the key recommendations of the CIPFA 2022 guidance is that all audit committees within local authorities have two independent members. The Accounts, Audit & Risk Committee had already identified this as a required action and reported to Council at the 27 February 2023 meeting that those two independent members have been appointed. The two new independent members have attended the committee since their first meeting in March 2023.

This report is public	
Risk Monitoring Report January 2024	
Committee	Accounts, Audit & Risk Committee
Date of Committee	20 March 2024
Portfolio Holder presenting the report	Portfolio Holder for Corporate Services, Councillor Sandy Dallimore
Date Portfolio Holder agreed report	12 February 2024
Report of	Assistant Director – Customer Focus, Shona Ware

Purpose of report

To update the committee on how well the council is managing its Strategic Risks.

1. Recommendations

The Accounts, Audit & Risk Committee resolves:

1.1 To note the Risk Monitoring Report for January 2024.

2. Executive Summary

2.1 The Leadership Risk Register is reviewed by the Corporate Leadership Team and Executive Committees every month; however, this is a live document and therefore is updated as and when required, to manage risk effectively. There were no score changes in the Leadership Risk Register during January 2024.

Implications & Impact Assessments

Implications	Commentary
Finance	There are no financial and resource implications arising directly from this report. Michael Furness, Assistant Director of Finance
Legal	There are no legal implications arising directly from this report. Shiraz Sheikh, Monitoring Officer & Assistant Director – Law
Risk Management	This report contains a full update with regards to the Council's risk position at the end of January 2024. There are no risk implications arising directly from this report. Celia Prado-Teeling, Performance & Insight Team Leader

Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		x		There are no equalities implications arising directly from this report. Celia Prado-Teeling, Performance Team Leader
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
Climate & Environmental Impact		x		
ICT & Digital Impact		x		
Data Impact		x		
Procurement & subsidy		x		
Council Priorities	Not applicable			
Human Resources	Not applicable			
Property	Not applicable			
Consultation & Engagement	Not applicable			

Supporting Information

3. Background

3.1 The Council carries out regular reviews to identify risks at the earliest opportunity so that it can assess and mitigate them as soon as possible.

3.2 Risks that may affect the Council's performance, and particularly, on its ability to deliver its corporate priorities are captured in its Leadership Risk Register.

4. Details

4.1 There were no changes to any of the risk scores in the Leadership Risk Register in January 2024. The scores for current risks remain as follows:

		Probability				
		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
Impact	5 - Catastrophic			L08		
	4 - Major		L06-L09	L03-L07-L11-L14	L01	
	3 - Moderate		L04-L05-L10	L02-L12	L13	
	2 - Minor					
	1 - Insignificant					

Figure 1: Risk scorecard showing the risk scores in the Leadership Risk Register for January 2023.

4.2 There were however changes to the mitigating actions and comments for the following risk:

Risk	Score	Direction of travel	Latest Update on 06/02/2024

L03 - 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	12 Medium Risk	↔	**Mitigating actions: -** • Review Directorate/Service risk registers. • Annual (Authority) Monitoring Reports presented to the Executive on plan making and policy effectiveness. • An updated LDS presented to the Executive when there is a significant change in the circumstances for the Local Plan timetable. • Programme built into Directorate level objectives (e.g. via Service Plans) and staff appraisals; on-going preparation of the Local Plan is a service priority. • Project management of the Local Plan process continues. • Regular Corporate Director, Portfolio Holder and Members Advisory Group briefings **Comments: -** Consultation on a draft of the Cherwell Local Plan Review took place from 22 September to 3 November 2023. A new programme for the Local Plan was agreed when the Council's Executive approved an updated 'Local Development Scheme' on 5 September 2023. An Annual Monitoring Report was approved by the Executive on 4 December 2023. A 'Proposed Submission' (Reg. 19) draft of the Plan will be prepared for Autumn 2024 and regular progress reports provided to the Council's Corporate Leadership Team and the Portfolio Holder for Planning and Development.

The full Leadership Risk Register is attached in Appendix 1.

5. Alternative Options and Reasons for Rejection

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

Option 1: [Insert option] No alternative options have been identified as this report is for information only.

6 Conclusion and Reasons for Recommendations

6.1 This report provides an update on how well the council is managing its Strategic Risks up to the end the tenth month of the financial year.

Decision Information

Key Decision	N/A
Subject to Call in	N/A

If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Leadership Risk Register January 2024
Background Papers	None
Reference Papers	None
Report Author	Celia Prado-Teeling, Performance Team Leader
Report Author contact details	Celia.Prado-Teeling@Cherwell-dc.gov.uk

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Appendix 1 – Leadership Risk Register as at 12/02/2024

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			L08		
	4 - Major		L09 - L06	L03-L07-L11-L14	L01	
	3 - Moderate		L04-L05-L10	L02-L12	L13	
	2 - Minor					
	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

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls) Probability	Impact	Rating	Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls) Probability	Impact	Rating	Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating		Fully effective Partially effective Not effective				Probability	Impact	Rating				
L01 - Financial resilience – Failure to react to external financial impacts, new policy and increased service demand. Poor investment and asset management decisions.	Reduced medium and long term financial viability	4	4	16	Medium Term Revenue Plan reported regularly to members.	Fully	Councillor A Nell	Michael Furness	Joanne Kaye	4	4	16	↔	This continuous process will include reviewing budget monitoring, active budget management, and reflection of economic and Local Government sector trends in the MTFS. Wherever possible, policy decisions will be taken as soon as possible, rather than waiting until the February Council meeting which sets the annual budget. This will allow officers to be ready to implement, or have implemented, policy decisions which will maximise positive impacts on the budget.		Risk reviewed on 05/02/24 - No changes
	Reduction in services to customers				Balanced medium term and dynamic ability to prioritise resources	Fully								Financial forecasts of resources for 2024/25 and 2025/26 have assumed a reduction in resources compared to February 2023 assumptions. The budget for 2023/24 was agreed with savings proposals identified to contribute to addressing these reductions. Close monitoring of the delivery of the savings programme will take place throughout 2023/24 with mitigations required if slippage was identified.		
	Increased volatility and inability to manage and respond to changes in funding levels				Highly professional, competent, qualified staff	Partially										
	Reduced financial returns (or losses) on investments/assets such as in subsidiaries.				Good networks established locally, regionally and nationally.	Fully										
	Inability to deliver financial efficiencies				Strong shareholder function and relationships with subsidiaries	Fully								Integration and continued development of Performance, Finance and Risk reporting		
	Exposure to commercial pressures in relation to regeneration projects.				Financial returns from the subsidiaries are not included in the MTFS until they are reasonably assured to materialise.	Partially								Internal Audits being undertaken for core financial activity and capital as well as service activity		
	Poor customer service and satisfaction				National guidance interpreting legislation available and used regularly.	Fully								Introduction and implementation of an Asset Management Strategy		
	Increased complexity in governance arrangements				Progress regeneration plans in a coordinated manner. Participate in Oxfordshire Treasurers' Association's work streams.	Fully								Investment Strategy agreed annually		
	Lack of officer capacity to meet service demand				Review of best practice guidance from bodies such as CIPFA, LGA and NAO.	Fully								Posts are filled by appropriately qualified individuals		
	Lack of financial awareness and understanding throughout the council				Treasury management and capital strategies in place Investment strategies in place Regular financial and performance monitoring in place.	Fully								Regular involvement and engagement with colleagues across the county		
	Increased inflation in the costs of capital schemes				Independent third party advisers in place Regular bulletins and advice received from advisers Property portfolio income monitored through financial management arrangements on a regular basis.	Fully								Regular member training and support		
	Increased inflation in revenue costs				Independent third party advisers in place	Fully								Regular utilisation of advisors as appropriate		
					Asset Management Strategy in place and embedded	Fully								Summarise and distribute announcements to CLT and members.		
					Transformation Programme in place to deliver efficiencies and increased income in the future	Partially								Timely and good quality budget management reports, particularly property income and capital		
						Partially								Work is underway to maximise the impact of the available space in Banbury town centre		
L02 - Statutory functions – Failure to meet statutory obligations and policy and legislative changes are not anticipated or planned for.	Legal challenge	3	4	12	Embedded system of legislation and policy tracking In place, with clear accountabilities, reviewed regularly by Directors.	Partially	Councillor S Dallimore	Stephen Hinds	Shiraz Sheikh	3	3	9	↔	Ensure Committee forward plans are reviewed regularly by senior officers.		Risks reviewed on 03/02/24 - No changes
	Loss of opportunity to influence national policy / legislation				Clear accountability for responding to consultations with defined process to ensure Member engagement	Fully								Ensure Internal Audit plan focusses on key leadership risks.		
	Financial penalties				National guidance interpreting legislation available and used regularly	Fully								Establish corporate repository and accountability for policy/legislative changes taking into consideration all of the Council's functions.		
	Reduced service to customers				Risks and issues associated with Statutory functions incorporated into Directorate Risk Registers and regularly reviewed.	Fully								External support secured for key corporate projects including Growth Deal and IT Transformation Programme.		
	Inability to deliver council's plans				Clear accountability for horizon scanning, risk identification / categorisation / escalation and policy interpretation in place	Partially								Learning and development opportunities identified and promoted by the Chief Executive and Directors. First tranche of Senior Leadership training/development begins in August, and is cascaded throughout 2022/23. Staff briefings on rules and procedures by MO		
	Exposure to commercial pressures				Robust Committee forward plans to allow member oversight of policy issues and risk management, including Scrutiny and Audit	Fully										
	Reduced resilience and business continuity				Internal Audit Plan risk based to provide necessary assurances	Fully								Review Directorate/Service risk registers.		
	Reduced staff morale, increased workload and uncertainty may lead to loss of good people				Strong networks established locally, regionally and nationally to ensure influence on policy issues. In addition two Directors hold leading national roles	Fully								Ensure Committee forward plans are reviewed regularly by senior officers.		
					Senior Members aware and briefed regularly in 1:1s by Directors	Fully								Ensure Internal Audit plan focusses on key leadership risks.		
					Arrangements in place to source appropriate interim resource if needed	Fully								Establish corporate repository and accountability for policy/legislative changes taking into consideration all of the Council's functions.		
					Ongoing programme of internal communication	Fully								External support secured for key corporate projects including Growth Deal and IT Transformation Programme.		
					Programme Boards in place to oversee key corporate projects and ensure resources are allocated as required.	Fully								Learning and development opportunities identified and promoted by the Chief Executive and Directors. First tranche of Senior Leadership training/development begins in August, and is cascaded throughout 2022/23. Staff briefings on rules and procedures by MO		
					Extended Leadership Team (ELT) Meetings established to oversee and provide assurance on key organisational matters including resourcing.	Fully										
														Review Directorate/Service risk registers.		

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating		Fully effective Partially effective Not effective				Probability	Impact	Rating				
L03 - 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	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 D Sames	Ian Boll	David Peckford	3	4	12	↔	Annual (Authority) Monitoring Reports presented to the Executive on plan making and policy effectiveness.	Consultation on a draft of the Cherwell Local Plan Review took place from 22 September to 3 November 2023. A new programme for the Local Plan was agreed when the Council's Executive approved an updated 'Local Development Scheme' on 5 September 2023. An Annual Monitoring Report was approved by the Executive on 4 December 2023. A 'Proposed Submission' (Reg. 19) draft of the Plan will be prepared for Autumn 2024 and regular progress reports provided to the Council's Corporate Leadership Team and the Portfolio Holder for Planning and Development.	Risk reviewed on 06/02/2024 - Mitigations and comments updated
	Negative (or failure to optimise) economic, social, community and environmental gain				Team capacity and capability kept under continual review with gaps and pressures identified and managed at the earliest opportunity.	Partially								An updated LDS presented to the Executive when there is a significant change in the circumstances for the Local Plan timetable.		
	Negative impact on the council's ability to deliver its strategic objectives, including its commitments within the Oxfordshire Housing & Growth Deal													Programme built into Directorate level objectives (e.g. via Service Plans) and staff appraisals; on-going preparation of the Local Plan is a service priority.		
	Increased costs in planning appeals													Project management of the Local Plan process continues.		
	Reputational damage with investor community of Cherwell as a good place to do business created by uncertainty/ lack of policy clarity				On-going review of planning appeal decisions to assess robustness and relevance of Local Plan policies	Partially								Regular Corporate Director, Portfolio Holder and Members Advisory Group briefings		
L04 - Business Continuity - Failure to ensure that critical services can be maintained in the event of a short or long term incident impacting on the delivery of the Council's operations	Inability to deliver critical services to customers/residents	4	4	16	Business continuity strategy, statement of intent and framework in place and all arrangements overseen by a Business Continuity Steering Group	Fully	Councillor P Chapman	Ian Boll	Tim Hughes	2	3	6	↔	BC actions post-audit are being implemented as per plan. BCSG meeting routinely and corporate refresh across all areas is progressing.		Risk reviewed on 07/02/2024- No change
	Financial loss/ increased costs				Services prioritised and ICT recovery plans reflect those priorities and the requirements of critical services	Fully								BC Impact assessments and BCPs being updated and reviewed by OCC's Emergency Planning team with supporting document management system being		
	Loss of important data				ICT disaster recovery arrangements in place with data centre and cloud services reducing likelihood of ICT loss and data loss	Fully								Business Continuity Statement of Intent and Framework due to be reviewed to align with new incident management framework		
	Inability to recover sufficiently to restore non-critical services before they become critical				Incident management team identified in Business Continuity Framework	Fully								Cross-council BC Steering Group meets regularly to identify BC improvements needed; BC Steering Group has been reconvened, engagement is being made across all service areas.		
	Loss of reputation				All services undertake annual business impact assessments and updates of business continuity plans	Partially										
	Reduced service delivery capacity in medium term due to recovery activity				Cross-council Business Continuity Steering Group meets regularly to identify Business Continuity improvements needed	Partially										
L05 - 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	4	4	16	Incident Management Framework in place and key contact lists updated monthly.	Fully	Councillor P Chapman	Ian Boll	Tim Hughes	2	3	6	↔	IMF reviewed and updated. Training schedule in place. Emergency plan contacts list updated monthly and reissued to all duty managers periodically. Available on ELT Teams channel.		Risk reviewed on 07/02/24 - No change
	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	Fully								Supporting officers for incident response reviewed and identified across some areas, to ensure they are reviewed and updated across all service areas.		
	Risk to human welfare and the environment				Expert advice and support provided by Oxfordshire County Council's Emergency Planning Team under partnership arrangements.	Fully										
	Legal challenge				Council Duty Directors attend training relating to role prior to joining duty director rota and have refresh training annually	Fully										
	Potential financial loss through compensation claims				Multi agency emergency exercises conducted to ensure readiness	Partially										
	Ineffective Cat 1 partnership relationships				Active participation in Local Resilience Forum (LRF) activities	Fully										
	Reputational damage				On-call rota being maintained and updated to reflect recent staffing changes											

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating		Fully effective Partially effective Not effective				Probability	Impact	Rating				
L06 - Safeguarding the Vulnerable – Operational and partnership actions-Failure to work effectively with partners to identify and protect vulnerable people in the district and disrupt exploitation leaving vulnerable people at risk or subject to exploitation**.**	Increased harm and distress caused to vulnerable individuals and their families.	4	4	16	Engagement with the Oxfordshire partnerships protocol review to identify improvements to local arrangements in support of the strategic partnerships. Outcomes of review to be implemented.	Partially	Councillor P Chapman	Ian Boll	Tim Hughes	2	4	8	↔	Continue in linking in with Oxfordshire partnerships protocol review to ensure outcomes relevant to CDC are understood and implemented as necessary.		Risk reviewed on 07/02/2024 - No change
	Council subject to external reviews				Child Exploitation prevalence report reviewed with LPA Commander following each CE sub-group meeting.	Fully								Exploitation concerns and actions discussed routinely at Joint Agency Tasking and Co-ordination meetings on a monthly basis		
	Criminal investigations potentially compromised				Community based exploitation disruption coordinated through the Joint Agency Tasking and Coordination Process.	Fully										
	Potential financial liability if council deemed to be negligent.					Fully										
	Reputational damage to the council.					Partially Partially										
L07 - Health and safety Failure to ensure effective arrangements are in place for Health and Safety.	Unsafe services leading to fatality, serious injury & ill health to employees, service users or members of the public	5	4	20	Corporate H&S governance arrangements and policies are regularly reviewed and updated by the Corporate H&S Team and monitored by the H&S Assurance Board.	Fully	Councillor S Dallimore	Claire Cox	Ruth Wooldridge	3	4	12	↔	Corporate H&S Auditing and Inspection programme on track. Reports issued to managers and actions tracked for completion. Work ongoing with 2 audits per calendar month.	RW & MG are undertaking audits and inspections on a monthly basis as per the KPI and on target for 100% completion. 'Reports are going monthly to CLT. Ruth is also reporting in to monthly DLT meetings when necessary. All Corporate Arrangements were reviewed late 2022, RW now going through again and doing further updates.	Risk reviewed on 07/02/2024 - No changes
	Criminal prosecution for failings Breach of legislation and potential for enforcement action.				Directors and service leads are responsible for ensuring H&S arrangements are in place within their areas or responsibility. Managers are responsible for ensuring operational health and safety risks are assessed and effective control measures implemented.	Fully								Work still in progress with service areas around the corporate H&S register, which will be managed and monitored with a focus on the depots as our highest risk areas.		
	Financial impact (compensation or improvement actions)				Consultation with employee representatives via employer and union consultative committees (Unison)	Fully								Post decoupling senior management will have monthly monitoring of H&S matters as a standing item at senior management meetings.		
	Reputational Impact				Corporate H&S Training provided via corporate learning and development programme. Training for operational risks may be organised by services.	Fully								Relevant and required policies and procedures are being reviewed.		
					H&S performance monitored by accident and incident reports and corporate H&S auditing and inspection programme.	Fully								Working with service areas to ensure that suitable risk assessments are in place.		
					H&S information is disseminated via internal communications and updates to ELT and other relevant meetings.	Fully										

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls) Probability	Impact	Rating	Controls	Control assessment (Fully effective / Partially effective / Not effective)	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls) Probability	Impact	Rating	Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
L08 - 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, or a loss of service.	Financial loss / fine	4	5	20	File and data encryption on computer devices	Fully	Councillor S Dallimore	Stephen Hinds	David Spilsbury	3	5	15	↔	A series of all-Council staff awareness sessions and members given presentations with the Police Cyber Security Advisor.		Risk reviewed on 7/02/2024 - No changes
	Prosecution – penalties imposed				Managing access permissions and privileged users through AD and individual applications	Fully								All staff reminded to be vigilant to unexpected emails due to the heightened risk of cyber-attack due to escalating tensions in Eastern Europe and at critical periods such as the run up to Elections		
	Individuals could be placed at risk of harm				Schedule of regular security patching	Fully								Cyber Security advice and guidance regularly highlighted to all staff.		
	Reduced capability to deliver customer facing services				Vulnerability scanning	Fully								Cyber Security is mandatory e-learning for all staff to be completed annually and is part of new starters induction training. Additionally regular Mimecast videos sent to all users for bitsize regular training.		
	Unlawful disclosure of sensitive information				Malware protection and detection	Fully								Cyber Security Officer has reviewed advice and provided assurance on our compliance.		
	Inability to share services or work with partners				Effective information management and security training and awareness programme for staff	Fully								External Health Check undertaken each year and Cabinet Office PSN compliance reviewed and certified each year to ensure the infrastructure is secure to connect to the PSN.		
	Loss of reputation				Password and Multi Factor Authentication security controls in place	Fully								Internal Audit completed cyber audits with no major issues or significant risks identified.		
	Increased threat to security due to most staff working from home				Robust information and data related incident management procedures in place	Fully								IT implemented an intrusion prevention and detection system which is monitored, and regular actions are implemented from the resulting reports.		
					Appropriate robust contractual arrangements in place with all third parties that supply systems or data processing services	Fully								IT Officer has specific responsibility for Cyber Security and we have engaged a specialist partner to advise on industry best practices and standards.		
					Appropriate plans in place to ensure ongoing PSN compliance	Fully								Microsoft Multi-Factor Authentication is embedded to authenticate users providing an enhanced level of cyber security.		
					Adequate preventative measures in place to mitigate insider threat, including physical and system security	Fully										
					Insider threat mitigated through recruitment and line management processes	Fully										
					A complete restructure and update of the technical approach for the infrastructure has resulted in a move to a zero trust model.	Fully										
					Advice received from NCSC on specific activity alerts, the increased threat of globalised ransomware and malware attacks.											
					Mimecast awareness training and comprehensive defence system deployed to improve email security.	Fully										

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating		Fully effective Partially effective Not effective				Probability	Impact	Rating				
L09 - Safeguarding the vulnerable - Internal procedures- Failure to follow our internal policies and procedures in relation to safeguarding vulnerable adults and children or raising concerns about their welfare.	Increased harm and distress caused to vulnerable individuals and their families	4	4	16	Safeguarding lead in place and clear lines of responsibility established	Fully	Councillor P Chapman	Gordon Stewart	Nicola Riley	2	4	8	↔	Action plan acted upon and shared with Overview and scrutiny committee once a year	Monthly Safeguarding training/ briefings continue with good attendance, Safeguarding News Bulletin to all safeguarding champions keeping safeguarding at the forefront and identifies shared learning across the districts. Further push on Member training saw promising results.	Risk reviewed on 05/02/2024 - Comments updated
	Council could face criminal prosecution				Safeguarding Policy and procedures in place	Fully								Annual refresher and new training programmes including training for new members		
	Criminal investigations potentially compromised				Information on the intranet on how to escalate a concern	Fully								Continue to attend safeguarding board sub groups as necessary to maintain high levels of awareness within the system and compliance with latest practice		
	Potential financial liability if council deemed to be negligent				Mandatory training and awareness raising sessions are now in place for all staff.	Fully								Corporate monitoring of all referrals		
	Reputational damage to the council				Safer recruitment practices and DBS checks for staff with direct contact	Fully								Ensure web pages remain up to date		
					Data sharing agreement with other partners	Fully								Monitoring of implementation of corporate policies and procedures to ensure fully embedded		
					Attendance at Children and Young People Partnership Board (CYPPB)	Fully								Regular internal cross departmental meetings to discuss safeguarding practice		
					Annual Section 11 return compiled and submitted as required by legislation.	Fully								SAR's and Lessons Learned reports circulated to improve practice and knowledge.		
L10 - Sustainability of Council owned companies and delivery of planned financial and other objectives - Failure of council owned companies to achieve 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	3	5	15	Annual business planning in place for all companies to include understanding of the link between the Council's strategic objectives being delivered and financial impact for the council. A regular Shareholder Representative meeting takes place, a Shareholder Liaison Meeting including the S.151 Officer and Monitoring Officer takes place on a quarterly basis and a Shareholder Committee meeting on a quarterly basis. A governance review is being undertaken and initial recommendations have been approved by the Shareholder Committee.	Fully	Councillor B Wood	Gordon Stewart	Stephen Hinds	2	3	6	↔	A Shareholder Representative was appointed and regular governance arrangements are in place.		Risk reviewed 07/02/2023 - No changes
	Failure of council owned companies to achieve their intended outcomes or fail to meet financial objectives				Regular meetings are in place between the Council's S.151 Officer and the relevant company Finance Directors. Financial planning for the companies undertaken that will then be included within our own Medium Term Financial Strategy. Financial risks are routinely reported by the Shareholder Representative to the Shareholder Committee.	Fully								Resilience and support being developed across business to support and enhance knowledge around council companies.		
	Lack of understanding at officer and member level about the different roles of responsibilities required when managing council owned companies				Clear governance arrangements are in place.	Partially								Skills and experience being enhanced to deliver and support development, challenge and oversight.		
					Sound monitoring in place of both business and financial aspects of the companies and the impact on overall council performance through the Shareholder Representative meetings and through the reporting to the Corporate Leadership Team monthly.	Fully								Work with one company to ensure long term support arrangements are put in place.		
					Training in place for those undertaking Director roles relating to the companies.	Partially										

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating		Fully effective Partially effective Not effective				Probability	Impact	Rating				
L11 - Financial sustainability of third-party suppliers and contractors	The financial failure of a third party supplier and contractors results in the inability or reduced ability to deliver a service to customers or provide goods needed. 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	Partially	Councillor A Nell	Shiraz Sheikh	Michael Sullivan	3	4	12	↔	Creditsafe UK tool purchased to allow Procurement to carry out supplier credit checks when required.	Creditsafe UK tool now operational .Guidance is being developed for service areas to ensure that a contract management process is followed on a regular basis. This will include regular checks on Creditsafe UK to check on financial health; service areas will be advised to confirm that business continuity arrangements are in place and to seek evidence of regular reviews of this as part of the contract management process. Service areas to provide details of all current contracts to Procurement to enable analysis of third party spend to identify and risk assess key suppliers and contractors and to identify areas of duplication of costs. Prior to contract award, procurement carries out a credit safe check to ensure financial viability of the preferred supplier.	Risk Reviewed 07/02/24 - No changes.
					Business continuity planning arrangements in place in regards to key suppliers	Partially								Service areas to ensure supplier suitability checks have been carried out prior to award of contract and hold meetings as required with suppliers to review higher risk areas and ensure risks are being managed. Reminders to be sent to all who have Procurement/Contract Management responsibility to regularly meet with key suppliers and partners to gain early understanding of any issues arising.		
					Ensuring that proactive review and monitoring is in place for key suppliers to ensure we are able to anticipate any potential service failures	Partially										
	Reduced resilience and business continuity				Intelligence unit set up procurement Hub to monitor supplier and contractor market	Fully								Services areas to keep the key suppliers under regular check including running financial checks.		
	Increased complaints and/or customer dissatisfaction				Analysis of third party spend undertaken to identify and risk assess key suppliers/contractors	Fully										
	Increased costs and/or financial exposure to the Council due to having to cover costs or provide service due to failure of third party supplier of contractor															
L12 - Corporate Governance - Failure of corporate governance leads to negative impact on service delivery or the implementation of major projects providing value to customers.	Threat to service delivery and performance if good management practices and controls are not adhered to.	4	4	16	Clear and robust control framework including: constitution, scheme of delegation, ethical walls policy etc.	Fully	Councillor S Dallimore	Stephen Hinds	Shiraz Sheikh	3	3	9	↔	The Annual Governance Statement was produced and has been published and approved by the Audit, Accounts and Risk Committee. The Corporate Governance Assurance Group continues to map governance processes to ensure visibility and to refresh them.		Risk reviewed on 07/02/24 - No changes
	Risk of ultra vires activity or lack of legal compliance				Clear accountability and resource for corporate governance (including the shareholder role).	Fully										
	Risk of fraud or corruption				Integrated budget, performance and risk reporting framework.	Fully										
	Risk to financial sustainability if lack of governance results in poor investment decisions or budgetary control.				Corporate programme office and project management framework. Includes project and programme governance.	Partially										
	Failure of corporate governance in terms of major projects, budgets or council owned companies impacts upon financial sustainability of the council.				Internal audit programme aligned to leadership risk register.	Fully										
	Inability to support Council's democratic functions / obligations (e.g. return to physical public meetings and public access to meetings).				Training and development resource targeted to address priority issues; examples include GDPR, safeguarding etc.	Partially										
	Elements of the COVID-19 response and recovery work may be compromised, delayed or not taken forwards.				HR policy framework.	Partially										
					Annual governance statement process undertaken for 2021/22 connects more fully and earlier with ELT and CLT.	Fully										
					Annual Review of the Constitution by the MO with member involvement and approval by the Full Council	Fully										

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls) Probability	Impact	Rating	Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls) Probability	Impact	Rating	Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
						Fully effective Partially effective Not effective										
L13 - Monitoring and management of Major Infrastructure Projects and Programmes - Failure to properly manage and monitor the various residual Oxfordshire Housing and Growth Deal infrastructure projects.	Failure to actively manage the various Infrastructure Projects and Programmes, particularly in relation to those being delivered by Oxfordshire County Council, could lead to delays or failure to deliver timely obligations, which could lead to HM Government holding back some or all of its funding, or requiring repayment.	**4**	**5**	**20**	Need to establish appropriate officer and stakeholder governance structures to support effective programme delivery.	Partially	Councillor D Ford	Ian Boll	Robert Jolley	4	3	**12**	↔	Establishment of appropriate officer and stakeholder governance structures to support effective programme delivery		Risk reviewed on 06/02/24 - No changes
	Delivery of Infrastructure projects fail to accelerate housing delivery as commercial pressures impact house builders				Need to institute regular and effective dialogue with developers.	Partially								Institute regular and effective dialogue with developers		
L14 - 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	3	4	**12**	Analysis of workforce data and on-going monitoring of issues.	Partially	Councillor S Dallimore	Gordon Stewart	Claire Cox	3	4	**12**	↔	There are indications that specific service areas are continue to experience recruitment difficulties for professional roles. HR is working with the relevant directors to consider alternative resourcing methods.		Risk reviewed on 06/02/2024 - No changes
	Impact on our ability to deliver high quality services				Key staff in post to address risks (e.g. strategic HR business partners)	Fully								Development of new L&D strategy, including apprenticeships.		
	Overreliance on temporary staff				Weekly Vacancy Management process in place	Fully								Development of relevant workforce plans.		
														Development of specific recruitment and retention strategies. It is planned for CDC to develop a framework that suits the needs of all services ensuring that the Council has access to a much wider pool of staffing agencies at competitive rates.		
	Additional training and development costs				Ongoing service redesign will set out long term service requirements	Partially								The new IT system has been implemented to improve our workforce data and continues to be develop to improve our ability to interrogate and access key data (ongoing) in order to inform workforce strategies.		

This report is a public report	
2021/22 Final Audit Results Report	
Committee	Accounts, Audit and Risk Committee
Date of Committee	20 March 2024
Portfolio Holder presenting the report	Councillor Adam Nell, Finance Portfolio Holder
Date Portfolio Holder agreed report	06 March 2024
Report of	Assistant Director of Finance (S151)

Purpose of report

To ask the Committee to note the final audit results and annual report of the council's external auditors in relation to the 2021/22 statement of accounts. To also note the final Letter of Representation and the final 2020/21 Statement of Accounts.

1. Recommendations

The meeting is recommended:

1.1 Note the final 2021/22 Audit Results Report (Appendix 1).

1.2 Note the final 2021/22 Annual Audit Report of the External Auditor (Appendix 2)

1.3 Note the final Letter of Representation (Appendix 3)

1.4 Note the final Statement of Accounts for 2021/22 (Appendix 4)

2. Executive Summary

2.1 The overall conclusion of the 2021/22 audit has resulted in an unqualified audit opinion, meaning that the accounts provide a "true and fair view" of the financial position of the Council as at 31 March 2022. The audit also concluded that the Council has proper arrangements in place to secure value for money in its use of resources.

2.2 The Chairman of the Accounts Audit and Risk Committee and the S151 Officer were granted delegated authority by the Committee at its meeting in September 2023 to sign the accounts and the final Letter of Representation. They did so on 7 March 2024. Any further changes between the draft and final statements than those reported in September 2023 were to be reported back to the Committee. The small additional changes to the final statement are listed below in section 4.4.

Implications & Impact Assessments

Implications	Commentary

Finance	There are no financial implications arising directly from this report. Comments checked by: Alex Rycroft, Strategic Finance Business Partner – Technical & Transformation, 01295 221541, Alex.Rycroft@cherwell-dc.gov.uk 07/03/2024
Legal	There are no financial implications arising directly from this report. Comments checked by: Shiraz Sheikh, Assistant Director Law and Governance and Democratic Services (MO), 01295 221651, shiraz.sheikh@cherwell-dc.gov.uk 07/03/2024
Risk Management	There are no risk management implications arising directly from this report. Comments checked by: Celia Prado-Teeling, Performance & Insight Team Leader, 01295 221556, Celia.Prado-Teeling@cherwell-dc.gov.uk 07/03/2024

Supporting Information

3. Background

3.1 The Committee received a draft of the 2021/22 letter of representation at its meeting in September 2023 along with the proposed amendments to the 2021/22 Statements which were published in draft 21 July 2022. The Committee received a draft Audit Results Report from the external auditors in January 2024 that summarised the findings of the audit at that stage. The external auditors have now produced their 2021/22 Final Audit Results Report and Value for Money assessment in their Annual Report. These set out the overall conclusion of the audit and the provisional Audit Fee for 2021/22 which will be funded from within existing budgets.

4. Details

4.1 The final Audit Results Report has been included at Appendix 1. Amendments since the draft report was noted by the Committee in January 2024 have been made in blue text. The Committee should note in particular the additions to the Audit Differences section on page 8 of the report and the Assessment of Control Environment on page 36.

4.2 Audit Differences

- Corrected Adjustments now includes the revised Pensions liability figure following the triennial valuation and a slight change to the overstatement of Banbury Bus Station. Both of these were reflected in the revised main statements presented to the committee in September 2023.

- Uncorrected adjustments now include an amount within the Group Accounts which should have been written out on consolidation, but which would not change the overall group balance sheet position.

- Presentational amendments to disclosure notes which do not impact on the main statements, but which will provide the reader with a more accurate picture.

4.3 Assessment of Control Environment

This section of the report comments on items of internal control which the auditors observed during their audit work. The auditors have made recommendations for how the council can improve the controls in these areas. The Management Responses found on pages 38-41 demonstrate that, as the issues raised had already been identified by the council before the audit, significant progress has already been made on addressing these issues.

4.3 The Annual Report of the external auditors (Appendix 2) brings together all of the auditor’s work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the council, or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor’s view as to whether they have been implemented satisfactorily.

4.4 The annual report concludes that the council:

- had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.
- had proper arrangements in place in 2021/22 to enable it to make informed decisions and properly manage its risks.
- had proper arrangements in place in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

4.4 The final Letter of Representation included at Appendix 3 has not materially changed since the draft was noted by the committee in September 2023. It now includes the final list of unadjusted errors (as found in the Audit Results Report at Appendix 1) which were deemed immaterial, and therefore not corrected in the final statement, but which exceed the auditors’ reporting threshold.

4.4 Since the Committee noted the changes to the main statements between draft and final listed in the report to its September meeting, there has been one further change that is reflected in the final statement of accounts at Appendix 4.

4.5 This change is to correct part of the adjustments required for the reclassification of investment property to property plant and equipment reported to the September meeting. The final adjustment corrects the lines on which movements on valuation of assets are recognised within the Comprehensive Income and Expenditure Statement and a rounding adjustment. The impact on net expenditure in the Comprehensive Income and Expenditure Statement (CIES) is shown in table 1 below.

Table 1: Changes to CIES since update reported in September 2023

	Net Expenditure as previously reported £m	**Changes £m**	**Net Expenditure per final Statement of Accounts £m**
Adults and Housing Services	3.682		3.682
Comm Dev Assets and Invests	43.187	6,661	49.848
Cust and Org Dev & Resources	7.920		7.920
Environment & Place	21.288		21.288
Public Health and Wellbeing	2,907		2.907
Cost of Services	**78.984**	**6.661**	**85.645**
Other Operating Expenditure	4.617		4.617
Financing and Investment (Income) and Expenditure	(0.672)	0.001	(0.671)
Taxation and Non-specific Grant (income)	(51.441)		(511441)
(Surplus) or Deficit on Provision of Services	**31.488**	**6.662**	**38.150**
(Surplus) or deficit on revaluation of Property, Plant and Equipment	(4.180)	(6.664)	(10.844)
Remeasurement of the net defined benefit liability / (asset)	(21.388)		(21.388)
Other Comprehensive (Income) and expenditure	**(25.568)**	**(6.664)**	**(32.232)**
Total Comprehensive (Income) and expenditure	**5.920**	**(0.002)**	**5.918**

5 Conclusion and Reasons for Recommendations

5.1 The Committee should be aware of the auditor's final opinions following the outcome of the audit and the final Statement of Accounts for 2021/22.

Document Information

Appendices	
Appendix 1	Final Audit Results Report 2021/22
Appendix 2	Final Letter of Representation 2021/22

Appendix 3	Annual Report of the External Auditor 2021/22
Appendix 4	Final Statement of Accounts 2021/22
Background Papers	None
Reference Papers	• Statement of Accounts 2021/22 report to AARC September 2023 • External Audit – Draft Audit Results Report 2021/22 report to AARC January 2024
Report Author	Joanne Kaye, Head of Finance (D151)
Report Author contact details	01295 221545 Joanne.Kaye@cherwell-dc.gov.uk

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Cherwell District Council & Group
Audit Results Report

Year ended 31 March 2022

March 2024

Building a better working world

7 March 2024

Cherwell District Council
Bodicote House
Bodicote
OX15 4AA

Dear Accounts, Audit and Risk Committee Members

2021-22 Audit results report

Note that updates to this report since the version presented to the JIAC at the meeting in December are highlighted in blue text for ease of review

We are pleased to attach our audit results report for the forthcoming meeting of the Accounts, Audit and Risk Committee. This report summarises our audit conclusion in relation to the audit of Cherwell District Council & Group for 2021/22.

We have completed our audit of Cherwell District Council & Group for the year ended 31 March 2022.

The audit is designed to express an opinion on the 2021-22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Cherwell District Council & Group's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

This report is intended solely for the information and use of the Accounts, Audit and Risk Committee, other members of the Council and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

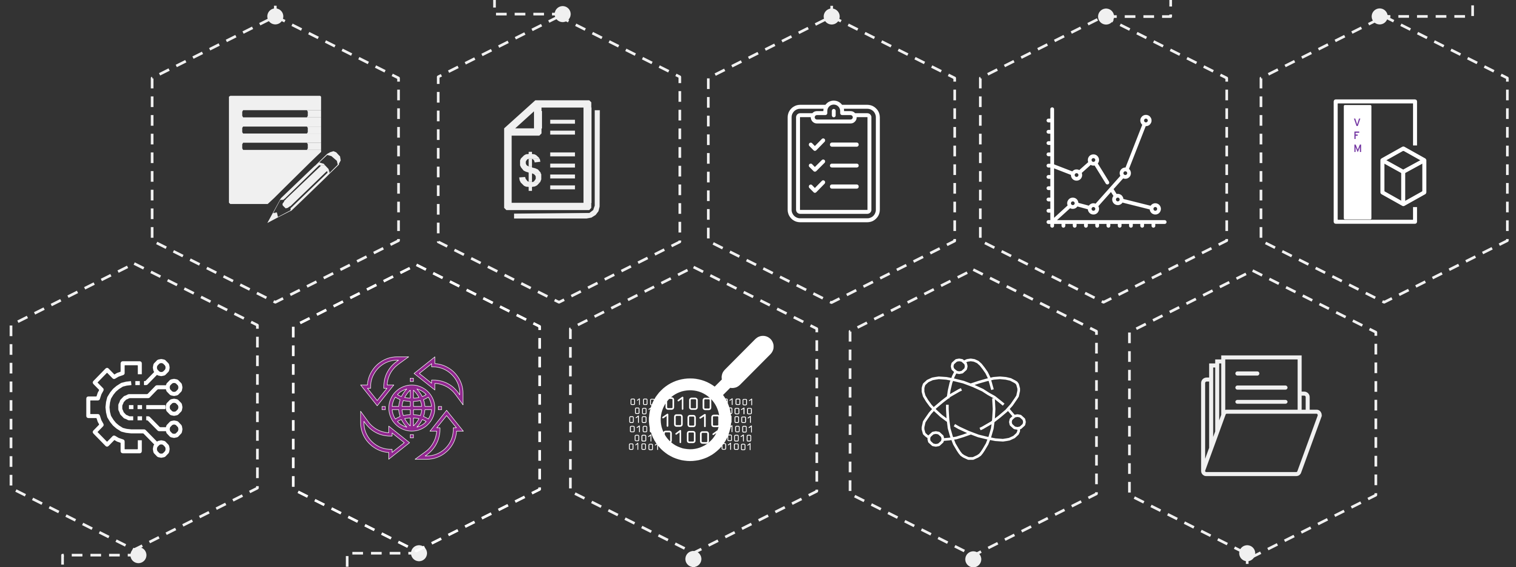
We welcome the opportunity to discuss the contents of this report with you.

Yours faithfully

Maria Grindley

Partner
For and on behalf of Ernst & Young LLP
Encl

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.
The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.
This report is made solely to the Accounts, Audit and Risk Committee and management of Cherwell District Council & Group in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Accounts, Audit and Risk Committee, and management of Cherwell District Council & Group those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Accounts, Audit and Risk Committee and management of Cherwell District Council & Group for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

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01 Executive Summary

Executive summary

Scope Update

In our Audit Plan presented at the 28 September 2022 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.

We have kept materiality for the group at £2,810k (PY £2,429k), which represents 2% (PY 2%) of the gross revenue expenditure in the draft statement of accounts. Performance materiality used was £1,405k (PY £1,822k) which represents 50% (PY 75%) of materiality. In this report we will include all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement and cash flow statement) greater than £141k (PY £121.5k). This represents 5% of planning materiality (PY 5%).

Changes to reporting timescales

As a result of COVID-19 new regulations, the Accounts and Audit (Amendment) Regulations 2022 No 708, have been published and came into force on 22 July 2022. This announced a change to publication date for final, audited accounts from 30 September to 30 November 2022 for all relevant authorities.

Additional audit procedures as a result of Covid-19

Other changes in the entity and regulatory environment as a result of Covid-19 that have not resulted in an additional risk, but have an impact on our audit strategy were as follows:

Information Produced by the Entity (IPE): We identified an 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 Council's systems. We undertook the following to address this risk:

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

Executive Summary

Status of the audit

We have completed the audit of Cherwell District Council & Group financial statements for the year ended 31 March 2022 and have performed the procedures outlined in our Audit Planning Report.

We have issued an unqualified opinion on the Council & Group's financial statements in the form which appears at Section 3.

Prior year adjustments

There were five prior year adjustments made as a result of the audit:

1. Investment properties £39,871k – Property, plant and equipment assets had been incorrectly classified as Investment properties.
2. Short term creditors £6,789k - Some balances had been classified as 'Trade Payables' but should have been 'Other Payable Amounts'.
3. Financial Instruments - a. Provisions were being disclosed in the financial instruments table, but provisions fall outside the scope of IFRS 9.
   b. Non-financial debtors and creditors had been disclosed in the fair value tables but again fall outside the scope of IFRS 9.
   c. Some short-term payables and receivables had been incorrectly classified as non-financial, and so should be included in the financial instrument tables.
4. Minimum Revenue Provision (MRP) £5,344k – The MRP had been calculated using a 50 year asset life for all assets rather than taking into account the different lives of asset.
5. Property, plant and equipment £3,950k – Banbury Bus Station had been valued as if there was a building on the site.

The comparative amounts have been correctly restated to reflect the above matters and appropriate note disclosure of these restatements have also been included in the current year's consolidated and Council financial statements.

See Section 4 of this report for further details.

Executive summary

Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Council has 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability
  How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance
  How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
  How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Status of the audit – Value for Money

As part of our planning we completed our value for money (VFM) risk assessment and did not identify any risks of significant weakness against the three reporting criteria we are required to consider under the NAO's 2020 Code. We have revisited our assessment on completion of the audit of the financial statements and remain satisfied that we have not identified a risk of significant weakness. As a result, we have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03). We will issue the VFM commentary as part of issuing the Auditor's Annual Report.

Executive summary

Audit differences

At the date of this report, we highlight the following misstatements greater than our reporting threshold of £1.4m. Further detail on these can be found in section 04 of this report.

Corrected adjustments include:

- £5,330k correction of the pension liability figure to reflect the changes in the valuation brought about by the 2022 triennial valuation
- £2,532k correction of understatement minimum revenue provision, following a correction to the straight line method.
- £1,011k mis-classification of bank overdraft, cash and equivalents and liabilities understated.
- £3,988k mis-classification of Covid Additional Relief Fund, was posted to debtors instead of creditors.
- £55,918k mis-classification of property, was posted to investment property instead of property, plant and equipment.
- £434k understatement in the valuation of Kingsmere Community Centre.
- £4,230k overstatement in the value of Banbury bus station.
- £393k understatement in the valuation of car parks.
- £109k mis-classification of income, was posted to creditors instead of income.

Uncorrected adjustments include:

Factual misstatement - £272k – Non-loan intercompany balances between Graven Hill Village Development Company Ltd and Graven Hill Village Management Company Block E Ltd had been omitted in the Group accounts.

Judgmental misstatement - £162k overstatement of the bad debt provision based on Council's methodology.

Projected misstatement - £346k – Two errors totalling £5,077 were identified in our testing of S106 Grants received in advance, which when extrapolated over the population came to a projected error of £346k.

Reclassification misstatement - £465k – Two items totalling £465k were classified as S106 Grants received in advance, but did not meet recognition criteria and should have been classified as income.

There were several presentational and disclosure amendments which we have identified and have been corrected by management.

The main ones were:

Note 32 – Leases – operating leases authority as lessor

Note 17 – Financial instruments

Note 36 – Contingent liabilities

See Section 4 of this report for further details of the misstatements.

Executive summary

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 findings to report. We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts (WGA) submission, but have not issued our assurance statement to the NAO. Although the Council is below the threshold set by the NAO, we cannot currently conclude on WGA work until the NAO confirms if they would like any additional procedures performed. This will delay our issuing of the audit certificate. We have no other matters to report.

Executive summary

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Cherwell District Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

Audit findings and conclusions: Significant risk - Misstatements due to fraud or error – Management override

We have not identified any material misstatements arising from fraud in revenue and expenditure recognition and management override.

Audit findings and conclusions: Significant risk - Misstatements due to fraud or error - Inappropriate capitalisation of revenue expenditure

Our testing of capital additions has not identified any instances where expenditure had been inappropriately capitalised.

Audit findings and conclusions: Significant risk - Misstatements due to fraud or error - Inappropriate recognition of Other Income – rental income

We did not find any issues in this area and can conclude there were no material misstatements of rental income.

Audit findings and conclusions: Significant risk – Valuation of Land and Buildings and Investment Property

There were some reclassification misstatements where properties had been incorrectly classified as investment properties when they should have been classified as property, plant and equipment. There were two instances where the Fixed Asset Register, and the general ledger, had not been updated per the valuation reports in error. The financial statements have been amended to reflect these errors. We are now satisfied that the valuation of PPE and IP is materially fairly stated.

Audit findings and conclusions: Significant risk – Valuation of Infrastructure Assets

We have not identified any material misstatements

We request that you review these and other matters set out in this report to ensure that:

- there are no residual further considerations or matters that could impact these issues;
- you concur with the resolution of the issue; and
- there are no further significant issues you are aware of to be considered before the financial report is finalised.

Executive summary

Control observations

We did not identify any significant deficiencies in internal control.

Independence

In our Audit Plan presented to this Committee we did not identify any independence issues.

Please refer to Section 9 for our update on Independence.

02 Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.

What judgements are we focused on?

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.

What did we do?

We:

- ► Identified fraud risks during the planning stages.
- ► Enquired of 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.
- ► Tested journals at year-end to ensure that there were no unexpected or unusual postings.
- ► Reviewed accounting estimates for evidence of management bias.
- ► Looked for and investigated any unusual transactions.

We used our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale. We specifically reviewed any elements where judgement could influence the financial position or performance of the Council in a more positive or more favourable way.

What are our conclusions?

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 or management bias.

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

Significant risk

Inappropriate capitalisation of revenue expenditure due to fraud or error

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.

From our risk assessment, we have assessed that the risk manifests itself solely through the inappropriate capitalisation of revenue expenditure to improve the financial position of the general fund.

What judgements are we focused on?

How management decides on appropriate capitalisation of revenue expenditure, including consideration of REFCUS.

What did we do?

We sample tested property, plant and equipment (PPE) additions, and REFCUS, to ensure that the expenditure incurred and capitalised was clearly capital in nature or appropriate to be treated as REFCUS.

We sought to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

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.

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 capital additions did not identify any instances where expenditure had been inappropriately capitalised.

Significant risk

Inappropriate revenue recognition of Other Income - rental income

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. 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.

Councils have a statutory duty to balance their annual budget and are operating in a financially challenged environment with reducing levels of government funding and increasing demand for services. Any deficit outturn against the budget is not a desirable outcome for Cherwell District Council and management, and therefore this desire to achieve budget increases the risk that the financial statements may be materially misstated.

In our judgement the risk of manipulation of these revenue streams lies in other income, specifically rental income, as this is reliant on the information produced by Cherwell District Council which are accepted and the requested payments are made to the Council.

What judgements are we focused on?

We focus on whether revenue is being inappropriately recognised.

If this were to happen it would have the impact of overstating revenue.

What did we do?

For rental income we have:

- ► Lowered our testing threshold to satisfy ourselves that other rental income stated is materially correct.
- ► We have reviewed the rental income in the financial statements and looked at the rates charged compared to the Council's policy/contracts of rates to charge.

We have utilised our data analytics capabilities to assist with our work, including journal entry testing. We have also assessed journal entries more generally for evidence of management bias and evaluated them for business rationale.

What are our conclusions?

Our testing of rental income agreed the rates set in the Council's policy/contract to the rental income recorded in the financial statements.

We did not find any issues in this area and can conclude there were no material misstatements of rental income.

Significant risk

Valuation of Land and Buildings - Property, Plant and Equipment (PPE) and Investment Property (IP)

What is the risk?

The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

The Covid-19 pandemic remains ongoing and the related physical restrictions on movement are likely to have an impact on the ability of the Valuer to physically inspect the Trust's buildings.

The significant risk is therefore specific to the valuation assertion.

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 assets 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 did we do?

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 assessed 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 have considered 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:

- considered the competence, capability and objectivity of the Council's valuers;
- considered the scope of the valuers' work;
- ensured land & building assets have been revalued within a 5 year rolling programme as required by the Code;
- ensured Investment Property assets had been annually revalued as required by the Code;
- considered if there were any specific changes to assets that should have been communicated to the valuer(s);
- ensured that it was appropriate that no disclosure needed to be made in the accounts in relation to any valuation uncertainty;

We noted no issues from the above procedures.

On the following page we detail the procedures we undertook to address the Significant Risk.

Significant risk (cont'd)

Risk of error in the valuation of Land and Buildings - Property, Plant and Equipment (PPE) and Investment Property (IP)

- continued

What are our conclusions?

Our work in this area included:

- testing a sample of assets revalued in year to confirm that the valuation basis is appropriate and the accounting entries are correct;
- sample testing key inputs used by the valuer(s) when producing valuations;
- considering the results of the valuers' work;
- challenging the assumptions used by the Council's valuers by reference to external evidence and our EY valuation specialists (where necessary);
- testing journals for the valuation adjustments to confirm that they have been accurately processed in the financial statements;
- reviewing assets not subject to valuation in 2021/22 to confirm the remaining asset base is not materially misstated;
- sample of valuations considered by our EY valuation specialists;
- reviewing specifically any changes to approach to valuations.

There was a reclassification misstatement where £51.75m in properties had been incorrectly classified as investment properties when they should have been classified as property, plant and equipment.

There were two instances where the Fixed Asset Register, and the general ledger, had not been updated per the valuation reports in error. This led to an overstatement in property, plant and equipment and an understatement of the revaluation reserve.

The financial statements have been amended to reflect these adjustments.

We are now satisfied that the valuation of PPE and IP is materially fairly stated.

Significant risks

Valuation of Infrastructure Assets

Page 94

What is the risk?

There is a National issue being considered by CIPFA with regards the fact that some local authorities are not compliant with the Code requirements in relation to Infrastructure Assets. The issue is that they are not writing out the gross cost and accumulated depreciation on infrastructure assets when a major part/component has been replaced or decommissioned.
Asset registers do not tend to record infrastructure capital expenditure with sufficient detail and geographical specifics to enable identification of prior cost of replaced parts/components and related accumulated depreciation. So, it is challenging to identify the cost and accumulated depreciation balances that need to be derecognised.
Cherwell District Council have material infrastructure assets within their balance sheet, so there is a risk of these being materially mis-stated.

The significant risk is therefore specific to the valuation assertion.

What judgements are we focused on?

We focused on how management decides on the appropriate valuation of infrastructure assets.

What did we do?

We have:

► Discussed the procedures applied by the Council to ensure infrastructure capital spend is recognised in accordance with the Code; and

► Obtained evidence to match the infrastructure subsequent expenditure to the carrying amount of the replaced part or component that is being derecognised.

What are our conclusions?

We have completed our work in this area and it is subject to final review.

We have not identified any issues from the procedures carried out.

Other areas of audit focus

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 and therefore may be matters that we report on

What is the risk/area of focus?	What did we do?	What are our conclusions?
<u>Pension Liability Valuation</u> The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Oxfordshire Pension Fund. The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2021 this totalled £95.7m. The draft 21/22 financial statements show a figure of £76.8m. The remeasurement of the net defined liability is shown as £26.7m in the draft 21/22 financial statements, compared to £23.5m in the prior year. The information disclosed is based on the IAS 19 report issued by the Pension Fund actuary to the Pension Fund. Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on its behalf. We are required to undertake procedures on the use of the use of the actuary as management's expert and the assumptions underlying fair value estimates. In addition, the triennial actuarial valuation was produced for 2022 and we need to review this as additional information and consider any impact on the figures in the financial statements.	We have: ‣ Liaised with the auditors of Oxfordshire Pension Fund, for assurances over the information supplied to the actuary in relation to Cherwell District Council; ‣ Assessed the work of the Pension Fund actuary (Hymans 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; ‣ Evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's actuarial model; ‣ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements for IAS19; and ‣ Following the conclusion of the 2022 triennial valuation exercise and the publication of the 2022 triennial actuarial valuation report for Oxfordshire Pension Fund we reviewed the revised actuarial reports and, again, engaged EY pensions specialists to assess the reasonableness of the updated calculations. ‣ Reviewed and tested the accounting entries and disclosures made within the council's financial statements following the updates made as a result of the 2022 triennial valuation report.	We obtained satisfactory assurances over the information supplied to the actuary in relation to Cherwell District Council. We concluded the work and assumptions used by Hymans Robertson were reasonable. Our EY Pensions consultancy team concluded that the Pension Fund actuary's liability calculations were reasonable. The accounting entries and disclosures had mainly been carried out correctly. Some of the disclosure notes regarding pensions needed amending to reflect the figures shown in the actuarial reports. The review of the pension figures following the 2022 triennial actuarial valuation report identified a decrease in the closing present value of liabilities of £3.2m and a £2.1m change to the closing fair value of pension assets. The resulting net change is an increase of £5.3m in Pension Liabilities and corresponding unusable reserves in the balance sheet. The financial statements were amended to reflect this. After the above amendments had been made, there were no material misstatements of the pension liability.

Other areas of audit focus (continued)

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 and therefore may be matters that we report on

What is the risk/area of focus?	What did we do?
<u>New central government grants and other Covid-19 funding streams.</u> Central Government have provided a number of new and different Covid-19 related grants to local authorities during the year. There are also funds that have been provided for the Council to distribute to other bodies. The Council needs to review each of these grants to establish how they need to be accounted for. It needs to assess whether it is acting as a principal or agent, with the accounting to follow that decision. Where the decision is that the Council is a principal, it also must also assess whether there are any initial conditions that may also affect the recognition of the grants as revenue during 2021/22.	We considered the Council's judgement on material grants received in relation to whether it is acting as: • An Agent, where it has determined that it is acting as an intermediary; or • A Principal, where the Council has determined that it is acting on its own behalf. We did not find any issues in this area and can conclude there were no material misstatements of government grants and other Covid-19 funding streams.
<u>Group Boundary Assessment</u> The Council now has wholly owned subsidiary companies. These entities are significant components based on the size. The accounts of the components will need to be consolidated into the Group accounts with appropriate consolidating adjustments. This gives scope for potential material error.	We have: ▸ Examined the group structure and determined which elements are in scope; and ▸ Monitored the position to identify any other components that might move into scope by the year end. We are in the process of completing the procedures below; ▸ Review the Council's approach to consolidation and production of group accounts to ensure that this meets the requirements of the Code of Audit Practice; ▸ Liaising with the external auditor of Crown House and the Graven Hill companies, Critchleys, asking them to undertake a programme of work in line with Group audits.

03 Audit Report

Draft audit report 21-22

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 ('the Council') for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement
- the related notes 1 to 37.
- Collection Fund and the related notes 1 to 4 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Cherwell District Council and the Group as at 31 March 2022 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Council 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 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

In auditing the financial statements, we have concluded that the S151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Council's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the S151 Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Council's ability to continue as a going concern.

Draft audit report 21-22

Our opinion on the financial statements (cont'd)

Other information

The other information comprises the information included in the Narrative Statement out on pages 6 to 23, other than the financial statements and our auditor's report thereon. The S151 Officer 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.

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 course of 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 themselves. 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.

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 Group and the Council
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- 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 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and
- Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects.

Draft audit report 21-22

Our opinion on the financial statements (cont'd)

Responsibility of the S151 Officer

As explained more fully in the Statement of the S151 Officer's Responsibilities set out on page 26, the S151 Officer is responsible for the preparation of the Statement of Accounts, which includes the Group and Council 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the S151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the S151 Officer is responsible for assessing the Group and the Council'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 Group and the Council either intends to cease operations, or has 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Council and determined that the most significant are:

- Local Government Act 1972,
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948),
- Business Rate Supplements Act 2009 ,
- The Local Government Finance Act 2012 ,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

Draft audit report 21-22

Our opinion on the financial statements (cont'd)

In addition, the Group and the Council has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how Cherwell District Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the head of internal audit, those charged with governance, and the monitoring officer; and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Council's committee minutes, through enquiry of employees to confirm Group and the Council policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Group and the Council's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we [tested the Group and the Council's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

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 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether the Cherwell District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the 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 2022.

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 Cherwell District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Draft audit report 21-22

Our opinion on the financial statements (cont'd)

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Cherwell District Council. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) 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 Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) 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 Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Maria Grindley (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Reading
Date

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 and unadjusted differences

At the date of this report,

Corrected adjustments include:

- £5,330k correction of the pension liability figure to reflect the changes in the valuation brought about by the 2022 triennial valuation
- £2,532k correction of understatement minimum revenue provision, following a correction to the straight line method.
- £1,011k mis-classification of bank overdraft, cash and equivalents and liabilities understated.
- £3,988k mis-classification of Covid Additional Relief Fund, was posted to debtors instead of creditors.
- £55,918k mis-classification of property, was posted to investment property instead of property, plant and equipment .
- £434k understatement in the valuation of Kingsmere Community Centre
- £4,230k overstatement in the value of Banbury bus station
- £393k understatement in the valuation of carparks
- £109k mis-classification of income, was posted to creditors instead of income.

Uncorrected adjustments include:

Factual misstatement - £272k – Non-loan intercompany balances between Graven Hill Village Development Company Ltd and Graven Hill Village Management Company Block E Ltd had been omitted in the Group accounts.

Judgmental misstatement - £162k overstatement of the bad debt provision based on Council's methodology.

Projected misstatement - £346k – Two errors totalling £5,077 were identified in our testing of S106 Grants received in advance, which when extrapolated over the population came to a projected error of £346k

Reclassification misstatement - £465k – Two items totalling £465k were classified as S106 Grants received in advance, but did not meet recognition criteria and should have been classified as income.

There were several presentational and disclosure amendments which we have identified and have been corrected by management.

The main ones were Note 32 – Leases – operating leases authority as lessor, Note 17 – Financial instruments and Note 36 – Contingent liabilities.

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 and unadjusted differences

There were five prior year adjustments made as a result of the audit:

1. Investment properties £39,871k - Assets had been incorrectly classified as Investment properties when they did not fit the criteria of investment properties and should have been shown as property, plant and equipment (PPE).

2. Short term creditors £6,789k - Some balances had been classified as 'Trade Payables' but should have been 'Other Payable Amounts'. This has no impact on the bottom line.

3. Financial Instruments Tables: Financial Instruments – Liabilities: £(923k), Financial Instruments – Assets: £5,170k, Provision (both short & long term): £9,029k, Financial Instruments – Fair value Liabilities: £46,541k, Financial Instruments – Fair value Asset: £(31,324k)

a. Provisions were being disclosed in the financial instruments table, but provisions fall outside the scope of IFRS 9.

b. Non-financial debtors and creditors had been disclosed in the fair value tables but again fall outside the scope of IFRS 9. This has no impact on the bottom line.

c. Some short-term payables and receivables had been incorrectly classified as non-financial, and so should be included in the financial instrument tables.

4. Minimum Revenue Provision £5,344k - The minimum revenue provision had been calculated using a 50 year asset life for all assets rather than taking into account the different lives of asset.

5. Property, plant and equipment £3,950k – Banbury Bus Station had been overvalued and treated in the valuation report as if there was a building on the premises, whereas the area consists of an open tarmac space with no buildings.

The comparative amounts have been correctly restated to reflect the above matters and appropriate note disclosure of these restatements have also been included in the current year's consolidated and Council financial statements.

05 Value for Money

Value for money

The Council's responsibilities for value for money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

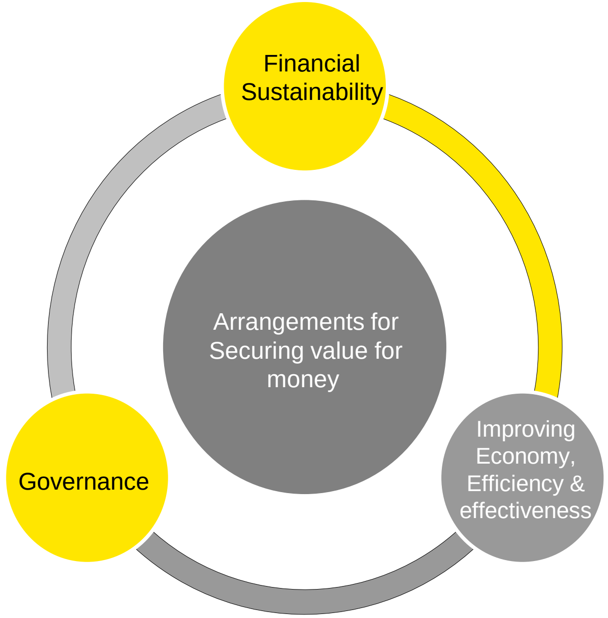
As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment

As part of our planning we completed our value for money (VFM) risk assessment and did not identify any risk of significant weakness against the three reporting criteria we are required to consider under the NAO's 2020 Code. We have revisited our assessment on completion of the audit of the financial statements and remain satisfied that we have not identified a risk of significant weakness.

Status of our VFM work

We have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03). We will issue the VFM commentary as part of issuing the Auditor's Annual Report.



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 2021/22 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 2021/22 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.

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 have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts (WGA) submission. Although the PCC & CC are below the threshold set by the NAO, we cannot currently conclude on WGA work until the NAO confirms if they would like any additional procedures performed. This will delay our issuing of the audit certificate.

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.

Other matters

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

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

At the date of this report we have nothing that we need to bring to the attention of the Accounts, Audit and Risk Committee in respect of Other Matters.

07 Assessment of Control Environment

Assessment of Control Environment

Financial controls

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.

Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you observations in internal control including group-wide or at components.

There were some areas that we wish to draw to your attention which we encountered during our substantive testing.

1. Financial statements: Lack of supporting evidence

Within our sample for verification of debtors, there were three items that related to Montagu Evans payovers that could not be supported. Montagu Evans manage the Castle Quay complex and receive income and make payments in relation to the rentals etc on behalf of the Council.

Recommendation: Evidence should be kept to support these payovers. Figures on a spreadsheet can be easily amended, providing inaccurate results.

2. Head office collection account

When income is received in the bank the following entries are made: Dr bank and Cr 82706. There is a system called AIM which provides a detailed analysis of card transactions etc and the reports from this system are used to identify transactions in code 82706 and reallocate the item across to the relevant income code.

So if there were no timing differences the balance on 82706 would be zero, but in reality there are always timing differences.

During the audit we were unable to agree the balance to supporting evidence.

Recommendation: There is currently no reconciliation of Cash office account balance and so it cannot easily be agreed to supporting evidence, a reconciliation should be carried out in future.

3. Minimum Revenue Provision (MRP)

a. The decision to charge nil MRP on capital loans is a divergence from paragraphs 46 and 47 of the Statutory Guidance on Minimum Revenue Provision issued by the Secretary of State under section 21(1A) of the Local Government Act 2003 (the Guidance). We recognise that there has been consultation and updates to the guidance.

Recommendation: We recommend that the MRP policy is reviewed and updated as necessary to reflect changes to the guidance and that Members are updated on any changes deemed appropriate.

b. Management did not calculate and account for MRP following guidance issued to it by LINK in 2018-19, which has led to an under provision of MRP In the period from 2018-19 to 2021-22 of £7.8m.

Control deficiency: Management did not calculate nor account MRP in line with specialist guidance.

Recommendation: We recommend that the Council ensures it has a system of checks and balances to identify and remediate deviations from the Council's policies in complex and technical areas of the financial statements,

Assessment of Control Environment (continued)

Financial controls

5. Investment Property Classification

We identified several properties that had been classified as land and buildings under PPE, but had been classified as investment properties in error.

Control deficiency: Management have not considered whether or not the buildings that it rents out has operational purpose and its classification as PPE or investment properties under the CIPFA code.

Recommendation: We recommend the CIPFA guidance is used to classify land and buildings to ensure the criteria of investment properties before they are classified as such.

6. Payables classification

It was identified there had been errors in splitting out a creditors general ledger code between trade payables and other payables.

Recommendation: We recommend a more robust system is put in place to clarify which items should be trade payables and which items should be other payables.

7. Financial instruments

Financial instruments were not being disclosed correctly.

Control deficiency: Management have not considered definitions and disclosure requirements from the CIPFA Code when preparing the financial instruments note.

Recommendation: CIPFA guidance details the definitions and disclosure requirements regarding financial instruments, and this needs to be followed to be compliant with IFRS 9.

8. Overall Quality Review

There were five prior period adjustments identified and a number of control findings and recommendations for improvement which is higher than we would expect to see. We recognise the challenges that the Council's finance team have faced during this period but it is important that there is a quality check in place for future statements before they are submitted for audit.

Recommendation: We recommend that management performs a thorough review of the accounts and completes the CIPFA disclosure checklist and uses the CIPFA guidance notes when preparing the accounts and before they are submitted for audit.

Assessment of Control Environment (continued)

Area	Financial statements: Lack of supporting evidence
Observation	Within our sample for verification of debtors, there were three items that related to Montagu Evans payovers that could not be supported. Montagu Evans manage the Castle Quay complex and receive income and make payments in relation to the rentals etc on behalf of the Council.
Impact	Evidence needs to be kept to support the figures in the general ledger to ensure the accuracy of the general ledger.
Management comment	Time has been spent working with Montagu Evans to improve both the quality and our interpretation of the evidence trail supporting the transactions. We now receive PDF versions and excel versions which we use to reconcile the payovers.

Area	Head office collection account
Observation	When income is received in the bank the following entries are made: Dr bank and Cr 82706. The AIM system provides a detailed analysis of card transactions etc and the reports from this system are used to identify transactions in code 82706 and reallocate the item across to the relevant income code. So if there were no timing differences the balance on 82706 would be zero, but in reality there are always timing differences.
Impact	During the audit we were unable to agree the balance to supporting evidence, which meant we were unable to support the figures in the financial statements.
Management comment	We have now implemented an automated reconciliation process. This has been up and running for most of 23/24 financial year and was used to reconcile 22/23 as well.

Assessment of Control Environment (continued)

Area	Minimum Revenue Provision (MRP)
Observation	The decision to charge nil MRP on capital loans is a divergence from paragraphs 46 and 47 of the Statutory Guidance on Minimum Revenue Provision issued by the Secretary of State under section 21(1A) of the Local Government Act 2003 (the Guidance). We recognise that there has been consultation and updates to the guidance.
Impact	We recommend that the MRP policy is reviewed and updated as necessary to reflect changes to the guidance and that Members are updated on any changes deemed appropriate.
Management comment	The council along with the vast majority of other local authorities has adopted an MRP policy which does not charge MRP on capital loans to wholly owned companies that are supporting the delivery of the council's priorities. This policy was adopted for the 2015/16 year when the council first had a non-zero Capital Financing Requirement and has not changed. The Government has recently consulted on clarifying the statutory guidance and making it clear that MRP does not need to be charge MRP in these situations. The council will ensure that it's policy remains in line with statutory guidance following the outcome of the consultation and will ensure that it's MRP policy is compliant.

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Area	Minimum Revenue Provision (MRP)
Observation	Management did not calculate and account for MRP appropriately, which has led to an under provision of MRP In the period from 2018-19 to 2021-22 of £7.8m.
Impact	We recommend that the Council ensures it has a system of checks and balances to identify and remediate deviations from the Council's policies in complex and technical areas of the financial statements.
Management comment	The Council asked for Link to carry out a review in late 2022 into its approach to MRP as it wanted to ensure that it was operating correctly. Link identified that the council had not been providing for MRP appropriately in relation to share capital (charging 2% rather than 5%). As the 2021/22 accounts were still open, the Council has updated the 2021/22 accounts and made the appropriate prior year adjustments that go with this. As part of this work the council has now also produced a detailed breakdown of the CFR balance to ensure that MRP is calculated and charged on an asset-by-asset basis to ensure that the period over which MRP is charged is appropriate for all items.

Assessment of Control Environment (continued)

Area	Investment Property Classification
Observation	We identified several properties that had been classified as land and buildings under PPE, but had been classified as investment properties in error. Control deficiency: Management had not considered whether or not the buildings that it rents out had operational purpose and its classification as PPE or investment properties under the CIPFA code.
Impact	Recommendation: We recommend the CIPFA guidance is used to classify land and buildings to see if they meet the criteria of investment properties before they are classified as such.
Management comment	The council has carried out a significant review of all of its assets in 2023 to ensure they were all classified appropriately. The council identified a significant number of properties that were historically identified as investment property, but should have been classified as PPE per the guidance. As such, the council has looked to reclassify all of these assets in the latest set of accounts that were still open – 2021/22.

Area	Payables classification
Observation	It was identified there had been errors in splitting out a creditors general ledger code between trade payables and other payables.
Impact	Recommendation: We recommend a more robust system is put in place to clarify which items should be trade payables and which items should be other payables.
Management comment	The council identified this error when preparing the draft statements due to introducing a more robust system for classifying between trade payables and other payables. Therefore we are satisfied that this is already in place.

Assessment of Control Environment (continued)

Area: Financial Instruments

Observation

Financial instruments were not being disclosed correctly.

Control deficiency: Management have not considered definitions and disclosure requirements from the CIPFA Code when preparing the financial instruments note.

Impact

The Council need to be compliant with IFRS 9 and CIPFA guidance details the definitions and disclosure requirements regarding financial instruments, and this needs to be adhered to.

Management comment

The majority of the changes to the financial instruments notes were identified when preparing the draft statements as management took a fresh look at whether the disclosures were appropriate. The council has now built into its closedown procedures a more detailed review of debtors and creditors to ensure all financial instruments are correctly identified and disclosed.

Area: Overall Quality Review

Observation

There were five prior period adjustments identified and the number of control findings and recommendations for improvement are higher than we would expect to see. We recognise the challenges that the Council's finance team have faced during this period but it is important that there is a quality check in place for future statements before they are submitted for audit.

Impact

We recommend that management performs a thorough review of the accounts and completes the CIPFA disclosure checklist and uses the CIPFA guidance notes when preparing the accounts and before they are submitted for audit.

Management comment

The council has undertaken a significant review to improve the quality of its accounts. As the 2021/22 accounts were still open the council has looked to include the outcomes of these reviews into this set of accounts. The expectation is that following this prior year adjustments would become less frequent. For the draft 2022/23 accounts the council has increased the level of checks that are done before publishing draft accounts, including increased consistency checks, an analytical review of the primary statements, completing CIPFA's disclosure checklist and a review of individually material transactions.

08 Data Analytics

Data Analytics

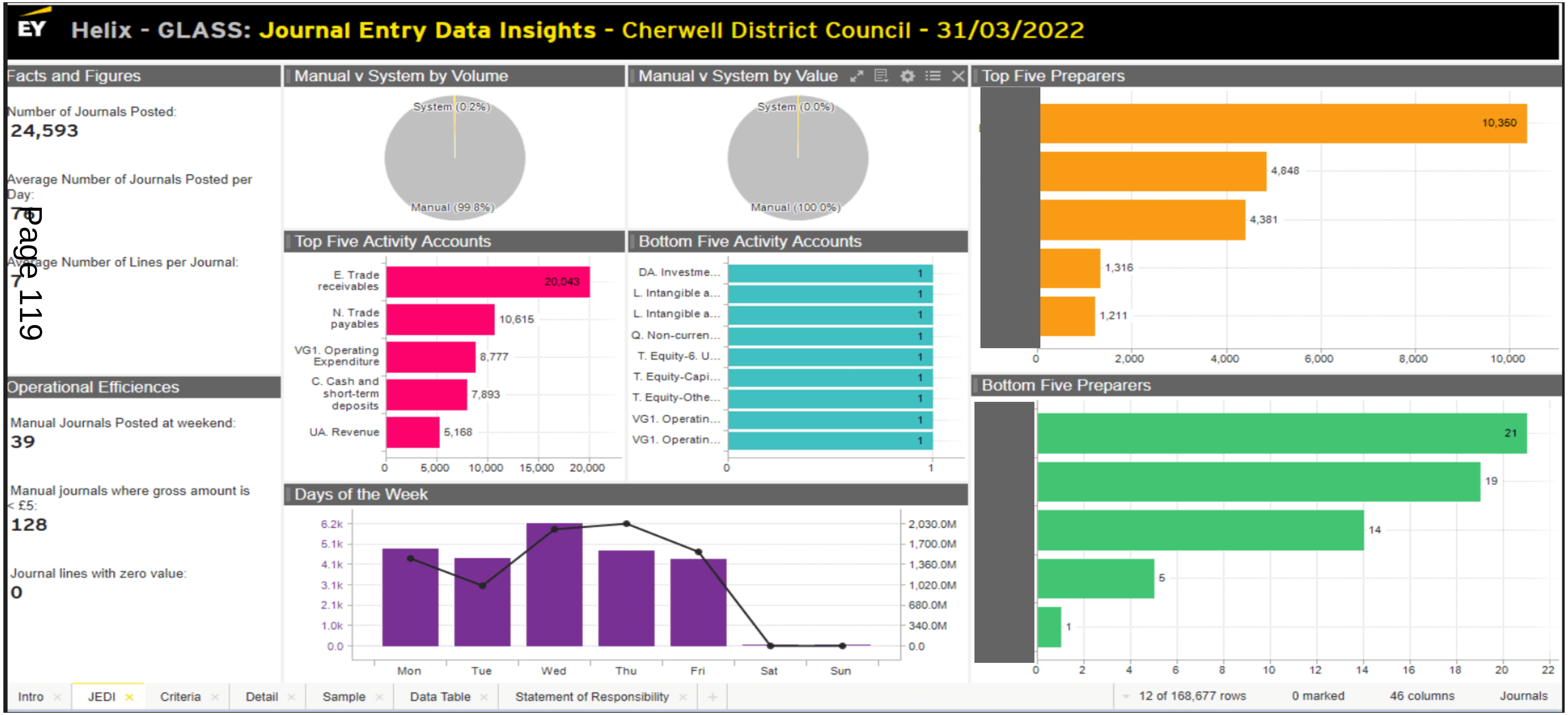
Journal Entry Testing

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.

What judgements are we focused on?

Using our analytics tools we are able to take a risk focused approach to identify journals with higher risk of management override.



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

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below. Further detail of all fees has been provided to the Accounts, Audit and Risk Committee.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We confirm there are no changes in our assessment of independence since our confirmation in our audit planning report dated 15 September 2022.

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.

We confirm we do not plan to undertake non-audit work outside of the Statement of responsibilities of auditors and audited bodies as issued by the Public Sector Audit Appointments Ltd . We will apply the necessary safeguards in our completion of this work should we be required to complete any.

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2021/22	Final Fee 2020/21
	£	£
Base Audit Fee – Code work (See Note 1)	40,138	40,138
Group consideration	TBC	5,533
Impact of Covid-19	TBC	10,035
PPE significant risk work	TBC	7,500
Impact of new ISA540	TBC	2,489
Change to VFM reporting	TBC	6,513
Quality and preparation	TBC	13,006
Pension valuation	TBC	2,625
Increased FRC challenge	TBC	6,000
Technical accounting issues	TBC	
Work of an internal expert	TBC	6,350
Other	TBC	2,113
Total audit fees	**TBC**	**102,302**
Review of Grants – Housing Benefit	TBC	29,070
Total fees	**TBC**	**131,372**

All fees exclude VAT

Notes:

1. We remain in discussion with PSAA about increasing the scale fee to reflect the additional work auditors are required to meet regulatory requirements.
2. The 2020/21 additional fees have been discussed with management and agreed with the PSAA.

The agreed fee presented is based on the following assumptions:

► Officers meeting the agreed timetable of deliverables;

► Our accounts opinion and value for money conclusion being unqualified;

► Appropriate quality of documentation is provided by the Council; and

► The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Other communications

EY Transparency Report 2022
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 2023: EY UK 2023 Transparency Report | EY UK

10 Appendices

Required communications with the Accounts, Audit and Risk Committee

There are certain communications that we must provide to the Accounts, Audit and Risk Committees of UK entities. 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, September 2022.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report, September 2022.
Significant findings from the audit	▸ 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 planning report, September 2022.

Appendix A

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ Whether the events or conditions constitute a material uncertainty related to going concern ▸ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▸ The appropriateness of related disclosures in the financial statements	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.
Misstatements	▸ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▸ The effect of uncorrected misstatements related to prior periods ▸ A request that any uncorrected misstatement be corrected ▸ Material misstatements corrected by management	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.
Subsequent events	▸ Enquiry of the Accounts, Audit and Risk Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.

Appendix A

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Fraud	▸ Enquiries of the Accounts, Audit and Risk Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▸ 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 entity, any identified or suspected fraud involving: 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.	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ 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 entity	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.

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Appendix A

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
	Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place. For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019: ▸ Relationships between EY, the company and senior management, its affiliates and its connected parties ▸ Services provided by EY that may reasonably bear on the auditors' objectivity and independence ▸ Related safeguards ▸ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▸ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▸ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▸ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▸ The Accounts, Audit and Risk Committee should also be provided an opportunity to discuss matters affecting auditor independence	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.
External confirmations	▸ Management's refusal for us to request confirmations ▸ Inability to obtain relevant and reliable audit evidence from other procedures.	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.
Consideration of laws and regulations	▸ 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	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.

Appendix A

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Significant deficiencies in internal controls identified during the audit	▸ Significant deficiencies in internal controls identified during the audit.	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.
Group Audits	▸ 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.	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.
Written representations we are requesting from management and/or those charged with governance	▸ Written representations we are requesting from management and/or those charged with governance	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	▸ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.
Auditors report	▸ Key audit matters that we will include in our auditor's report ▸ Any circumstances identified that affect the form and content of our auditor's report	Draft Audit results report, Jan 2024 and Final Audit results report, Mar 2024.

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Draft Management representation letter

Management Rep Letter

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

Ernst & Young
FAO: Maria Grindley
R+ Building
2 Blagrave St
Reading
RG1 1AZ

This letter of representations is provided in connection with your audit of the consolidated and Council financial statements of Cherwell District Council ("the Group and Council") for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and Council financial statements give a true and fair view of the Group and Council financial position of Cherwell District Council as of 31 March 2022 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and Council CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and Council financial statements. We believe the consolidated and 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 Group in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022) and are free of material misstatements, including omissions. We have approved the consolidated and Council financial statements.

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

4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022) for the Group and 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 and the effects of the conflicts and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.

Management representation letter

Management Rep Letter (cont'd)

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 consolidated and 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].

6. We confirm the Group and Council does not have securities (debt or equity) listed on a recognized exchange.

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

1. We acknowledge that we are responsible for determining that the Group and 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 consolidated and Council financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or Council (regardless of the source or form and including without limitation, any 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 consolidated or 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 Group or 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 consolidated and Council financial statements, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

3. We have made available to you all minutes of the meetings of the Group, 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 the following date: [list date] and 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 the following date: [list date].

Management representation letter

Management Rep Letter (cont'd)

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

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the applicable financial reporting framework.

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

7. From the date of our last management representation letter through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact on the Group and Council financial statements, in each case or in the aggregate, and ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

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 consolidated and 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 to litigation and claims, both actual and contingent. No guarantees have been given to third parties.

E. Going Concern

1. Accounting policy a) General Principles to the consolidated and Council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. There have been no events , including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to year end which require adjustment of or disclosure in the consolidated and Council financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

Management representation letter

Management Rep Letter (cont'd)

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered ,including the impact resulting from the commitments made by the Group and Council, and reflected in the consolidated and Council financial statements.

2. The key assumptions used in preparing the consolidated and Council financial statements are, to the extent allowable under the requirements of the applicable financial reporting framework, aligned with the statements we have made in the other information or other public communications made by us (see section H).

I. Prior year adjustments

There were five prior year adjustments:

1. Investment properties £55,918k - Assets had been incorrectly classified as Investment properties when they did not fit the criteria of investment properties and should have been shown as property, plant and equipment (PPE).

2. Short term creditors £6,789k - Some balances had been classified as 'Trade Payables' but should have been 'Other Payable Amounts'. This has no impact on the bottom line.

3. Financial Instruments Tables: Financial Instruments – Liabilities: £(923k), Financial Instruments – Assets: £5,170k, Provision (both short & long term): £9,029k,Financial Instruments – Fair value Liabilities: £46,541k, Financial Instruments – Fair value Asset: £(31,324k)
a. Provisions were being disclosed in the financial instruments table, but provisions fall outside the scope of IFRS 9.
b. Non-financial debtors and creditors had been disclosed in the fair value tables but again fall outside the scope of IFRS 9. This has no impact on the bottom line.

4. Minimum Revenue Provision £5,344k - The minimum revenue provision had been calculated using a 50 year asset life for all assets rather than taking into account the different lives of asset.

5. Property, plant and equipment £4,230k – Banbury Bus Station had been overvalued and treated in the valuation report as if there was a building on the premises, whereas the area consists of an open tarmac space with no buildings.

The comparative amounts have been correctly restated to reflect the above matters and appropriate note disclosure of these restatements have also been included in the current year's consolidated and Council financial statements.

J. Ownership of Assets

1. Except for assets recognised as right-of-use assets in accordance with IFRS 16 Leases, the Group and Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Group and Council's assets, nor has any asset been pledged as collateral. All assets to which the Group and Council has satisfactory title appear in the balance sheet(s).

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the consolidated and Council financial statements.

K. Reserves

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

Management representation letter

Management Rep Letter (cont'd)

L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the IAS 19 actuarial valuations of the Pensions Liability, the valuation of Property, Plant and Equipment and Investment Property and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and 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.

M. Pensions Liability, Property, Plant and Equipment, and Investment Property Estimate

1. We confirm that the significant judgments made in making the IAS 19 actuarial valuations of the pensions liability, the valuation of property, plant and equipment, and investment property estimates have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the IAS 19 actuarial valuations of the pensions liability, the valuation of property, plant and equipment, and investment property estimates.

3. We confirm that the significant assumptions used in making the IAS 19 actuarial valuations of the pensions liability, the valuation of property, plant and equipment, and investment property estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.

4. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

5. We confirm that appropriate specialized skills or expertise has been applied in making the IAS 19 actuarial valuations of the pensions liability, the valuation of property, plant and equipment, and investment property estimates.

6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and parent entity financial statements, including due to the COVID-19 pandemic.

N. 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)

____

(Chairman of the Audit Committee)

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Cherwell District Council
Auditor's Annual Report

Year ended 31 March 2022

March 2024

Contents

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.
The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.
This report is made solely to the Accounts, Audit and Risk Committee and management of Cherwell District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Accounts, Audit and Risk Committee and management of Cherwell District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Accounts, Audit and Risk Committee and management of Cherwell District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

Introduction

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Council, or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2021/22 audit work in accordance with the Audit Plan that we issued on 15 September 2022. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- If we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Introduction (continued)

2012/22 Conclusions	
Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor's report on 7th March 2024
Going concern	We have concluded that the Assistant Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of the other information published with the financial statement	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the Council's VFM arrangements. We have included our VFM commentary in this report.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Council.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of government accounts	We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. The NAO have stated Nationally that they may require further procedures completing for 2021/22 audits and therefore whilst we have completed all required work to date we cannot close this area until we have confirmation that no more will be required.
Certificate	We will issue our certificate once we have concluded our Whole of Government Accounts procedures. As set out above, we cannot currently conclude on the WGA work until the NAO confirms if they would like any additional procedures performed.

Audit of the financial statements

Key findings

The Narrative Statement and Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On 7th March 2024, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the17 January 2024 Accounts, Audit and Risk Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan. In the final audit results report, we reported two areas for improvement in the control environment in the Audit Results Report.

Significant risk	Conclusion
Risk of fraud in revenue and expenditure recognition	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. 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. 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 or management bias. We did not identify any other transactions during our audit which appeared unusual or outside the normal course of business.
Misstatements due to fraud or error - Inappropriate capitalisation of revenue expenditure	Our work did not identify any material weaknesses in the design and/or operation of controls or evidence of material misstatements, whether due to fraud or error, related to the inappropriate capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied. Our work did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.
Misstatements due to fraud or error - Inappropriate recognition of Other Income - rental income	Our work did not identify any material weaknesses in the design and/or operation of controls or evidence of material misstatements, whether due to fraud or error, related to the inappropriate revenue recognition of other income for rental income. Our work did not identify any instances of inappropriate judgements being applied. Our work did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.
Significant risk - Valuation of Land and Buildings and Investment Property	There were some reclassification misstatements where properties had been incorrectly classified as investment properties when they should have been classified as property, plant and equipment. There were two instances where the Fixed Asset Register, and the general ledger, had not been updated per the valuation reports in error. The financial statements have been amended to reflect these errors. We are now satisfied that the valuation of PPE and IP is materially fairly stated.
Significant risk - Valuation of Infrastructure Assets	We have not identified any material misstatements

Value for Money

We did not identify any risks of significant weaknesses in the Council’s VFM arrangements for 2021/22.

Scope

We are required to report on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in it use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our VFM risk assessment to the 17 January 2024 Accounts, Audit and Risk Committee meeting which was based on a combination of our cumulative audit knowledge and experience, our review of Council committee reports, meetings with officers and evaluation of associated documentation through our regular engagement with Council management and the finance team.

Reporting

We completed our risk assessment procedures in December 2023 and did not identify any significant weaknesses in the Council's VFM arrangements. We have also not identified any significant risks during the course of our audit. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our VFM commentary highlights relevant issues for the Council and the wider public.

Our commentary for 2021/22 is set out over pages 7 to 9. The commentary on these pages summarises our conclusions over the arrangements at the Council in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22.

In accordance with the NAO’s 2020 Code, we are required to report a commentary against three specified reporting criteria:

We have no matters to report by exception in the audit report.

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weaknesses identified

Value for Money (continued)

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

The budget process for 2021/22 took place in a very different scenario to recent budget processes for the Council for two key reasons:

- The country was in the grip of the Covid-19 pandemic, causing in-year budget pressures, which resulted in a revised 2020/21 budget being developed and approved by the Council; and
- The Council was required to identify significant levels of savings in order to set a balanced budget.

Despite these challenges, the Council was able to operate a budget process that included £4.4m savings in 2021/22 in order to set a balanced budget. The Council's website is transparent in demonstrating how the Council intended to use its resources over the medium-term planning period.

The process for the development of the budget for 2021/22 began in February 2020 when the Medium-Term Financial Strategy (MTFS) identified significant level of savings would be required in 2021/22. Further in year savings were also identified as a result of the Districts Council's response to and support for the communities during the Covid-19 pandemic. The process was further challenged by being delivered with covid restrictions in place.

Primarily due to the financial impacts of the Covid-19 pandemic and the anticipated business rates reset, the Council was in a situation of having to identify savings in order to balance its budget. Due to its success in growing its business rates income in recent years, the Council has not had to identify significant savings proposals, so this became a new element to the process for the 2021/22 budget.

The Council also recognised that there was considerable financial uncertainty and so understanding the reserves available was essential to be able to react to financial shocks.

Overall the 2021/22 Budget and Business Planning process was able to identify sufficient savings proposals to balance its budget for 2021/22.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Value for Money (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

We have seen through our attendance at Accounts, Audit and Risk Committee meetings and our review of the minutes that key decisions made are backed up by the appropriate supporting evidence. In addition, the relevant officers attend the Committees to present their papers and to answer any questions the Committee may have.

The Council has an Internal Audit and Counter Fraud Team. There is an approved annual internal audit plan, reports are produced from individual assignments which conclude on the operation of internal controls . Internal Audit provide an overall annual opinion on the effectiveness of governance, risk management and internal control. The Council has a Counter Fraud Strategy which guides the Council's approach to its fraud response. The Council's Counter Fraud Team are responsible for investigating instances of fraud, applying appropriate sanctions, and undertaking proactive and preventative work to prevent and detect.

During 2021/22, Internal Audit completed nine audits, using the RAG ratings, the results were one green, seven amber and one red.

The ‘red’ conclusion was for Payment Card Industry Data Security Standard (PCI-DSS). This is because they found there is currently a weak control framework over PCI compliance, resulting in a number of key risks, including potential fines, penalties and reputational damage as a result of cardholder data being compromised. The report raised nine recommendations of which six had been implemented when internal audit wrote their annual report in May 2022 and the other three were not due to be implemented yet.

The Council has a Risk and Opportunities Management Strategy, the objectives of which are to:
- maintain a register that identifies, assesses and scores all Leadership risks and opportunities facing the council, which will assist the council in achieving their strategic priorities through pro-active risk management
- rate all significant risks in terms of likelihood of occurrence and potential impact upon the council and ensure effective controls are in place to mitigate significant risks
- allocate clear ownership, roles, responsibilities and accountability for risk management
- facilitate compliance with best practice in corporate governance, which will support the Annual Governance Statements (issued with the annual statement of accounts)
- raise awareness of the principles and benefits involved in the risk management process, and to obtain staff and Member commitment to the principles of risk management and control
- ensure that good quality risk information is provided to the Chief Executive Direct Reports (CEDR) and Members, providing a framework for assurance that the controls identified to mitigate a risk are operating effectively
- ensure there is a link to the business plan.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to make informed decisions and properly manage its risks.

Value for Money (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

Monthly performance monitoring and reporting on all corporate objectives within the business plan The joint performance, risk and finance report brings three core areas together linking any areas of concern/development. Financial performance is monitored each month and is revisited as necessary

The performance management framework includes a robust RAG (Red, Amber and Green) performance monitoring process.
Tolerances and targets are agreed with services as part of the business and service planning process. Monthly performance gathering and reporting is reported to Chief Executive Direct Reports (CEDR) and any areas of concern challenged with services as to next steps.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Appendices

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Financial Sustainability

Reporting Sub-Criteria	Findings
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Council has introduced an updated and more transparent Medium Term Financial Strategy as part of developing the 2021/22 budget. This captures the Council's expectations for inflation, budgetary pressures, savings proposals, planned uses of reserves, interest costs and income from business rates, government grants and council tax. This provides the foundation for the Council's financial planning. The Council automatically incorporates corporate inflation factors for the main cost drivers of the Council - pay and contract - as part of the MTFS so these addressed each year. The Council is a member of the Society of District Council Treasurers and is kept informed of major Government funding decisions. The Council's finance team (along with other functions of the Council) also monitor major Government announcements, e.g. the Spending Review and Budget to help forecast levels of Government support that will be announced as part of the LG Finance Settlement. The Finance Team also works closely with its revenues and benefits and Planning teams to forecast the level of resources that will be available to it from business rates and council tax in the coming years. The Council's budget process also asks services to identify any pressures their service may be facing over the medium term as part of the annual budget process. This allows the Council to incorporate anticipated service changes at the earliest opportunity and plan appropriately.

Appendix A – Summary of arrangements (continued)

Financial Sustainability

Reporting Sub-Criteria	Findings
How the body plans to bridge its funding gaps and identifies achievable savings	The Council ran the 2021/22 budget process to consider the additional costs of Covid facing the Council and identified savings proposals to address this. In the 2021/22 budget, savings of £4.4m was proposed, of which £0.2m were previously planned and £4.2m are new savings proposals. In December 2020, the Council consulted on £4.3m new savings proposals. After receiving consultation responses and considering the level of resources available to it following the Local Government Finance Settlement, the Council has amended its savings proposals. The focus of the savings proposals developed was to ensure a balanced budget could be achieved for 2021/22, but this left a funding gap of £7m for 2022/23. The Council developed a clear MTFS approach for how the Council would address this gap: - Continue its partnering arrangements in the future including: a) alignment with Oxfordshire County Council services where this will benefit our residents and businesses and make financial sense to do so b) joint contracting and commissioning arrangements c) continuing our journey to transform the way in which we deliver with other partners - Overarching review of the Council's priorities for 2022/23 and beyond and alignment of the Council's resources in order to maximise delivery against these. This will require savings proposals to be identified that focus on those areas that are of a lower priority to the Council. - Begin a fundamental review of the services provided by CDC, taking into account the changing needs of the residents of Cherwell. Ensure future service provision is focussed on the delivery of the Council's priorities. - Considering further approaches to maximise the levels of income the Council can generate to support frontline services. - "Growing our way" out of trouble by identifying opportunities with the right business cases - Continuing to lobby policy makers, highlighting where we have been delivering growth and driving benefits to others Whilst the Council has reserves that could be used to address the Gap in the Short-Term, the Council recognises that this would not be sustainable and so has set out a strategy to identify the savings that it requires over the medium-term.

Appendix A – Summary of arrangements (continued)

Financial Sustainability

Reporting Sub-Criteria	Findings
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	Savings proposals are developed by the Assistant Directors within the services. Each AD is fully aware of the statutory duties of the service that they provide and how these link with the priorities of the Council. These are considered by the ADs when preparing savings proposals. However, ADs are encouraged to put forward all proposals that could be applied to their service as Members must ultimately make the decision on what is the most appropriate saving to make in the context of the overall budget and minimises any impact on the delivery of priorities.
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	The Council coordinates its budget process via the Budget and Business Planning Group. This is a team that incorporates Finance, Legal, Policy, Performance and HR. Finance, HR and Legal sign off of savings proposals, pressures is required for all forms submitted as part of the process. The Budget Report approved by Council includes the Business Plan as its first appendix stating clearly what the priorities of the Council are and what the budget is intended to deliver. The Financial Plan and Capital and Investment Strategies are all produced by Finance and form part of the overall suite of budget papers approved by the Council.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	On setting the 2022/23 budget, the Director of Finance carried out a risk assessment on the minimum level of general balances the Council needs to hold. This was carried out on a financial risk basis considering the likelihood of the risk materialising. This identified that general balances should be increased to a minimum of £6m, which was incorporated into the 2022/23 budget. In addition, the Council carried out a fundamental review of its reserves in 2021/22 to remove small specific reserves and combine these into more strategic reserves that could be available for unforeseen costs and projects the Council needs to undertake.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria	Findings
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Council has an Internal Audit and Counter Fraud Team. There is an approved annual internal audit plan, reports are produced from individual assignments which conclude on the operation of internal controls. Internal Audit provide an overall annual opinion on the effectiveness of governance, risk management and internal control. The Council has a Counter Fraud Strategy which guides the Council's approach to its fraud response. The Council's Counter Fraud Team are responsible for investigating instances of fraud, applying appropriate sanctions, and undertaking proactive and preventative work to prevent and detect.
How the body approaches and carries out its annual budget setting process	The Council coordinates its budget process via the Budget and Business Planning Group. This is a team that incorporates Finance, Legal, Policy, Performance and HR. The Council's MTFS spans 5 years and identifies significant pressures and changes in funding anticipated by the Council. The MTFS is updated in June/July with the latest funding estimates (e.g. business rates and council tax). This allows the Council to update the Gap it anticipates having to address. Savings, unavoidable pressures and capital bids are required to be identified over the summer. These are considered and reviewed by Senior Management in early autumn and then considered informally by the Executive to determine what the Council may proceed with. A public consultation on the savings proposals takes place over December/early January before the Exec determines what it will propose to Council as its budget. The Budget Planning Committee considers the Budget Proposals and its comments are also taken into consideration as the Exec determines its budget proposal. Accounts Audit and Risk Committee scrutinise the Capital, Investment and Treasury Management Strategies and recommend these to the Executive.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria	Findings
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	The MTFS is the main control document when developing the budget for the coming year. This is reconciled to the ledger to ensure that both balance. Throughout the year, monthly budget monitoring takes place. This communicates the Council's forecast outturn position for the year and explains the material reasons for any variances between the forecast and the budget. The monthly budget monitoring report is part of the Council's overall Performance Report which ensures that the Council is able to consider the performance of its services, the financial position and risks associated with the authority in one place each month. The monthly budget monitoring reports allow the Council to get an early indication of any budgetary challenges that may be faced in year. The Council introduced a Budget Oversight Group in 2022/23 to monitor the budget variances and provide challenge about what can be done to mitigate the in-year forecast overspends. This has resulted in some service areas being able to reduce their forecast overspend.
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	All reports to members are written by the Directorate that is expert in the area of the decision. Each report must also be checked and signed off by Finance, Legal and Risk teams. This ensures that all reports have appropriate information so that members can be assured that they are making an informed choice with all of the implications of the decision they are recommended to take available. Additionally, reports require alternative options to have been identified and reasons for them to have been discounted. This allows members to understand why the recommendation before them has been arrived at. The budget and business planning process require all new proposals to be completed by the service in conjunction with the relevant finance, HR and legal support officers. Therefore, when senior officers and members are considering which savings proposals to agree they can be confident that they have all of the relevant information. The Budget Planning Committee also considers the revenue and capital budget proposals and makes recommendations to Executive for what should be incorporated in the budget recommended to Council. Treasury management investment decisions are taken in line with the Treasury Strategy approved each year by Council. The Treasury Strategy is also considered by AARC and recommended to Council as part of AARC's risk remit. The Council employed Link as its Treasury Advisors in 2021/22 to ensure that it had expert advice on how it should implement its borrowing strategy and split borrowing between long term and short term.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria	Findings
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	The Council provides governance training to officers and Member Code of Conduct issues are a key part of Councillor Induction. The Monitoring Officer role provides advice to members on an ongoing basis and specific guidance issued at key times (e.g. pre-election periods, budget setting). A standard item on agendas reminds members to declare interests.

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	Monthly performance monitoring and reporting on all corporate objectives within the business plan enables CEDR and Members to identify any areas of concern and implement improvement plans to address concerns. These reports are monthly and available to residents to ensure progress is being communicated and areas of development in being identified and managed accordingly. The joint performance, risk and finance report brings three core areas together linking any areas of concern/development. Financial performance is monitored each month and is revisited as necessary e.g. impact of COVID and address the additional costs/lost income faced by the Council and not funded by the Government.
How the body evaluates the services it provides to assess performance and identify areas for improvement	The performance management framework includes a robust RAG (Red, Amber and Green) performance monitoring process. Tolerances and targets are agreed with services as part of the business and service planning process. Monthly performance gathering and reporting is reported to CEDR and any areas of concern challenged with services as to next steps etc.

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	The Council has subsidiary companies in 2021/22 of Graven Hill, Crown House and CSN Resources. Each of these companies must report quarterly into the Shareholder Committee so that Members are aware of the performance of the companies against their agreed performance objectives and business plan. There are also officer led shareholder liaison meetings that take place in advance of the member meetings to understand the current situation, identify any issues and how they can be addressed ready to report to committee. For Crown House and Graven Hill, there were revised plans because of COVID impact and associated delays.
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	Contract Procedure Rules and Financial Procedure Rules dictate how procurements are run; legal services and procurement oversee all procurement activity to ensure compliance with the law and procedure rules. Procurement officers use the Procurement Handbook which details all processes and templates to support them in their work, to ensure that standards are met. These are updated to ensure compliance with relevant policies and legislation. Officers are encouraged to have MCIPS qualification (professional procurement qualification) as a means of an external professional standard. Significant contracts are actively managed by Procurement to ensure that benefits are realised and that any issues with delivery are addressed promptly and resolved.

Appendix B – Summary of all recommendations

Recommendations

The table below sets out all the recommendations arising from the financial statements and value for money audits in 2021/22. All recommendations have been agreed by management.

Issue	Recommendation	Management Response
Financial statements: Lack of supporting evidence Within our sample for verification of debtors, there were three items that related to Montagu Evans payovers which could not be supported to suitable evidence. Montagu Evans manage the Castle Quay complex and receive income and make payments in relation to the rentals etc on behalf of the Council.	Evidence needs to be kept to support the figures in the general ledger to ensure the accuracy of the general ledger.	Time has been spent working with Montagu Evans to improve both the quality and our interpretation of the evidence trail supporting the transactions. We now receive PDF versions and excel versions which we use to reconcile the payovers.
Head Office Collection Account When income is received in the bank the following entries are made: Dr bank and Cr 82706. There is a system called AIM which provides a detailed analysis of card transactions etc and the reports from this system are used to identify transactions in code 82706 and reallocate the item across to the relevant income code. So if there were no timing differences the balance on 82706 would be zero, but in reality there are always timing differences. During the audit we were unable to agree the balance to supporting evidence.	There is currently no reconciliation of the Head Office Collection account balance and so it cannot easily be agreed to supporting evidence.	We have now implemented an automated reconciliation process. This has been up and running for most of 23/24 financial year and was used to reconcile 22/23 as well.
Minimum Revenue Provision (MRP) Policy The decision to charge nil MRP on capital loans is a divergence from paragraphs 46 and 47 of the Statutory Guidance on Minimum Revenue Provision issued by the Secretary of State under section 21(1A) of the Local Government Act 2003 (the Guidance). We recognise that there has been consultation and updates to the guidance.	We recommend that the MRP policy is reviewed and updated as necessary to reflect changes to the guidance and that Members are updated on any changes deemed appropriate.	The council along with the vast majority of other local authorities has adopted an MRP policy which does not charge MRP on capital loans to wholly owned companies that are supporting the delivery of the council's priorities. This policy was adopted for the 2015/16 year when the council first had a non-zero Capital Financing Requirement and has not changed. The Government has recently consulted on clarifying the statutory guidance and making it clear that MRP does not need to be charge MRP in these situations. The council will ensure that it's policy remains in line with statutory guidance following the outcome of the consultation and will ensure that it's MRP policy is compliant.

Appendix B – Summary of all recommendations (continued)

Issue	Recommendation	Management Response
Minimum Revenue Provision (MRP) Policy **Management did not calculate and account for MRP appropriately which has led to an under provision of MRP In the period from 2018-19 to 2021-22 of £7.8m.**	We recommend that the Council ensures it has a system of checks and balances to identify and remediate deviations from the Council's policies in complex and technical areas of the financial statements.	The Council asked for Link to carry out a review in late 2022 into its approach to MRP as it wanted to ensure that it was operating correctly. Link identified that the council had not been providing for MRP appropriately in relation to share capital (charging 2% rather than 5%). As the 2021/22 accounts were still open, the Council has updated the 2021/22 accounts and made the appropriate prior year adjustments that go with this. As part of this work the council has now also produced a detailed breakdown of the CFR balance to ensure that MRP is calculated and charged on an asset-by-asset basis to ensure that the period over which MRP is charged is appropriate for all items.
Investment Property Classification **We identified several properties that had been classified as land and buildings under PPE, but had been classified as investment properties in error. Management had not considered whether or not the buildings that it rents out had operational purpose and its classification as PPE or investment properties under the CIPFA code.**	**We recommend the CIPFA guidance is used to classify land and buildings to see if they meet the criteria of investment properties before they are classified as such.**	The council has carried out a significant review of all of its assets in 2023 to ensure they were all classified appropriately. The council identified a significant number of properties that were historically identified as investment property, but should have been classified as PPE per the guidance. As such, the council has looked to reclassify all of these assets in the latest set of accounts that were still open – 2021/22.
Payables classification It was identified there had been errors in splitting out a creditors general ledger code between trade payables and other payables.	We recommend a more robust system is put in place to clarify which items should be trade payables and which items should be other payables.	The council identified this error when preparing the draft statements due to introducing a more robust system for classifying between trade payables and other payables. Therefore we are satisfied that this is already in place.
Financial Instruments Financial instruments were not being disclosed correctly. Management have not considered definitions and disclosure requirements from the CIPFA Code when preparing the financial instruments note.	The Council need to be compliant with IFRS 9 and CIPFA guidance details the definitions and disclosure requirements regarding financial instruments, and this needs to be adhered to.	The majority of the changes to the financial instruments notes were identified when preparing the draft statements as management took a fresh look at whether the disclosures were appropriate. The council has now built into its closedown procedures a more detailed review of debtors and creditors to ensure all financial instruments are correctly identified and disclosed.
Overall Quality Review There were five prior period adjustments identified and the number of control findings and recommendations for improvement are higher than we would expect to see. We recognise the challenges that the Council's finance team have faced during this period but it is important that there is a quality check in place for future statements before they are submitted for audit.	We recommend that management performs a thorough review of the accounts and completes the CIPFA disclosure checklist and uses the CIPFA guidance notes when preparing the accounts and before they are submitted for audit	The council has undertaken a significant review to improve the quality of its accounts. As the 2021/22 accounts were still open the council has looked to include the outcomes of these reviews into this set of accounts. The expectation is that following this prior year adjustments would become less frequent. For the draft 2022/23 accounts the council has increased the level of checks that are done before publishing draft accounts, including increased consistency checks, an analytical review of the primary statements, completing CIPFA's disclosure checklist and a review of individually material transactions.

Appendix C – Fees

Fees

We carried out our audit of the Council's financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated April 2018)". As outlined in the Audit Results Report we were required to carry out additional audit procedures to address audit risks in relation to the risk of misstatements due to fraud or error – Management override, inappropriate capitalisation of revenue expenditure and inappropriate revenue recognition of other income – revenue recognition, the valuation of land and buildings and investment property, and the valuation of infrastructure. We have discussed an associated additional fee with the Assistant Director of Finance, we have set this out below.

Our fee for 2021/22 Core work is in line with the audit fee reported in our 2021/22 Audit Results Report, and we have updated this below to take into account of the extra work required to complete the audit.

We confirm we have not undertaken any non-audit work.

Description	Final Proposed Fee 2021/22 £	Planned Fee 2021/22 £	Final Fee 2020/21 £
Total Audit Fee – Code work	40,138	40,138	40,138
Group consideration	9,500*	TBC	5,533
Impact of Covid-19	-	TBC	10,035
PPE significant risk work	15,000*	TBC	7,500
Impact of new ISA540	2,750*	TBC	2,489
Change to VFM reporting	8,450*	TBC	6,513
Quality and preparation	10,250*	TBC	13,006
Pension valuation	4,250*	TBC	2,625
Increased FRC challenge	12,000*	TBC	6,000
Technical accounting issues	24,750*	TBC	-
Work of an internal expert	6,500*	TBC	6,350
Other	3,500*	TBC	2,113
Total audit fees	137,088*	TBC	**102,302**
Review of Grants – Housing Benefit	TBC	TBC	29,070
Total fees	TBC	TBC	**131,372**

*NB – this fee remains subject to determination and approval by PSAA Ltd.

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Appendix C – Fees
Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY | Assurance | Tax | Transactions | Consultancy

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.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

ED None

EY-000070901-01 (UK) 07/18. CSG London.

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Cherwell
DISTRICT COUNCIL
NORTH OXFORDSHIRE

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Bodicote House
Bodicote
Banbury
Oxfordshire
OX15 4AA

www.cherwell.gov.uk

Please ask for:	Michael Furness	Direct Dial:	01295 221845
Email:	Michael.Furness@Cherwell-dc.gov.uk	Our Ref:	Letter of Representations

07/03/2024

Dear Maria

This letter of representations is provided in connection with your audit of the consolidated and Council financial statements of Cherwell District Council ("the Group and Council") for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and Council financial statements give a true and fair view of the Group and Council financial position of Cherwell District Council as of 31 March 2022 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and Council, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of

Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and Council financial statements. We believe the consolidated and 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 Group in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20*21/22* (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022) and are free of material misstatements, including omissions. We have approved the consolidated and Council financial statements.

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

4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) for the Group and 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 and the effects of the conflicts and related sanctions in Ukraine, Russia and/or Belarus 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 consolidated and Council financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because they are not material, and in the case of the projected misstatement this is not an actual misstatement, but an extrapolation based on the sample reviewed by the audit team.

6. We confirm the Group and Council does not have securities (debt or equity) listed on a recognised exchange.

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

1. We acknowledge that we are responsible for determining that the Group and 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 consolidated and Council financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or Council (regardless of the source or form and including without limitation, any 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 consolidated or 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 Group or 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 consolidated and Council financial statements, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

3. We have made available to you all minutes of the meetings of the Group, 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 the following date: 13th December 2023 and 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 the following date: 4th March 2024.

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

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the applicable financial reporting framework.

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

7. From the date of our last management representation letter through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact on the Group and Council financial statements, in each case or in the aggregate, and ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

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 consolidated and 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 to litigation and claims, both actual and contingent and have disclosed in Note 38 to the consolidated and council financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Accounting policy a) General Principles to the consolidated and Council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. There have been no events, including events related to the COVID-19 pandemic,

and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to year end which require adjustment of or disclosure in the consolidated and Council financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered, including the impact resulting from the commitments made by the Group and Council, and reflected in the consolidated and Council financial statements.

2. The key assumptions used in preparing the consolidated and Council financial statements are, to the extent allowable under the requirements of the applicable financial reporting framework, aligned with the statements we have made in the other information or other public communications made by us.

I. Prior year adjustments

There were five prior year adjustments:

1. Investment properties £39,871k - Assets had been incorrectly classified as Investment properties when they did not fit the criteria of investment properties and should have been shown as property, plant and equipment (PPE).

2. Short term creditors £6,635k - Some balances had been classified as 'Trade Payables' but should have been 'Other Payable Amounts'. This has no impact on the bottom line.

3. Financial Instruments Tables: Financial Instruments – Liabilities: £(6,007k), Financial Instruments – Assets: £5,170k, Provision (both short & long term): £9,029k, Financial Instruments – Fair value Liabilities: £46,682k, Financial Instruments – Fair value Asset: £(31,324k)

a. Provisions were being disclosed in the financial instruments table, but provisions fall outside the scope of IFRS 9.
b. Non-financial debtors and creditors had been disclosed in the fair value tables but again fall outside the scope of IFRS 9. This has no impact on the bottom line.
c. Some short-term payables and receivables had been incorrectly classified as non-financial, and so should be included in the financial instrument tables.

4. Minimum Revenue Provision £5,344k - The minimum revenue provision had been calculated using a 50 year asset life for all assets rather than taking into account the different lives of asset.

5. Property, plant and equipment £3,950k – Banbury Bus Station had been overvalued and treated in the valuation report as if there was a building on the

premises, whereas the area consists of an open tarmac space with no buildings.

The comparative amounts have been correctly restated to reflect the above matters and appropriate note disclosure of these restatements have also been included in the current year's consolidated and Council financial statements.

J. Ownership of Assets

1. Except for assets recognised as right-of-use assets in accordance with IFRS 16 *Leases*, the Group and Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Group and Council's assets, nor has any asset been pledged as collateral. All assets to which the Group and Council has satisfactory title appear in the balance sheet(s).

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the consolidated and Council financial statements.

K. Reserves

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

L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the IAS 19 actuarial valuations of the Pensions Liability, the valuation of Property, Plant and Equipment and Investment Property and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and 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.

M. Pensions Liability, Property, Plant and Equipment, and Investment Property Estimate

1. We confirm that the significant judgments made in making the IAS 19 actuarial valuations of the pensions liability, the valuation of property, plant and equipment, and investment property estimates have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the IAS 19 actuarial valuations of the pensions liability, the valuation of property, plant and equipment, and investment property estimates.

3. We confirm that the significant assumptions used in making the IAS 19 actuarial valuations of the pensions liability, the valuation of property, plant and equipment, and investment property estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.

4. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

5. We confirm that appropriate specialized skills or expertise has been applied in making the IAS 19 actuarial valuations of the pensions liability, the valuation of property, plant and equipment, and investment property estimates.

6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and parent entity financial statements, including due to the COVID-19 pandemic.

N. 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,

____

Michael Furness (Assistant Director of Finance, S151 Officer)

07/03/2024

____

Councillor Lynn Pratt (Chairman of the Accounts, Audit and Risk Committee)

07/03/2024

Communication schedule for uncorrected misstatements

Entity: Cherwell District Council | **Period Ended:** 31-Mar-2022 | **Currency:** GBP

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period	
No.	W/P ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)	Equity components Debit/(Credit)	Effect on the current period OCI Debit/(Credit)	Income statement effect of the current period Debit/(Credit)	Non taxable	Prior period Debit/(Credit)	Non taxable
Factual misstatements:												
1	22 CDC Group Consolidation and Notes	To a variance of £272,731 between the amounts reported in GHVDCL and the CDC/GHH interest and fees consolidation journal. The client reverted that they had not consolidated the non-loan related intercompany balances between DevCo and ManCo and that they did not propose to amend the 21/22 group accounts as this is not material to the group accounts.										
		CDC Debtors more than one year			272,731							
		GHD Creditors more than one year	(272,731)									
		2020/21 - Shared ownership revenue incorrectly classified										
		Cr Revenue									(341,000)	
		Dr Creditors										
		2020/21 - S106 Grant income amount recognised unable to be supported										
		Grant income credited to taxation									125,928	
		S106 liability										
Judgmental misstatements:												
1	22 CDC Provision for impairment of trade receivables	To correct overstatement of impairment for bad debts, which had been overstated due to the Council having problems running an accurate aged debt report on transition to Unit 4										
		Debtors	162,000									
		Provision for bad debts							(162,000)			
Projected misstatements:												
1	22 CDC 01 Grants RIA - S106	To recognize extrapolated error identified on S106 Grants Received in Advance										
		Grants RIA-S106			345,775							
		Income							(345,775)			
Reclassification misstatements:												
1		To reclassify 2 items classified as S106 Grants received in advance but did not meet recognition criteria hence ought to be classified under income(The total of £250,785.3 and £214,110.17) - per client 'correcting in 2022/23, as not material'										
	22 CDC 01 Grants RIA - S106	Grants RIA- S106			464,895							
		Income							(464,895)			
Total of uncorrected misstatements before income tax			(110,731)	0	1,083,401	0	0	0	(972,670)		(215,072)	

Communication schedule for uncorrected misstatements

Entity:	Cherwell District Council	**Period Ended:**	31-Mar-2022	**Currency:** GBP

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period	
No.	W/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period			
		(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable	Prior period Debit/(Credit)	Non taxable
Total of uncorrected misstatements			(110,731)	0	1,083,401	0	0	0	(972,670)		(215,072)	
Financial statement amounts			71,497,000	288,155,000	142,618,000	222,008,000	4,973,000		5,918,000			
Effect of uncorrected misstatements on F/S amounts			-0.2%	0.0%	0.8%	0.0%	0.0%		-16.4%		0.0%	

Memo: Total of non-taxable items (marked 'X' above)		0		0
Uncorrected misstatements before income tax	0.0%	(972,670)		(215,072)
Less: Tax effect of misstatements at current year marginal rate		0		0
Uncorrected misstatements in income tax		0		0
Cumulative effect of uncorrected misstatements after tax but before turnaround	-16.4%	(972,670)		(215,072)
Turnaround effect of prior period uncorrected misstatements		After tax	Memo: Before tax	
All factual and projected misstatements:		215,072	215,072	
Judgmental misstatements (Note 3):			0	
Cumulative effect of uncorrected misstatements, after turnaround effect	-12.8%	(757,598)		
Current year income before tax				
Current year income after tax		5,918,000		

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FINAL

Statement of Accounts

2021/22

Contents

Introduction

Welcome to Cherwell District Council's Statement of Accounts for the year ending 31 March 2022.

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.

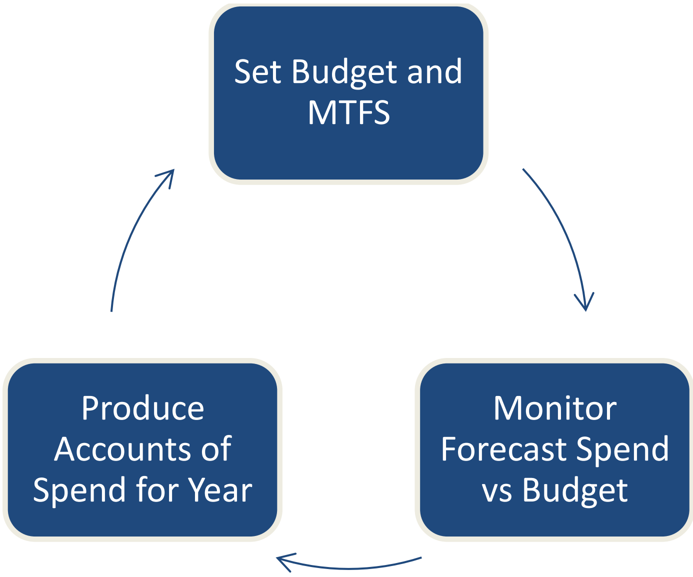
Gordon Stewart
Chief Executive
Cherwell District Council
PO Box 27
Banbury
Oxfordshire
OX15 4BH

Narrative Statement – Overview of 2021/22

Executive Member's Narrative

As Lead Member for Finance and Resources I would like to welcome you to the Cherwell District Council 2021/22 Statement of Accounts.

The preparation of the Statement of Accounts provides the opportunity to reflect on the past financial year and report on the current financial and non-financial position of the Council. It is the culmination of the annual cycle.



All the while, payments are made to suppliers and housing benefits recipients; council tax and business rates are collected and distributed to our partners; fees and charges income is collected for our chargeable services; financial systems and controls are monitored to ensure they continue to operate effectively; treasury management ensures that public funds are invested securely and borrowing is undertaken appropriately to support our ambitious capital programme.

2021/22 proved to be a hugely challenging but successful year for Cherwell District Council delivering on its objectives and playing a vital role supporting residents and businesses through the COVID-19 pandemic.

- We delivered 452 Affordable homes and 1,104 housing completions during 2021/22
- 701 households with vulnerable residents were helped living independently through small works or adaptations to homes.
- Our housing team supported 69 rough sleeping individuals into suitable accommodation; secured 96 new placements in temporary accommodation, as well as 94 Households; opened 723 homelessness cases. Of those, 458 needed advice only and have been closed, another 165 have been prevented from becoming homeless. Also, 124 cases have been relieved, 16 statutory duty cases have been accepted and 18 had the full homeless duty discharged
- 321 reports of abandoned vehicles were dealt with; also, 128 reports of dog fouling and 79 reports of stray dogs were followed up.

- We collected a total of 27,950 tonnes of residual waste during 2021/22 of which 55.3 per cent of the waste collected was recycled or composted.
- During March 2022, we rolled out a new weekly food waste service which was the biggest change to bin rounds in 10 years. We are now emptying 69,000 caddies every month.
- West Northamptonshire's bin lorries contract was awarded to Cherwell, so we are to look after a fleet of 22 heavy goods vehicles, one road sweeper and 10 smaller vehicles, serving around 41,000 households and 600 businesses.
- Over 3,012 families and 7,912 individuals used our families active sporting together (FAST) programme, helping families in Banbury, Bicester and Kidlington to get active.
- We changed the focus of our Holiday Hubs, and delivered physical activities, at holiday periods, and lunch, for children eligible, both free of charge. 11,000 children accessed this provision, as part of the Holiday Activity Fund.
- Street Tag had the highest sign-up rate in the country, with 3,000 users and 39 out of 47 schools participating, in Cherwell, during 2021-22.
- £14.2m grants paid to businesses in 2021/22 to support them through the Covid-19 pandemic
- In 2021, we joined the Sunflower Scheme promoting awareness and acceptance of visible and invisible disabilities
- We are leading the way in cutting our carbon emissions by up to 25 per cent, in a boost to reach net zero by 2030. A £6m grant, awarded through the Public Sector Decarbonisation Scheme, will slash the environmental impact of our estate.

All of the above was achieved within budget. In addition, we set a budget for 2022/23 which:

- allowed the Council to support Cherwell in its recovery from the COVID-19 pandemic
- ensured the Council has contingencies in place to support its services through the economic recovery in Cherwell
- helped 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;
    - the changes we face with business rates reset; and new homes bonus

The outcomes of all these changes have not been concluded yet but we anticipate they will impact significantly on the Council's finances.

The 2022/23 outturn came in on budget as well as making additional contributions to reserves. Since publication of the draft Statement of Accounts the Council has also set balanced budgets for 2023/24 and 2024/25 financial years, and alongside the 2024/25 budget produced an annual delivery plan which will help the council to deliver its priorities. For 2023/24 the Council expects to come in on budget as well as making additional unbudgeted contributions to reserves.

I acknowledge the importance of the support that Cherwell District Council can bring to its residents and businesses. For example, the Castle Quay regeneration and the innovative housing scheme at Graven Hill in Bicester will help the Council to further support its communities.

Notwithstanding the many pressures we face, especially those arising from the pandemic, 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, support the nationwide response to the pandemic, 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 Adam Nell
Executive Member for Finance

Assistant 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 2021/22.

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.

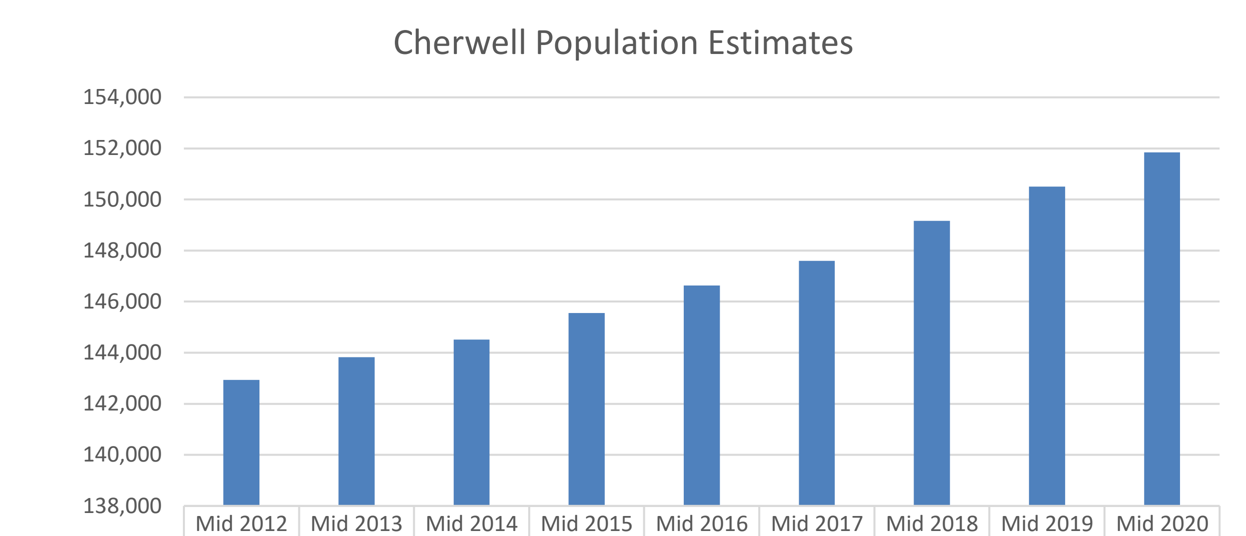
We participate in and lead key partnerships that work to deliver housing and growth, environmental benefits, safer communities and improved health and wellbeing for all Cherwell residents.

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 –with the remainder of the population living in 70 smaller settlements. Cherwell continues to change, with a population from the Office for National Statistics released in June 2021 totalling 151.8k (mid-2020). The Oxfordshire Housing-led projection is that it will increase to 190.0k by 2030.

Since 2019, the population of Cherwell district increased by 1,343 to 151,846. (By comparison the total population in Oxfordshire is 696,900 of which Cherwell's population is 22 per cent).



	Mid 2012	Mid 2013	Mid 2014	Mid 2015	Mid 2016	Mid 2017	Mid 2018	Mid 2019	Mid 2020
Population	142,936	143,822	144,520	145,554	146,635	147,602	149,161	150,503	151,846

Figure 1- Time series bar chart showing the total population of Cherwell mid-2011 to mid-2020

As at December 2021 there were 69,286 houses that are subject to council tax.

Strategic priorities for Cherwell District Council

Cherwell District Council's ambition, as set out in our published Business Plan 2021/22, is for a district where communities can thrive, and businesses grow.

The Business Plan has four strategic priorities. The strategic priorities are underpinned by four themes, representing the basis upon which we continue to develop our organisation.

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

Our strategic priorities for 2021/22 reflect the Council's commitment for the district to achieve:

Housing that meets your needs

- Deliver affordable housing;
- Raise standards in rented housing;
- Support our most vunerable residents;
- Promote innovative housing schemes;
- Deliver the Local Plan;
- Support vulnerable people.

Leading on environmental sustainability

- Deliver on our commitment to be carbon neutral by 2030;
- Promote the Green Economy;
- Increase recycling across the district;
- Protect our natural environment and our built heritage;
- Work with partners to improve air quality in the district;
- Reduce environmental crime.

An enterprising economy with strong and vibrant local centres

- Support business retention and growth;
- Develop skills and generate enterprise;
- Secure infrastructure to support growth in the district;
- Secure investment in our town centres;
- Promote the district as a visitor destination;
- Work with businesses to ensure compliance and promote best practice.

Healthy, resilient and engaged communities

- Provide opportunities to support active lifestyles;
- Improve and develop the quality of local sport and leisure facilities;
- Promote health and wellbeing in our communities to help create a more inclusive ‘Including Everyone’ community and workplace;
- Support community and cultural development;
- Working with partners to address the cause of health inequality and deprivation;
- Working with partners to reduce crime and anti-social behaviour.

Themes

The themes on which we develop the organisation are:

Customers: To deliver high quality, accessible and convenient services that are right first time.

Healthy Places: Working collaboratively to create sustainable, thriving communities that support good lifestyle choices.

Partnerships: Working with partners to improve the services we provide for our residents and communities.

Continuous Improvement: Making the best use of our resources and focusing on improvement, innovation and staff development to maintain and enhance services.

Climate Action: Transform our organisation to deliver its carbon neutral commitments.

Including Everyone: Our Equalities, Diversity and Inclusion framework outlines how we plan to create an inclusive community and workplace in Cherwell, through fair and equitable services.

Annual review of priorities

The Council reports monthly on performance against 40 Business Plan Measures. The table below summarises the progress we have made delivering against the activities, tasks and projects outlined in our business plan under each of the four strategic priorities.

We use a red, amber and green system, where green refers to a target wholly met, amber to a target narrowly missed and red to a target missed by 10 per cent or more

Status	Description	Year to date	Year to date (per cent)
Green	On target	34	85
Amber	Slightly off target	5	13
Red	Off target	1	2

Housing that meets your needs

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.

- Homes improved through enforcement action
- Overall, there were a total of 139 homes improved through enforcement action in 2021/22, against a yearly target of 108.
- Average time taken to process Housing Benefit change events
- This is reporting Green at year end, which is an excellent 5.1 days average against a target of 8 days.

Leading in environmental sustainability

The Council is committed to deliver on sustainability and in the commitment to be carbon neutral by 2030, 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 partnerships to improve air quality in the district and the reduction of environmental crime.

- Waste recycled and composted

  55.3 per cent of the waste collected in the District has been recycled or/and composted during 2021/22, with 10,123 tonnes of dry recycling and 20,576 tonnes of Garden/Food waste collected.

- Tackling environmental crime

  During 2021 -22 1,093 fly tips were reported but only those where evidence was found in their waste, which accounted for 686 cases, were investigated. Also, 321 reports of abandoned vehicles were dealt with, 128 reports of dog fouling, and 79 reports of stray dogs were followed up.

An enterprising economy with strong and vibrant local centres

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.

- Secure investment in our town centres

  Castle Quay Waterfront in Banbury enjoyed the opening of the new Lidl supermarket and 117 bedroom Premier Inn, as well as a new pedestrian footbridge over the Oxford Canal. This exciting revival of central Banbury's canal side area will be completed by The Light, an amazing 55,000 square foot entertainment space spanning three floors with a premium seven screen cinema, 10 lane bowling alley, indoor climbing walls, restaurant terrace and bar, together with three further waterfront restaurants including Nando's and Pizza Express

- Promote the district as a visitor destination;

  The Council worked with Experience Oxfordshire, the county's official Destination Management Organisation, to support the district's visitor economy, which was severely challenged by the pandemic. A new digital Oxfordshire Hospitality Guide was launched in April 2021 and a new digital Oxfordshire Visitor Guide in February 2022.

Healthy, resilient and engaged communities

- The Council is committed to enabling all residents to lead an active life, improving and developing the quality of local sports and leisure facilities and 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.
- Provide opportunities to support active lifestyles;
- Street Tag, a family-friendly game app that rewards primary school pupils, communities and schools for physical activity. With the highest sign-up rate in the country of 3,000 users, 39 out of 47 schools in Cherwell participating during 2021/22.
- Promote health and wellbeing in our communities to help create a more inclusive 'Including Everyone' community and workplace.

  Story Map, is a new tool created by digital specialists to help the council to know more about residents and target support to those who need it most. Cherwell is the first council to develop the system; this software provides information that enables a tailored approach to service provision with data that was already public and creates a rounded picture of life in specific locations. This technology was developed in partnership with Active Oxfordshire, Sport England and Public Health England.

Our Leadership and workforce

Our Constitution sets out the rules and procedures by which the council operates.

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. View your councillors on our website.

The Leader of the Council is Councillor Barry Wood. Councillor Wood appoints an Executive, responsible for taking key decisions to manage the Council's business. Find out more about our Executive members and their responsibilities.

Employees or officers support the Executive and Council in their work and manage the Council's services and operations. The Chief Executive (Yvonne Rees) led the most senior group of officers, the Corporate Leadership Team (CLT), who advise councillors on policy and implement councillors' decisions. The Assistant Director of Finance (Michael Furness), is the Section 151 Officer, and started in the role in February 2022.

As at 31 March 2022 the Council's staff complement stood at 476.64 FTE (full-time equivalent) posts, representing 513 employees. The FTE and headcount figures differ because the Council has a number of staff that work part time hours. Staff are structured into directorates, each responsible for a group of services and functions in support of the delivery of the Council's Vision and Business Plan.

The Council has been working in partnership with Oxfordshire County Council since October 2018. The Council voted to end the partnership at its meeting on 8 February 2022. Work has now completed to allow the “decoupling” of the two organisations and agree future working relationships.

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 2021/22 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 and on the impact of COVID-19 in our communities and customers during the year; reporting these two as the highest risks facing the Council.Both are closely related to the effects of the pandemic, due to the pressures generated as a consequence of it on our finances and community resilience.

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.

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 and 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 the Senior Management Team and the Assistant Director of Finance. The Budget Planning Committee scrutinises the budget proposals at its meetings before the Executive propose the budget, MTFS and Capital programme in February. The Council approves the budget at its Annual Budget meeting each February.

As the COVID-19 pandemic was ongoing when the Council set its 2021/22 budget, significant contingencies were built into the budget to address potential ongoing impacts and financial uncertainties. Including these contingencies allowed the Council to set a balanced budget whilst providing the security of knowing that additional funding was available if the financial impacts of the pandemic continued for a significant period into the year.

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.

The Council is required to distribute the business rates and council tax according to how it set its budget in the February before the beginning of the financial year. Business Rates of £95.5m and Council Tax of £113.4m was budgeted and distributed in 2021/22 in the following shares.

Business Rates split £95.5m			Council Tax £113.4m		
Cherwell District Council	Oxfordshire County Council	Central Government	Cherwell District Council	Oxfordshire County Council	Thames Valley Police and Crime Commissioner
£38.6m	£9.5m	£47.4m	£13.1m	£87.4m	£12.9m

From the Council's share of business rates the Government then charges a tariff, which is redistributed to other Local Authorities based on their need to spend. For the year ending 31 March 2022, the Council expected to retain a net £10.5m of business rates related income after all the allocations are taken into consideration.

Normally the Council would expect to collect business rates and council tax in line with its budget assumptions with relatively small variances. However, due to the Covid-19 pandemic, the Government provided up to 100 per cent business rates relief to those businesses identified as being most severly impacted by the pandemic. This meant that the actual business rates income to be collected in 2021/22 was far lower than expected when the budget was set.

In response, the Government compensated authorities for the loss of business rates as a result of COVID-19 related reliefs, allowing the Council to meet its budgetary commitments to the County and Central Government, pay its tariff and retain resources to support services. The Council collected £75.0m Business Rates compared to the £95.5m it budgeted to collect and distribute.

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 net liability at 31 March 2022 is £82.1m; this reflects an improvement of £13.5m from the 31 March 2021 net liability position of £95.6m.

Contingencies

The Council has to set aside a provision for appeals which might arise against business rates valuations.

On 1 April 2021 the total provision for business rate appeals was £21.056m of which the Council’s 40 per cent share was £8.423m. During the financial year £4.994m was charged to the provision for successful appeals in 2021/22 which have been previously provided for.

After reflecting the amounts charged to the provision in 2021/22, the Council carried out an assessment of the future risk of appeal losses. The basis of this forecast was to apply 4.7 per cent to gross rates payable being the national average of appeal losses on the 2010 rating list as measured by MHCLG. Following this, the 2021/22 overall provision for business rates appeals increased to £21.060m of which the Council's 40 per cent share is £8.424m.

- Appeals provision 2020/21: £8.423m
- Appeals provision 2021/22: £8.424m

Council Funding 2021/22

The Council’s core funding from central government has been reducing and funding generated as a result of the economic growth development is increasing. The table below shows where the council funding has come from.

(The figures in brackets represent income received by the Council).

2021/22 Revenue Budget Funding	Budget £m	Actual £m	Variance £m
Government Grants	(0.000)	(0.120)	(0.120)
Council Tax	(7.682)	(7.704)	(0.022)
Business Rates related income	(10.152)	(10.171)	(0.019)
New Homes Bonus	(4.539)	(4.423)	0.116
Total Funding	**(22.373)**	**(22.418)**	**(0.045)**

Revenue Financial Outturn Position

Cherwell District Council set a balanced budget in February 2021 for the 2021/22 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.

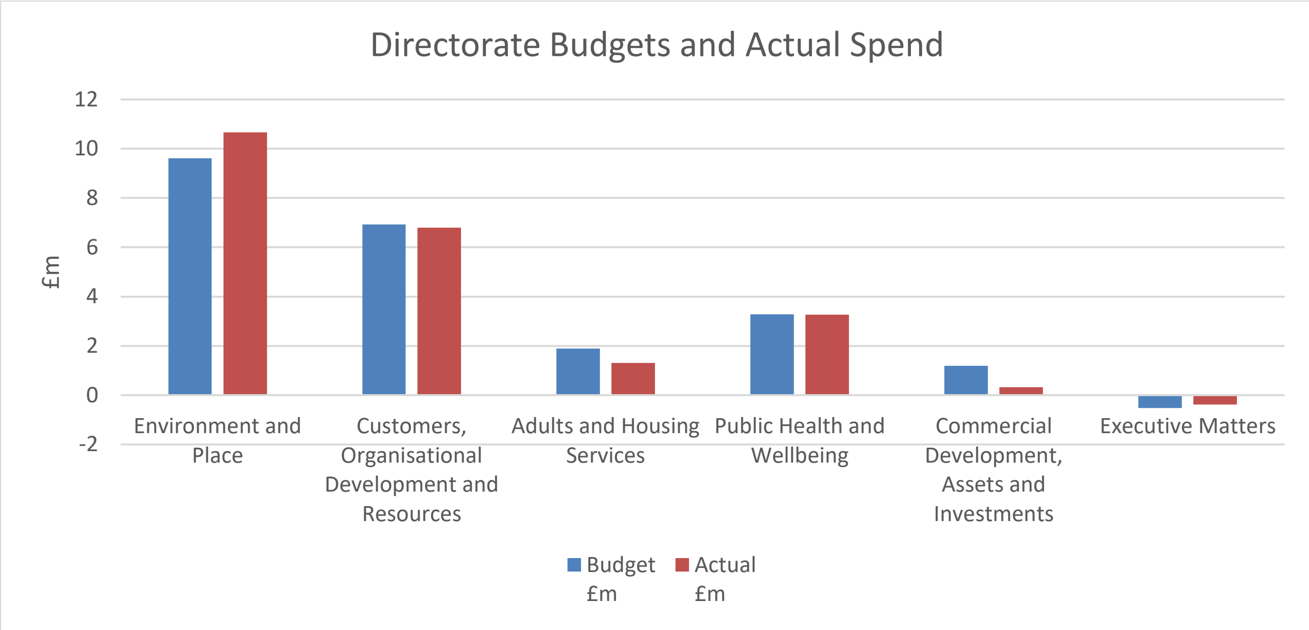
During 2021/22 the coronavirus COVID-19 pandemic continued to impact on the Council and measures were left in place to record the related additional spending and loss of income across Cherwell District Council's activities. The total financial impact of the pandemic has been calculated to be £1.888m during 2021/22 with some additional government funding provided to local authorities to help manage those additional costs and losses of income.

Regular monitoring reports were considered by the Council's Executive and the Council expected to deliver the balanced budget by the 2022 year end. At the year end an overall underspend of (£0.430m) against the budget was delivered after taking into account the variances on both the Cost of Services (underspend of £0.385m) and Total Income (under budget by £0.045m).

The table below summarises the 2021/22 financial outturn position across the Council:

Financial Outturn	Budget £m	Actual £m	Variance £m
Adults and Housing Services	1.898	1.312	(0.586)
Commercial Development Assets and Investments	1.190	0.320	(0.870)
Customers, Organisational Development and Resources	6.922	6.797	(0.125)
Environment and Place	9.608	10.667	1.059
Public Health and Wellbeing	3.281	3.273	(0.008)
Total Directorates	**22.899**	**22.369**	**(0.530)**
Executive Matters	(0.526)	(0.381)	0.145
Total Cost of Services	**22.373**	**21.988**	**(0.385)**
Income	(22.373)	(22.418)	(0.045)
Total Net Cost of Services	**0.000**	**(0.430)**	**(0.430)**

In summary, the Council saw an overall underspend of (£0.530m) (2.3 per cent) across it's directorates, against a budget of £22.899m.



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, and lower consultancy costs than budgeted.

COVID-19 Impact

Whilst COVID-19 had a major impact on the Council's services and financial situation throughout 2020/21, it has continued to have an impact on services throughout 2021/22.

The Council has continued to suffer major losses of anticipated income, in particular from car parks and from its commercial properties. The Council has not experienced significant additional costs to the services it provides in the same way that it did in 2020/21.

Due to the Council setting aside contingencies within its budget for 2021/22 in anticipation of challenges related to COVID-19, resource was available to mitigate the impacts of the lost income on the Council.

Overall the cost of COVID-19 to the Council has been £2.721m in 2021/22. This was offset by £0.833m support from the Government. No support was provided for losses in commercial income. Overall the net cost of COVID-19 to the Council was £1.888m.

The Council has also faced the continuing challenge of paying out significant levels of grant support to businesses and individuals.

Business Grants

Overall the Council has paid out £14.2m of grants to businesses in 2021/22 to support them through the pandemic. £9.7m grant payments have been made in line with national requriements where the Council has acted as agent, on behalf of the Government.

A further £4.5m have been paid using local, discretionary policies, where the Council has received funding from the Government and determined the most appropriate way in which it can be allocated to local businesses.

The table below provides a breakdown of the Grant payments made to businesses in 2021/22:

COVID-19 Business Grant Payments in 2021/22	**£m**
National Schemes	
Local Restrictions Support:	
Closed Addendum Lockdown 2	0.14
Closed Addendum (Tier 4)	0.07
Closed Addendum (05/01/21 onwards)	0.72
Closed Business Lockdown (CBLP)	0.64
Restart	7.07
Omicron Hospitality & Leisure	1.03
Subtotal National Schemes	**9.67**
Local Discretionary Schemes:	
Local Restrictions Support Open (Tier 2)	0.01
Additional Restrictions	4.52
Subtotal Local Discretionary Schemes	**4.53**
Total Business Grant Payments	**14.20**

Individual Funding

The Council has also received grant funding to support individuals on low incomes by providing them with payments if they were required to isolate as a result of contracting, or being a close contact of someone that had COVID-19.

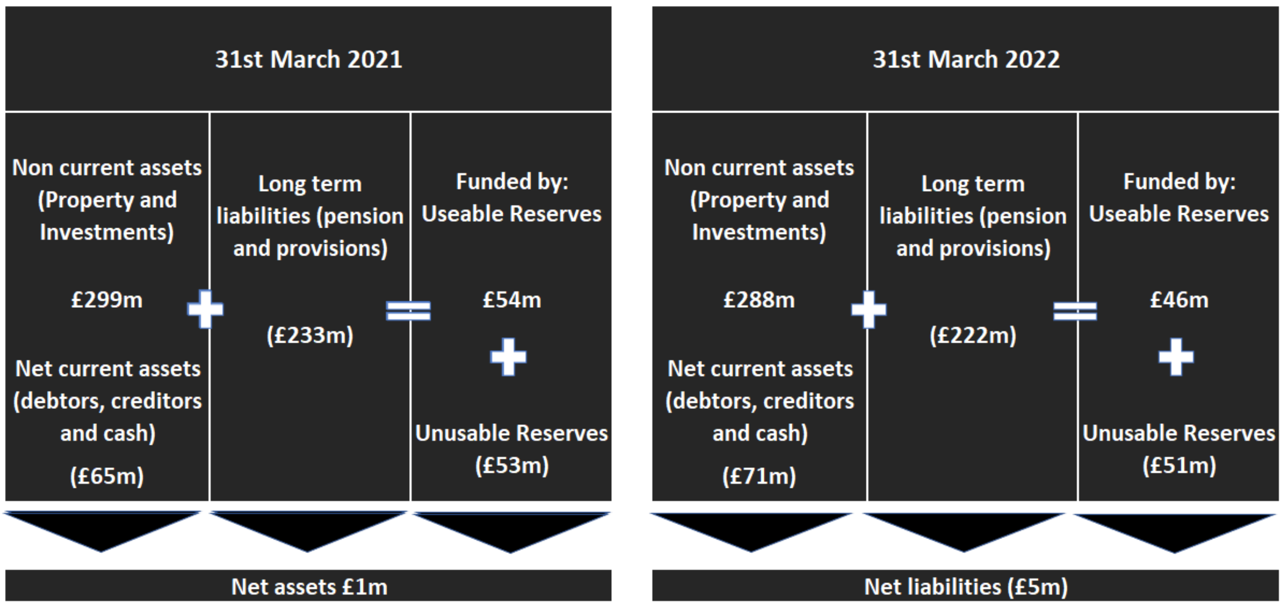
The Council has also made payments to those who have been required to isolate and have suffered financial hardship throughout 2021/22 as shown in the table below.

Test and Trace Grant Payments

Scheme	Number of payments	£m
Statutory Scheme	767	0.383
Discretionary Scheme	508	0.254

Financial Position

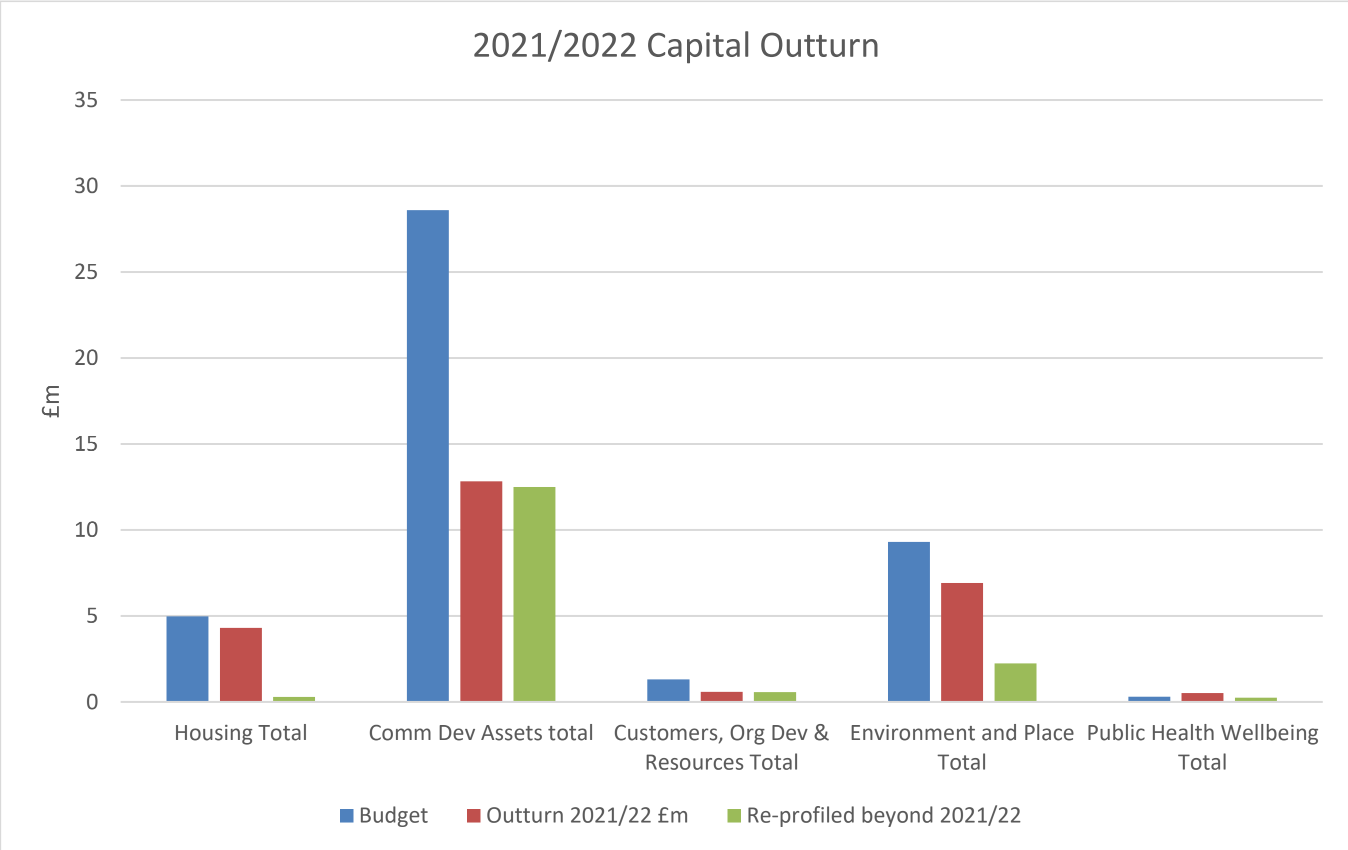
The Council maintains a sound financial position in the current financial climate.



The resultant net liability can be primarily attributed to the pension liability and the business rates collection fund deficit.

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 recognising the importance of investing in our assets to protect our core statutory functions.



Capital investment plans for 2021/22

The information below describes our major schemes and projects and the outcomes that we will achieve.

Castle Quay and Castle Quay Waterfront

The Council has invested £70m in Castle Quay Waterfront. This is a mixed-use development combining new leisure attractions, vibrant restaurants and bars, welcoming public space, a new canal-side hotel, and supermarket to support the town's existing retail offer and attract more visitors to the town, which became fully operational in June 2022.

The first phase of the development opened in August 2021 and included a 117 room Premier Inn and a 30,000 square foot Lidl. Both are performing exceptionally well, with footfall high throughout the week at Lidl and guest numbers consistently strong at Premier Inn.

In June 2022, The Light will be opening a 55,000 square foot entertainment space over three floors, which will include a premium cinema, 10 lane bowl, retro arcade, mini-golf and climbing wall as well as a stunning terrace with restaurant and bar. The Light is a true reflection of the Council's ambition to revive the canal-side and will anchor Waterfront's leisure offer. The Waterfront also features three further restaurants including PizzaExpress and Nando's. PizzaExpress opened in late June 2022 and Nando's opened mid-October; all of which create an amazing new leisure destination in Banbury.

The tenants within Castle Quay are a mixture of well-known high-street names and independent stores including Boots, Tiger, Clarks, WHSmith, JD Sports, HMV, Pandora and New Look. New award-winning toilets, baby changing facilities and Changing Places toilets were also opened at the centre at the end of 2019 to meet the modern needs of Banbury's shoppers.

The Council has also breathed new life into the centre's former BHS store, investing in the creation of a unique food, retail and leisure destination called Lock29 that brings the community to the canal-side as well as increasing footfall to the town from visitors from all over the region.

Global street food menus are delivered by the very best local traders, sourcing ingredients as close to Banbury as possible. There is also a dedicated event and flexible cinema space where workshops, events and activities for the community run throughout the year.

The Council has undoubtedly unlocked the town's potential by bringing a much-needed leisure and night-time economy to the town and re-connected the waterfront with other parts of Banbury. It has also provided the community with jobs and opportunities.

The development of Castle Quay Waterfront will sustain and revitalise Banbury for businesses, residents and visitors and really consolidate the town's place in the wider regional economy for years to come.

Images above: CGI of completed Castle Quay Waterfront development

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 2021/22 are set out on pages 25 to 137.

The accounts bring together all the Council's financial statements for the year 2021/22 and show its financial position as at 31 March 2022. 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 2022 and of its income and expenditure for the 2021/22 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

Cherwell District Council set a balanced budget in February 2024 for the 2024/25 financial year. In setting the 2024/25 budget, the Council considered the future financial impacts of the cost-of-living crisis. A policy contingency budget of £4.0m has been developed which includes contingencies of £2.2m for inflation and £1.1m for potential market risk.

The level of business rates income and council tax base were reviewed resulting in losses of income against original plans due to forecast increases in council tax support claimants and a reduction in the number of businesses eligible to pay business rates. The Council continues to hold a £1.6m COVID-19 reserve to provide further contingency against the impacts of the pandemic. General Balances have also been increased to £6m taking into account the Section 151 officer's risk assessments of the current financial outlook.

The Government confirmed that the Review of Relative Needs and Resource and any approach to resetting the baseline for business rates retention income would not be implemented until 2025/26 at the earliest. A three-year Spending Review was announced in October 2021, However, the following Local Government Finance Settlements only announced funding allocations a year at a time. There is no indication of detailed local government funding levels for 2025/26 and beyond.

The Council agreed to end its Section 113 Partnership Arrangement with Oxfordshire County Council in February 2022. The process of decoupling has now completed.

The Financial Statements

The Statement of Accounts sets out the Councils income levels and spending for the year and its financial position at 31 March 2022. 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:

Comprehensive Income and Expenditure Statement	Shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with 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.
Movement in Reserves Statement	Shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'useable reserves' (i.e. 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.
Balance Sheet	The balance sheet shows the values as at 31 March 2022 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.
Cash Flow Statement	This summarises the changes in cash and cash equivalents during 2021/22. 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 flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

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 Accounts –** 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
- **Group Accounts –** these set out the consolidated position for the council and its subsidiary companies, namely Graven Hill companies and Crown House Banbury 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

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 Assistant Director of Finance (Section 151 Officer);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices, as set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Local Council Accounting in the United Kingdom (the Code of Practice).

In preparing this Statement of Accounts, the Section 151 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 Section 151 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.

Section 151 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 31 March 2022.

Michael Furness
Assistant Director of Finance and Section 151 Officer **Date: 07/03/2024**

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

Councillor Lynn Pratt
Chairman of Accounts, Audit and Risk Committee **Date: 07/03/2024**

Independent Auditor’s Report to the Members Of Cherwell District Council

Opinion

We have audited the financial statements of Cherwell District Council (‘the Council’) for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement
- the related notes 1 to 37.
- Collection Fund and the related notes 1 to 4 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Cherwell District Council and the Group as at 31 March 2022 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Council 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 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

In auditing the financial statements, we have concluded that the S151 Officer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Council’s ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the S151 Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Council’s ability to continue as a going concern.

Other information

The other information comprises the information included in the Narrative Statement out on pages 5 to 23, other than the financial statements and our auditor's report thereon. The S151 Officer 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.

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 course of 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 themselves. 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.

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 Group and the Council
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- 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 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and
- Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects.

Responsibility of the S151 Officer

As explained more fully in the Statement of the S151 Officer's Responsibilities set out on page 26, the S151 Officer is responsible for the preparation of the Statement of Accounts, which includes the Group and Council 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the S151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the S151 Officer is responsible for assessing the Group and the Council'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 Group and the Council either intends to cease operations, or has 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Council and determined that the most significant are:

- Local Government Act 1972,
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948),
- Business Rate Supplements Act 2009 ,
- The Local Government Finance Act 2012 ,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Group and the Council has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how Cherwell District Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the head of internal audit, those charged with governance, and the monitoring officer; and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Council's committee minutes, through enquiry of employees to confirm Group and the Council policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Group and the Council's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Group and the Council's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

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 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether the Cherwell District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the 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 2022.

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 Cherwell District Council 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 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Cherwell District Council. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) 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 Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) 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 Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Maria Grindley (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Reading

7th March 2024

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 Mar 21				**Year Ending 31 Mar 22**		
Net Expenditure Chargeable to the General Fund Balance (Restated)	Adjustments (Restated)	Net Expenditure in the Comprehensive Income and Expenditure Statement (Restated)	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**
1,255	1,559	2,814	Adults and Housing Services	1,312	2,370	3,682
(1,075)	21,879	20,804	Comm Dev Assets and Invests	473	49,376	49,848
5,232	1,209	6,441	Cust and Org Dev & Resources	5,845	2,075	7,920
6,035	17,616	23,651	Environment & Place	10,613	10,683	21,296
3,272	(1,402)	1,870	Public Health and Wellbeing	3,273	(366)	2,907
14,719	**40,861**	**55,580**	**Net Cost of Services**	**21,516**	**64,130**	**85,646**
(43,227)	6,477	(36,750)	Other Income and Expenditure	(6,547)	(40,949)	(47,496)
(28,509)	**47,338**	**18,830**	**(Surplus) or Deficit on Provision of Services**	**14,969**	**23,181**	**38,150**
(28,399)		**Opening Combined General Fund Balance**		**(58,405)**		
3,847		Adjustment to opening balance		5,344		
(28,509)		Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)		14,969		
(53,061)		**Closing Combined General Fund Balance**		**(38,091)**		

Comprehensive (Income) and Expenditure Statement

Year Ending 31 Mar 21				Directorates	Year Ending 31 Mar 22		
Expenditure	**Income**	**Net**			**Expenditure**	**Income**	**Net**
£'000	**£'000**	**£'000**	**Notes**		**£'000**	**£'000**	**£'000**
4,838	(2,024)	2,814		Adults and Housing Services	5,668	(1,986)	3,682
28,591	(7,787)	20,804		Comm Dev Assets and Invests	58,038	(8,190)	49,848
36,014	(29,573)	6,441		Cust and Org Dev & Resources	34,945	(27,025)	7,920
37,367	(13,716)	23,651		Environment & Place	32,075	(10,787)	21,288
4,060	(2,190)	1,870		Public Health and Wellbeing	6,341	(3,434)	2,907
110,870	**(55,290)**	**55,580**		**Cost of Services**	**137,067**	**(51,422)**	**85,645**
5,713	0	5,713	10	Other Operating Expenditure	5,451	(834)	4,617
5,880	(4,585)	1,295	11	Financing and Investment (Income) and Expenditure	3,986	(4,657)	(671)
	(43,758)	(43,758)	12	Taxation and Non-Specific Grant (Income)	0	(51,441)	(51,441)
122,463	**(103,633)**	**18,830**		**(Surplus) or Deficit on Provision of Services**	**146,504**	**(108,354)**	**38,150**
		2,963	14	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(10,844)
		23,517	35	Remeasurement of the net defined benefit liability / (asset)			(21,388)
		26,480		**Other Comprehensive (Income) and Expenditure**			**(32,232)**
		45,310		**Total Comprehensive (Income) and Expenditure**			**5,918**

Movement in Reserves Statement

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Un-applied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Opening balance at 31 March 2021 as previously stated	(5,520)	(52,885)	(79)	(676)	(59,160)	54,262	(4,896)
Prior year adjustment		5,344			5,344	(1,394)	3,950
Opening Balance at 31 March 2021 (restated)	**(5,520)**	**(47,541)**	**(79)**	**(676)**	**(53,816)**	**52,868**	**(947)**
Movement in reserves during 2021/22							
(Surplus) or deficit on the provision of services	38,150	0	0	0	38,150	0	38,150
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(32,230)	(32,230)
Total Comprehensive (Income) and Expenditure	**38,150**	**0**	**0**	**0**	**38,150**	**(32,230)**	**5,920**
Adjustments between accounting basis and funding basis under regulations - Note 08	(23,180)	0	(21)	(7,272)	(30,473)	30,473	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**14,970**	**0**	**(21)**	**(7,272)**	**7,677**	**(1,757)**	**5,920**
Transfers (to) / from Earmarked Reserves - Note 09	(15,401)	15,401	0	0	**0**	0	**0**
(Increase) or Decrease in 2021/22	**(431)**	**15,401**	**(21)**	**(7,272)**	**7,677**	**(1,757)**	**5,920**
Closing Balance at 31 March 2022	**(5,951)**	**(32,139)**	**(100)**	**(7,948)**	**(46,138)**	**51,110**	**4,972**

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Un-applied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Opening balance at 31 March 2020 as previously stated							
Prior year adjustment							
Opening Balance at 31 March 2020 (restated)	**(2,018)**	**(22,534)**	**(0)**	**(165)**	**(24,717)**	**(21,540)**	**(46,257)**
Movement in reserves during 2020/21							
(Surplus) or deficit on the provision of services	18,830	0	0	0	18,830	0	18,830
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	26,480	26,480
Total Comprehensive (Income) and Expenditure	**18,830**	**0**	**0**	**0**	**18,830**	**26,480**	**45,310**
Adjustments between accounting basis and funding basis under regulations - Note 08	(47,339)	0	(79)	(511)	(47,929)	47,929	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**(28,509)**	**0**	**(79)**	**(511)**	**(29,099)**	**74,409**	**45,310**
Transfers (to) / from Earmarked Reserves - Note 09	25,007	(25,007)	0	0	**0**	0	**0**
(Increase) or Decrease in 20/21	**(3,502)**	**(25,007)**	**(79)**	**(511)**	**(29,099)**	**74,409**	**45,310**
Closing Balance at 31 March 2021 (restated)	**(5,520)**	**(47,541)**	**(79)**	**(676)**	**(53,816)**	**52,868**	**(947)**

Balance Sheet

31-Mar-20 (Restated)	31-Mar-21 (Restated)			31-Mar-22
£'000	**£'000**	**Notes**		**£'000**
184,510	197,478	14	Property, Plant and Equipment	176,005
6,132	5,435	15	Investment Property	4,435
1,504	2,282	16	Intangible Assets	2,431
29,053	33,053	17	Long Term Investments	35,649
54,623	60,326	17	Long Term Debtors	69,635
275,822	**298,575**		**Long Term Assets**	**288,155**
17,048	31,028	17	Short-term Investments	46,254
187	224	18	Inventories	253
20,320	42,516	19	Short Term Debtors	19,074
4,811	7,750	20	Cash and Cash Equivalents	5,916
42,366	**81,518**		**Current Assets**	**71,497**
(66,507)	(82,584)	17	Short-Term Borrowing	(87,605)
(24,185)	(52,503)	22	Short-Term Creditors	(32,597)
(1,431)	(1,469)	23	Provisions	(314)
(1,160)	(8,612)	29	Grants Receipts in Advance - Revenue	(19,606)
(613)	(777)	29	Grants Receipts in Advance - Capital	(1,485)
0	0	20	Cash and Cash Equivalents	(1,011)
(93,896)	**(145,945)**		**Current Liabilities**	**(142,618)**
(5,610)	(7,250)	23	Provisions	(8,409)
(75,000)	(102,000)	17	Long Term Borrowing	(112,000)
(72,770)	(95,654)	35	Pension Liabilities	(82,138)
(1,576)	(1,570)	17	Long Term Creditors	(1,562)
(4,516)	(4,174)	29	Grants Receipts in Advance - Revenue	(4,958)
(18,563)	(22,555)	29	Grants Receipts in Advance - Capital	(12,941)
(178,035)	**(233,202)**		**Long Term Liabilities**	**(222,008)**
46,257	**946**		**Net Assets / (Liabilities)**	**(4,973)**
(24,717)	(53,816)	24	Usable Reserves	(46,137)
(21,540)	52,870	25	Unusable Reserves	51,110
(46,257)	**(946)**		**Total Reserves**	**4,973**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2022 and its income and expenditure for the year to 31 March 2022.

Michael Furness

Assistant Director of Finance and Section 151 Officer **Date: 07/03/2024**

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period.

31-Mar-21 £'000	Cash Flows from Operating Activities	Note	31-Mar-22 £'000
18,830	Net (Surplus)/Deficit on Provision of Services		**38,150**
(3,903)	Depreciation & Impairment	14	(3,932)
(20,829)	Changes in Market Value of Property, Plant, Equipment	14	(44,137)
(367)	Amortisation of Intangible Assets	16	(498)
(754)	Changes in Fair Value of Investment Properties	15	202
(2,042)	Disposal of Assets	14	(558)
37	Changes in Inventory	18	29
22,196	Changes in Short term Debtors	19	(23,442)
(28,318)	Changes in Short term Creditors	22	19,906
(1,677)	Changes in Provisions	23	(4)
(22,884)	Changes in Net Pension Liability	25	13,516
23,517	Remeasurement of Net Defined Benefit Liability	35	(21,388)
6	Changes in long term creditors	17	8
5,703	Changes in long term debtors	17	9,309
13,056	Capital Grants Recognised	29	18,954
1,883	Proceeds on Disposal of Property, Plant & Equipment	24	1,338
4,455	**Net Cash Flows from Operating Activities**		**7,452**
	Cash Flows from Investing Activities		
42,678	Purchase of Property, Plant & Equipment	14	15,107
85	Purchase and Enhancement of Investment Property	15	0
1,146	Purchase of Intangible Assets	16	647
(1,883)	Proceeds from the Disposal of Property, Plant and Equipment	24	(1,338)
17,980	Net Changes in Short-term and Long-term Investments	17	17,822
60,005	**Net Cash Flows from Investing Activities**		**32,239**
	Cash Flows from Financing Activities		
(11,266)	Changes in Grants and Contributions	29	(2,872)
(13,056)	Capital Grants and Contributions Recognised	29	(18,954)
(43,077)	Cash Receipts of Short-term and Long-term Borrowing	17	(15,021)
(67,399)	**Net Cash Flows from Financing Activities**		**(36,847)**
(2,939)	Net (Increase)/Decrease in Cash and Cash Equivalents in the Period		2,845
4,811	Cash and Cash Equivalents at the Beginning of the Period		7,750
7,750	**Cash and Cash Equivalents at the End of the Period**	**20**	**4,905**
	Items included in net cash flow from operating activities include:		
(4,374)	Interest Receivable and similar income	17	(4,395)
2,531	Interest Payable (including Finance lease interest)	17	2,227
(1,843)			**(2,168)**

Notes

Note 1 – Accounting Policies

General principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22 and the Service Reporting Code of Practice 2021/22, 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.

1.1 Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The council has carried out a detailed assessment of economic pressures, such as the Cost-of-Living crisis, on its financial position and performance during 2023/24 as part of the budget setting process. This included consideration of the following:

- Additional expenditure on a service-by-service basis, e.g., extra inflationary pressures.
- The impact of the above on the council's cash flow and treasury management, including availability of liquid cash, impact on investment returns, and availability of external borrowing if required.
- The estimated overall impact on the council's General Fund

As set out in the 2024/25 Budget and Medium-Term Financial Strategy up to 2028/29 approved by Council in February 2024, the council has set aside a contingency to cover potential inflation of £2.2m. The council also set a contingency budget for market risk and general contingency throughout the medium term.

The council's Medium-Term Financial Strategy identifies that the council needs to identify savings of £7.0m in 2025/26. This is primarily due to a forecast reduction in resources from business rates, funding guarantee grant and new homes bonus grant and forecast increased costs due to inflation.

In addition to continuing to lobby policy makers, highlighting where the council has been delivering growth and driving benefits to others, the council has developed a strategy to meet the challenges highlighted in the MTFS if funding reductions are implemented. Whilst the council will develop plans for scenarios that include a full business rates reset phased over three years, it will continue to lobby the Government for a rolling reset to be introduced. It will put forward the case that council's such as Cherwell that have embrace the Government's Business Rates Retention reward scheme should not be disadvantaged following its success in delivering business growth and associated benefits to service delivery. Implementation of savings plans developed will not take place until it is clear that the savings must be achieved. Approaches the council will adopt to identify savings will include:

Prioritisation

Services will be broken down into specific work units which have been mapped to the strategic priority they most apply to (support services will be identified separately as support). Therefore, we can map how much the council spends of its revenue budget on each priority. Similarly in setting the 2024/25 budget, all capital schemes are being mapped to the priority that they link most closely to. The budget and Business Plan will then be developed in conjunction to maximise the ability to deliver the priorities of each council within the level of resources available to it.

Services will be prioritised according to the level of contribution each has to the delivery of the priorities of the Council. Those services that have the highest level of contribution will be transformed initially to identify what level of savings can be generated without impacting significantly on service levels. Transformational savings identified in the higher priority services will then be able to minimise the service reductions that will be required in the services that contribute less to the delivery of the priorities of the Council. The intention of the Transformation Programme is to maximise the number of services that the Council is able to provide to our residents and businesses.

As the Council transforms and understand the future size and shape that it will become, the support services will also need to be assessed so that they are "right sized" for the functions the Council provides.

Transformation

Cherwell has developed a Transformation Strategy, which is summarised below, to help the council redesign its services to deliver them in a more efficient way within the resources available to the council. The vision of the Transformation Strategy is:

"To be the best version of ourselves possible – modern, agile, lean, financially future proof and providing the services that matter most and add the most value in delivering better outcomes for our communities."

The objectives of transformation have been identified as:

- To embed the foundations necessary to create a sustainable future for the council and its communities.
- To protect the services that can significantly improve the health and wellbeing of our communities and support our most vulnerable residents.

- To unlock the potential of our services to become the best versions of themselves possible and to make the best use of the resources and technology available to them.
- To create the capacity needed to continue delivering our future aspirations and better outcomes for our communities through removing inefficiencies and providing value for money services.
- To empower and inspire our staff to lead their service transformations as people will own what they create.

Transformation will be applied across all services of the council. This will ensure that in the future they are provided in a joined-up way that maximises the delivery of the council's priorities within the resources available to the council.

Strategic cross-cutting themes

Overlayed on the priority-based budgeting is the council's approach to the Strategic Cross-Cutting Themes (Transformation Programme). Strategic Cross-Cutting Themes allow the council to review its approaches thematically across its services rather than always considering service delivery on a silo basis. This view of the expenditure of the council helps identify organisational transformational opportunities which might not present themselves so readily via a service-based budget approach. This analysis helps to shape the thinking for the future design of our council, one that is affordable within the future funding envelope as set out in the MTFS.

Where Strategic Cross-Cutting Themes are able to identify transformational approaches to delivery, this will generate efficiency savings to the council that will allow it to invest in a larger proportion of its priority services. The identification of these opportunities shapes the Transformation Programme for the organisation.

The strategic cross cutting themes that the council will operate its transformation programme within are:

- Staffing – to ensure that our workforce have the skills and capabilities to deliver the services to our communities.
- Property Assets – considering the best way to deliver services and when it is effective to use property assets – this will link to the council's Asset Management Strategy.
- Finance – ensure services are maximising income generation, are economically viable and delivering value for money.
- Customers and Inclusion – ensure that services are designed around the needs and preferences of the customers we serve, with an aim of making self-service the preferred choice.
- Partnerships – work in partnership that deliver advantages to all and align with the council's strategic objectives and priorities.
- Digital – prioritise automation of repetitive tasks and make services accessible to all.
- Climate Action – focus on reducing waste, reusing resources where possible and always looking for ways to reduce carbon emissions.

Savings Targets

If it is looking unlikely that all of the savings required will be identified, then services may be issued with a target number of savings to deliver from their budget which they have control over. So, for example where there are budgets which hold corporate costs in a service area, a savings target should not be applied to this.

Whilst identifying £7.0m savings in 2025/26 will be a challenge, the council has demonstrated that it is capable of identifying and delivering significant savings in recent years, with a total of £9.4m of savings identified across the 2021/22 to 2024/25 budgets. Executive will receive monthly updates on the financial position throughout 2024/25, including progress against savings delivery. Progress against savings delivery is managed by the Budget Oversight Group and senior management.

In setting the 2024/25 budget, the council has determined that £6.1m of general balances is a prudent level in order to manage identified risks, in line with the Assistant Director of Finance (S151 Officer)'s risk assessment. A further £23m of other earmarked reserves could also be made available if absolutely necessary. The council continues to review its reserves position regularly as per its Reserves Policy.

The council's cashflow forecast to the end of March 2025 demonstrates that the council has access to sufficient cash over the medium-term to support planned council and Group activities. This assumes maximum planned borrowing of £185m in the period and includes flexibility for additional borrowing of up to £96m should income be less than forecast or expenditure more than forecast in the period.

It is therefore noted that there is significant headroom within the General Fund to absorb the estimated financial impact of economic pressures in the short to medium-term. Furthermore, the CIPFA Code of Practice on Local Authority Accounting in England requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

1.2 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 on 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. Purchase orders raised automatically through the financial information system are processed with no de minimis level.
- For business rates, the levy or safety net payments owed to or from Central Government for the financial year are reported in the year they relate to on an accruals basis. Cherwell is the lead authority for the North Oxfordshire Pool and has accounted for the amounts owing to the Pool for levy payments and owed to the other pool members for the gain from the pool on an accruals basis.

1.3 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.

1.4 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.

1.5 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.

1.6 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 per cent share) Cherwell District Council (40 per cent share) and Oxfordshire County Council (10 per cent share).

Cherwell District Council participates in a Business Rates pool with Oxfordshire County Council and West Oxfordshire District Council to 42inimize 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.

1.7 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 2021/22.

1.8 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 43nnualized 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 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 43nnualized 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 44nnualized 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.

1.9 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 45uthorization for issue are not reflected in the Statement of Accounts.

1.10 Financial Instruments

Financial instruments are 45ecognized on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument.

Financial Liabilities

Financial liabilities are 45ecognized 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 46ecognized.

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 31 March 2021, 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 46ecognized 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, for example, Certificates of Deposit. Available-for-sale assets are 47ecognized 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 47ecognized47 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 47ecognized 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 48ecognized48n).

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 48ecognized in the Available-for-Sale Reserve.

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

1.11 Foreign Currency Translation

Where the Council has entered 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 48ecognized in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.12 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are 48ecognized 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 48ecognized 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.

1.13 Heritage Assets–measurement and valuation

Heritage Assets are 49ecognized 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 49ecognized at cost and donations are 49ecognized 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.

1.14 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 licenses) is 49mortizatio 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, 49mortization, 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.

1.15 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 2021/22:

- Graven Hill Village Holding Company Limited
- Graven Hill Village Development Company Limited
- Graven Hill Village Management Company Block E Limited
- Crown House Banbury Limited
- Crown Apartments Banbury Limited

Group Accounts have been prepared in accordance with paragraph 9.1.2.60 of the Code of Practice on Local Authority Accounting 2021/22, using uniform accounting policies for like transactions and other events in similar circumstances.

1.16 Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net 50ealizable value.

Long term contracts are accounted for by 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.

1.17 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

1.18 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 51ecognizes:

- 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.

As of the 1 April 2021, the council shared CSN Resources Ltd and CSN Associates with West Northamptonshire Council but did not have overall control; it was therefore party to a joint operation. However, on 19 November 2021 CSN Resources went into voluntary liquidation and ceased trading. CSN Associates was dissolved on 30 November 2021 having never traded. As a result, neither company will be consolidated into the Council's Group Accounts in 2021/22.

1.19 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.

1.20 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.

1.21 Property, Plant and Equipment

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

Recognition

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

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 are charged to revenue.

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:

- Vehicles, plant and equipment are held at depreciated historical cost.
- Infrastructure, community assets and assets under construction are held at 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, such as community and sports centres, 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 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.

The council’s property valuations are carried out by Montagu Evans and Colliers. 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 they 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.

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

- Infrastructure: 10 to 40 years
- Buildings: 10 to 60 years
- Vehicles: 5, 6 or 7 years
- Computer equipment and systems: 3, 5 or 10 years
- Other: 3 to 30 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 per cent 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 per cent 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 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 per cent for dwellings and 50 per cent 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 net book 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, investment properties, assets held for sale and some of its financial instruments, such as equity shareholdings, 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 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.

1.22 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 60ecognized 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 60ecognized 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 60ecognized in the Balance Sheet but disclosed in a note to the accounts.

1.23 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.

1.24 Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be 60apitalized 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.

1.25 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.

1.26 Rounding

In preparing the Statement of Accounts all numbers, including totals, have been rounded independently to avoid unacceptable rounding errors. This may mean that some tables do not cross cast.

Note 2 – Accounting Standards Issued, Not Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (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 2024.
- Annual Improvements to IFRS Standards 2018–2020 Cycle
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

The above amendments are not expected to have a material impact on the information provided in local authority financial statements in 2021/22.

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 1 April 2024, 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 has been adjusted since 2018/19 to ensure that authorities are 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 current 2017 rating list on 1 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 per centage 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.

Valuations– Property, Plant and Equipment

Uncertainties	Effect if Actual Results Differ from Assumptions
Valuations by nature are estimations of an asset's value as at the balance sheet date. The Council operates a 5 – year rolling schedule, in line with the CIPFA code, for assets held under the valuation model. Asset valuations are undertaken by professional valuers using appropriate valuation methodologies based on the type of asset. The Depreciated Replacement Cost (DRC) methodology applies to assets for which no active market exists, such as leisure and community centres, and represents a source of uncertainty for the Council's valuations. Changes in market and economic factors from year-to-year could result in differences between the book value and actual value using the DRC approach.	Where the Council identifies significant changes in the Build Cost Indices and/or locational factors from prior years, a review is undertaken to compare the DRC calculated value, based on the up-to-date indices, to the book value held by the Council. For assets that are not scheduled to be valued in year, and where an aggregate material variance is identified, the book value is adjusted using the updated indices as provided by the valuers, to avoid material misstatement. In 2021/22 no DRC assets were scheduled to be valued but on review, the Council's DRC assets were calculated to be £4.5m understated due to significant increases to the indices. The book values of these assets were therefore adjusted upwards in line with the indices and locational factors supplied by the valuers.

Depreciation of property, plant and equipment

Uncertainties	Effect if Actual Results Differ from Assumptions
The Council assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.	Where the Council determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Council's accounts when the change in estimate is determined. The carrying value of depreciable assets in the balance sheet is £118m. This amount comprises of Land & Buildings, Plant, Vehicles & Equipment, Infrastructure Assets and Intangible Assets.

Impairment of Property, Plant & Equipment & Intangible Assets

Uncertainties	Effect if Actual Results Differ from Assumptions
The Council assesses the impairment of property, plant and equipment and intangible assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards Factors that are considered important and which could trigger an impairment review include the following: • **obsolescence or physical damage;** • **significant changes in technology and regulatory environments;** • **significant underperformance relative to expected historical or projected future operating results;** • **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	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.

Fair Value Measurements

Uncertainties	Effect if Actual Results Differ from Assumptions
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 **similar** assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 14 and 15 below.	The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

Impairment allowance for doubtful debt

Uncertainties	Effect if Actual Results Differ from Assumptions
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.	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.

Provision for Business Rates Appeals

Uncertainties	Effect if Actual Results Differ from Assumptions
The possible refund from a business rate appeal can vary depending on factors such as; the type of appeal and type of property, together with its geographical location and the probability of appeal success.	Following an assessment of the outstanding business rates appeals at 31 March 2022, a total provision of £21.060m was made for potential future appeal refunds. Cherwell's 40 per cent share of this provision is £8.424m. If the provision for appeals changed by 1% the resulting increase/decrease would be £0.2m shared across central government (50 per cent), the county council (10 per cent) and Cherwell (40 per cent.

Pensions

Uncertainties	Effect if Actual Results Differ from Assumptions
The Council provides one defined benefit pension scheme for its employees. The asset (or liability) recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as: • the life expectancy of the Officers; • the length of service; • the rate of salary progression; • the rate of return earned on assets in the future; • the rate used to discount future pension liabilities; and • future inflation rates.	The assumptions used by the Council are set out in note 35 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 35.

Note 5 - Material Items of Income and Expense

Pensions

The actuary carried out a valuation as at 31 March 2022. This has resulted in pension assets increasing from £130m at 31 March 2021 to £140m at 31 March 2022. Liabilities have decreased from £226m at 31 March 2021 to £222m at 31 March 2022. This results in a decrease in net liability of £14m from £96m to £82m.

Prior Year Adjustments

1. Investment Property Classification, PPE Valuations & MRP

Three separate and unrelated Capital prior year adjustments have been identified, however as the impact of these are in some cases on the same line of the primary statements, their combined impact has been shown below.

Investment Property Classification

The Council performed a review of its Investment Property to ensure these assets were correctly classified in line with the CIPFA code of practice. According to the code, Investment properties are those held *solely* for investment purposes. However, many of the properties previously recorded as investment property were acquired and held to deliver service objectives for the Council, e.g., Castle Quay Shopping Centre, Tramway Industrial Estate and Antelope Garage. These are strategic town centre assets that form part of the Council's regeneration plan and therefore should have been classified as Property, Plant and Equipment. As the aggregate value of these properties is material, we have restated the balance sheet for 2019/20 and 2020/21.

This also means that the income and expenditure associated with these properties should be displayed in the relevant directorate within the cost of services rather than the Financing and Investment (Income) and Expenditure line of the CIES. It was also identified that the operational income and expenditure in relation to investment properties had incorrectly been included within the 'Other Investment Income and Expenditure' line in the Financing and Investment Income and Expenditure note (note 11), when it should have been included in the 'Income and Expenditure in relation to investment properties and changes in their fair value' line.

PPE Valuations

As part of the audit, it was identified that there was an error with the building floor area assumptions used in Depreciated Replacement Cost valuation of Banbury Bus Station which caused the valuation to be overstated by approximately £4m. This error was also present in the previous valuation of the Bus Station in 2019/20, and so a prior year adjustment was necessary to correct the previous years.

MRP

In 2022 the council commissioned an external review of its Minimum Revenue Provision (MRP). This review highlighted that the calculations for MRP were not strictly in line with the Council's published policy for MRP.

The policy states that MRP should be charged on a straight-line basis using the useful life of the asset and over 20 years for share capital (expenditure capitalised by regulation or direction) whereas the actual was charged using straight-line over 50. The difference is in the timing and profile of the charge, not the total amount of MRP required.

Amending the calculation to be fully in-line with Council policy results in a material shortfall in the MRP charged to date and has been corrected as prior year adjustments. The resultant increase in 2019/20 is £3.8m (representing the years up to and including 2019/20) and £1.5m for 2020/21. This has been funded from usable reserves.

Impact of Capital related PYAs:

The impact of these prior year adjustments is shown in the tables below.

Comprehensive Income and Expenditure Statement 2020/21:

	Net Expenditure / (Income) as Previously Stated £'000	**Changes due to PPE Valuations restatement £'000**	**Changes due to Investment property classification restatement £'000**	**Net Expenditure / (Income) as Restated £'000**
Comm Dev Assets and Invests	8,706	-	12,098	20,804
Environment and Place	23,751	(118)	18	23,651
Cost of Services	**43,582**	**(118)**	**12,116**	**55,580**
Financing and investment (Income) and expenditure	13,411	**-**	(12,116)	1,295
(Surplus) or Deficit on Provision of Services	**18,948**	**(118)**	-	**18,830**
Total Comprehensive (Income) and expenditure	**45,428**	**(118)**	**-**	**45,310**

Movement in Reserves Statement 2020/21

	Balance as Previously Stated £'000	Changes due to MRP restatement £'000	Changes due to PPE Valuations £'000	Balance as Restated £'000
Opening balances at 31 March 2020:				
Earmarked General Fund reserves	(26,381)	3,847	-	(22,534)
Total Usable Reserves	**(28,564)**	**3,847**	-	**(24,717)**
Unusable Reserves	(21,761)	(3,847)	4,068	(21,540)
Total Reserves	**(50,325)**	**-**	**4,068**	**(46,257)**
(Surplus) or deficit on the provision of services:				
General fund balance	18,948	-	(118)	18,830
Total Usable Reserves	**18,948**	**-**	**(118)**	**18,830**
Total Reserves	**18,948**	**-**	**(118)**	**18,830**
Adjustments between accounting basis and funding basis under regulations - Note 08:				
General Fund balance	(48,954)	1,497	118	(47,339)
Total Usable Reserves	**(49,544)**	**1,497**	**118**	**(47,929)**
Unusable Reserves	49,544	(1,497)	(118)	47,929
Transfers (to) / from Earmarked Reserves – Note 09:				
General Fund Balance	26,504	(1,497)	-	25,007
Earmarked General Fund Reserves	(26,504)	1,497	-	(25,007)
Closing Balance at 31 March 2021:				
Earmarked General Funds	(52,885)	5,344	-	(47,541)
Total Usable Reserves	**(59,160)**	**5,344**	**-**	**(53,816)**
Unusable Reserves	54,262	(5,344)	3,950	52,869
Total Reserves	**(4,896)**	**-**	**3,950**	**(947)**

Balance Sheet as at 31/03/2020

	Balance as Previously Stated £'000	Changes due to MRP restatement £'000	Changes due to PPE Valuations £'000	Changes due to Investment Property Classification £'000	Balance as Restated £'000
Property, Plant and Equipment	133,589	-	(4,068)	54,989	184,510
Investment Property	61,121	-	-	(54,989)	6,132
Long Term Assets	**279,890**	**-**	**(4,068)**	**-**	**(275,822)**
Net Assets	**50,325**	**-**	**(4,068)**	**-**	**46,257**
Usable Reserves	(28,564)	3,847	-	-	(24,717)
Unusable Reserves	(21,761)	(3,847)	4,068	-	(21,540)
Total Reserves	**(50,325)**	**-**	**4,068**	**-**	**(46,257)**

Balance Sheet as at 31/03/2021

	Balance as Previously Stated £'000	Changes due to MRP restatement £'000	Changes due to PPE Valuations £'000	Changes due to Investment Property Classification £'000	Balance as Restated £'000
Property, Plant and Equipment	161,557	-	(3,950)	39,871	197,478
Investment Property	45,306	-	-	(39,871)	5,435
Long Term Assets	**302,525**	**-**	**(3,950)**	**-**	**298,575**
Net Assets	**4,896**	**-**	**(3,950)**	**-**	**946**
Usable Reserves	(59,160)	5,344	-	-	(53,816)
Unusable Reserves	54,264	(5,344)	3,950	-	52,870
Total Reserves	**(4,896)**	**-**	**3,950**	**-**	**(946)**

Cash Flow Statement 2020/21

	Balance as Previously Stated £'000	Changes due to PPE Valuations restatement £'000	Changes due to Investment property classification restatement £'000	Balance as Restated £'000
Cash Flows from Operating Activities				
Net (Surplus)/Deficit on Provision of Services	18,948	(118)	-	18,830
Depreciation & Impairment	(3,096)	118	(925)	(3,903)
Changes in Market Value of Property, Plant and Equipment	(4,721)		(16,108)	(20,829)
Changes in Fair Value of Investment Properties	(17,787)		17,033	(754)
Cash Flows from Investing Activities				
Purchase of Property, Plant & Equipment	40,764		1,914	42,678
Purchase and Enhancement of Investment Property	1,999		(1,914)	85

Note 11 - Financing and Investment Income and Expenditure 2020/21

	Balances as Previously Stated £'000	Changes due to Investment property classification restatement £'000	Balances as Restated £'000
Income and expenditure in relation to investment properties and changes in their fair value	17,784	(17,110)	674
Other investment income and expenditure	(4,234)	4,994	760
Total	**13,411**	**(12,116)**	**1,295**

2. Short term Creditors

During the preparation of the statement of accounts it was identified that the prior year breakdown of short term creditors into Trade Payables and Other Payable amounts was incorrect. £6,635k had been classified as Trade Payables, however should have been classified as Other Payable Amounts. The effect of the restatement on the 2020/21 short term creditors note are shown in the table below.

Short term Creditors 2020/21	Balances as Previously Stated £'000	Changes due to restatement £'000	Balances as Restated £'000
Trade Payables	(11,674)	6,635	(5,039)
Other Payable Amounts	(40,829)	(6,635)	(47,464)
Total	**(52,503)**	**0**	**(52,503)**

As a result the trade payables in the Financial Instruments – Liabilities table in Note 17 was also restated to reflect the change in trade payables outlined above.

3. Financial Instruments

During the preparation of the statement of accounts it was identified that the prior year fair value tables had been incorrectly disclosed.

The first issue identified was that provisions were being disclosed in the Financial Instruments – Fair Value – Liabilities table. Provisions fall outside of the scope of IFRS 9 and as such are not included in the amended note.

The second issue was that in the fair value tables the debtor and creditor figures disclosed included non-financial debtors and creditors. This has been restated to remove the non-financial debtors and creditors which shouldn't have been included, such as those owed to/from precepting authorities regarding the collection fund, the VAT debtor and other non-contractual debtors/creditors.

In addition to this, it was later identified that some short term payables and receivables had been incorrectly classified as non-financial, and so should be included in the financial instruments tables.

The impact on the prior year financial instrument tables are shown below.

Impact on line items of Financial Instruments liabilities table:

Financial Instruments - Liabilities	31-Mar-21- Short Term		
	As Previously Stated	Changes due to restatement	Balance as restated
Financial Liabilities	**£'000**	**£'000**	**£'000**
Liabilities at amortised cost			
- Trade Payables	(11,674)	6,635	(5,039)
- Other Payables	0	(628)	(628)
Included in creditors	**(11,674)**	**6,007**	**(5,667)**

Total short term Financial Liabilities	**(94,258)**	**6,007**	**(88,251)**

Impact on line items of Financial Instruments Assets table:

Financial Instruments - Assets	**31-Mar-21 – Short Term**		
	As Previously Stated	**Changes due to restatement**	**Balance as restated**
Financial Assets	**£'000**	**£'000**	**£'000**
At amortised cost:			
- Trade receivables	5,667	0	5,667
- Other receivables	0	5,170	5,170
Included in Debtors	**5,667**	**5,170**	**10,837**
Total short term Financial Assets	**44,445**	**5,170**	**49,615**

Impact on line items of Financial Instruments Liabilities fair value table:

Financial Instruments – Fair value - Liabilities	**Balances as Previously Stated £'000**	**Changes due to restatement £'000**	**Balances as Restated £'000**
Liabilities for which fair value is not disclosed	(61,378)	55,711	(5,667)
Total Financial Liabilities	**(247,532)**	**55,711**	**(191,821)**
Recorded on balance sheet as:			
Short-term creditors	(52,349)	46,682	(5,667)
Short-term provisions	(5,206)	5,206	Row removed
Long-term provisions	(3,823)	3,823	Row removed
Total Financial Liabilities	**(247,532)**	**55,711**	**(191,821)**

Impact on line items of Financial Instruments Assets fair value table:

Financial Instruments – Fair value - Assets	**Balances as Previously Stated £'000**	**Changes due to restatement £'000**	**Balances as Restated £'000**
Assets for which fair value is not disclosed	42,161	(31,324)	10,837
Total Financial Assets	**174,086**	**(31,324)**	**142,762**
Recorded on balance sheet as:			
Long-term debtors	60,326	(232)	60,094

Short-term debtors	41,929	(31,092)	10,837
Total Financial Assets	**174,086**	**(31,324)**	**142,762**

Note 6 – Events after the Balance Sheet Date

Note 6 Events After the Reporting Period

There is one non-adjusting event after the balance sheet date. This is in relation to Town Centre House, which at the balance sheet date the council held under a finance lease. Since the balance sheet date the council has purchased Town Centre House and so the finance lease has been terminated, and the associated £1.570m finance lease liability included in note 32 in relation to Town Centre House has been settled.

Note 7a – Note to the Expenditure and Funding Analysis

Year Ending 31 Mar 22	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Adults and Housing Services	1,822	548	0	0	2,370
Comm Dev Assets and Invests	48,699	677	0	0	49,368
Cust, Org Dev & Res	552	1,460	63	0	2,075
Environment & Place	7,643	3,032	0	0	10,675
Public Health and Wellbeing	(760)	394	0	0	(366)
Non-Distributed Services	0	0	0	0	0
Net Cost of Services	**57,956**	**6,111**	**63**	**0**	**64,130**
Other Income and Expenditure	(27,121)	1,761	(15,589)	0	(40,949)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**30,835**	**7,872**	**(15,526)**	**0**	**23,181**

Year Ending 31 Mar 21	Net Capital Statutory Adjustments (Restated) £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments (Restated) £'000
Adults and Housing Services	1,290	269	0	0	1,559
Comm Dev Assets and Invests	21,530	349	0	0	21,879
Cust and Org Dev & Resources	428	781	0	0	1,209
Place and Growth	16,209	1,407	0	0	17,616
Public Health and Wellbeing	(1,578)	176	0	0	(1,402)
Non-Distributed Services	0	0	0	0	0
Net Cost of Services	**37,879**	**2,982**	**0**	**0**	**40,861**
Other Income and Expenditure	(13,429)	(3,615)	23,521	0	6,477
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**24,450**	**(633)**	**23,521**	**0**	**47,338**

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

31-Mar-22	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Adults and Housing Services	(441)	(1,545)	0	0	12
Cust and Org Dev & Resources	(2,925)	(23,991)	0	0	552
Public Health and Wellbeing	(1,210)	(2,224)	0	0	1,112
Environment & Place	(8,108)	(3,277)	0	0	1,558
Comm Dev Assets and Invests	(1,895)	(314)	0	0	1,196
Non-Distributed Services	(6,251)	(37,822)	(4,395)	2,227	0
Total Managed by Segments	**(20,830)**	**(69,173)**	**(4,395)**	**2,227**	**4,430**

31-Mar-21	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Adults and Housing Services	(287)	(1,737)	0	0	72
Cust and Org Dev & Resources	(2,008)	(27,565)	0	0	428
Public Health and Wellbeing	(285)	(1,905)	0	0	1,073
Environment & Place	(6,291)	(7,985)	0	0	1,423
Comm Dev Assets and Invests	(965)	(140)	0	0	1,274
Non-Distributed Services	(6,920)	(30,862)	(4,372)	2,531	0
Total Managed by Segments	**(16,756)**	**(70,194)**	**(4,372)**	**2,531**	**4,270**

Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations 2021/22

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-Mar-22	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'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)	(7,872)	0	0	7,872
Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account)	15,466	0	0	(15,466)
Holiday pay (transferred to the Accumulated Absences reserve)	(63)	0	0	63
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)	(58,312)	0	0	58,312
Total Adjustments to Revenue Resources	**(50,781)**	**0**	**0**	**50,781**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,392	(1,338)	0	(54)
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,255	0	0	(4,255)
Revenue contribution to Capital	3,000	0	0	(3,000)
Total Adjustments between Revenue and Capital Resources	**8,647**	**(1,338)**	**0**	**(7,309)**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	1,317	0	(1,317)
Application of capital grants to finance capital expenditure	18,954	0	(7,272)	(11,682)
Total Adjustments to Capital Resources	**18,954**	**1,317**	**(7,272)**	**(12,999)**
Total Adjustments	**(23,180)**	**(21)**	**(7,272)**	**30,473**

Note 8 Continued...

31-Mar-21	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied	Movement in Unusable Reserves
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)	633	0	0	(633)
Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account)	(25,465)	0	0	25,465
Holiday pay (transferred to the Accumulated Absences reserve)	(3)	0	0	3
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)	(40,760)	0	0	40,760
Total Adjustments to Revenue Resources	**(65,595)**	**0**	**0**	**65,595**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,883	(1,883)	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	3,317	0	0	(3,317)
Revenue contribution to Capital	0	0	0	0
Total Adjustments between Revenue and Capital Resources	**5,200**	**(1,883)**	**0**	**(3,317)**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	1,804	0	(1,804)
Application of capital grants to finance capital expenditure	13,056	0	(511)	(12,545)
Total Adjustments to Capital Resources	**13,056**	**1,804**	**(511)**	**(14,348)**
Total Adjustments	**(47,339)**	**(79)**	**(511)**	**47,929**

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.

Earmarked Reserves	Balance at 31 March 2020	Net transfers (to)/from Earmarked Reserves in 2020/21	Balance at 31 March 2021	Net transfers (to)/from Earmarked Reserves in 2021/22	Balance at 31 March 2022
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
General Earmarked Reserves					
Pensions Deficit	**(3,489)**	3,435	**(54)**	54	**0**
Transformation and projects reserve	**(5,116)**	1,192	**(3,925)**	129	**(3,796)**
Capital Reserve	**0**	0	**0**	(277)	**(277)**
Projects	**0**	(1,906)	**(1,906)**	(1,279)	**(3,185)**
Redundancy Reserve	**0**	(1,000)	**(1,000)**	172	**(828)**
Commerical Risk Reserve	**0**	(2,060)	**(2,060)**	694	**(1,365)**
Growth Deal	**0**	(1,297)	**(1,297)**	742	**(555)**
Environmental Warranties	**(802)**	802	**0**	0	**0**
NHB - Affordable Housing	**0**	0	**0**	0	**0**
NHB - Economic Development	**(2,362)**	2,362	**0**	0	**0**
NHB - Superfast broadband	**(727)**	727	**0**	0	**0**
Business Rates and Risk reserve	**(1,592)**	1,592	**0**	0	**0**
VAT De Minimus	**(500)**	500	**0**	0	**0**
Other General Earmarked reserve	**(3,242)**	(2,500)	**(5,742)**	(176)	**(5,917)**
Revenue Grant Earmarked Reserves					
S31 Reserve	**(2,346)**	(21,551)	**(23,897)**	13,310	**(10,587)**
Covid-19 Reserve	**(67)**	67	**0**	(1,616)	**(1,616)**
COMF - General Allocation	**0**	(4)	**(4)**	(679)	**(683)**
Covid-19 ARG Grant	**0**	(2,935)	**(2,935)**	2,935	**0**
Homelessness Prevention	**(355)**	(374)	**(729)**	(203)	**(932)**
Bicester Garden Town	**(782)**	(745)	**(1,527)**	238	**(1,290)**
Garden Town (Phase 2)	**(657)**	657	**0**	0	**0**
Other Revenue Grant Earmarked reserves	**(495)**	(1,968)	**(2,463)**	1,355	**(1,108)**
Total Earmarked Reserves	**(22,532)**	**(25,006)**	**(47,538)**	**15,399**	**(32,139)**

Note 10 - Other Operating Expenditure

31-Mar-21 £'000	Other Operating Expenditure	31-Mar-22 £'000
5,555	Precepts to other authorities and charging bodies	5,451
158	(Gains)/losses on the Disposal of Non-Current Assets	(834)
5,713	**Total Other Operating Expenditure**	**4,617**

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-Mar-21 (restated) £'000	Financing and Investment Income & Expenditure	31-Mar-22 £'000
2,530	Interest payable and similar charges	2,227
1,704	Net interest on the net defined benefit liability (asset)	1,970
(4,373)	Interest receivable and similar income	(4,395)
674	Income and expenditure in relation to investment properties and changes in their fair value	(344)
760	Other investment income and expenditure	(129)
1,295	**Total**	**(671)**

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-Mar-21 £'000	Taxation and Non-Specific Grant Income	31-Mar-22 £'000
(12,895)	Council tax income	(13,619)
(17,807)	Non-ringfenced government grants	(18,869)
(13,056)	Capital grants and contributions	(18,954)
(43,758)	**Total**	**(51,442)**

Note 13 – Expenditure and Income Analysed by Nature

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

31-Mar-21 £'000	Nature of Expenditure or Income	31-Mar-22 £'000
	Expenditure	
24,330	Employee benefits expenses	28,864
85,619	Other expenditure	105,533
2,531	Interest payments	2,227
5,555	Precepts and levies	5,451
4,270	Depreciation and amortisation	4,430
158	Gain or loss on disposal of non-current assets	0
122,463	**Total Expenditure**	**146,505**
	Income	
(16,749)	Fees, charges and other service income	(21,721)
(4,374)	Interest and investment income	(4,395)
(12,895)	Income from local taxation	(13,619)
(69,615)	Government grants and contributions	(67,787)
0	Gain or loss on disposal of non-current assets	(834)
(103,633)	**Total Income**	**(108,356)**
18,830	**Surplus or Deficit for Year**	**38,150**

Note 14 – Property, Plant and Equipment

Movements to 31-Mar-22	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
-As previously reported	101,911	14,498	5,556	38	15	57,091	179,110
-Prior year adjustment	35,803	0	0	0	0	0	35,803
Balance brought forward	**137,714**	**14,498**	**5,556**	**38**	**15**	**57,091**	**214,912**
Additions	654	4,287	0	61	0	10,105	15,107
Acc Dep & Imp WO to GCA	(4,207)	0	0	0	0	0	(4,207)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,683	0	0	0	0	2,160	10,843
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(20,348)	0	0	0	0	(23,789)	(44,137)
Derecognition - Disposals	(556)	(573)	0	0	0	0	(1,129)
Assets reclassified (to)/from Investment Property	1,203	0	0	0	0	0	1,203
Other movements in Cost or Valuation	34,404	0	0	0	0	(34,404)	0
At 31 March 2022	**157,547**	**18,212**	**5,556**	**99**	**15**	**11,163**	**192,592**
Accumulated Depreciation & Impairment							
-As previously reported	(4,388)	(10,249)	(2,915)	0	0	0	(17,552)
-Prior year adjustment	118	0	0	0	0	0	118
Balance Brought Forward	**(4,270)**	**(10,249)**	**(2,915)**	**0**	**0**	**0**	**(17,434)**
Depreciation Charge	(2,833)	(913)	(186)	0	0	0	(3,932)
Acc. Depreciation WO to GCA	3,283	0	0	0	0	0	3,283
Acc. Impairment WO to GCA	925	0	0	0	0	0	925
Derecognition - Disposals	18	553	0	0	0	0	571
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0
At 31 March 2022	**(2,877)**	**(10,609)**	**(3,101)**	**0**	**0**	**0**	**(16,587)**
Net Book Value							
At 31 March 2022	**154,670**	**7,603**	**2,455**	**99**	**15**	**11,162**	**176,005**
At 31 March 2021	**133,444**	**4,249**	**2,641**	**38**	**15**	**57,091**	**197,478**

Movements to 31-Mar-21	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or Valuation							
-As previously reported	107,425	14,008	5,556	38	10	20,978	148,016
-Prior year adjustment	50,921						50,921
Brought forward as restated	**158,346**	**14,008**	**5,556**	**38**	**10**	**20,978**	**198,936**
Additions	2,261	797	0	0	0	39,619	42,678
Acc Dep & Imp WO to GCA	(583)	0	0	0	0	0	(583)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(2,043)	0	0	0	5	0	(2,038)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(21,754)	0	0	0	0	0	(21,754)
Derecognition - Disposals	(1,818)	(308)	0	0	0	(203)	(2,328)
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Cost or Valuation	3,303	0	0	0	0	(3,303)	0
At 31 March 2021	**137,713**	**14,498**	**5,556**	**38**	**15**	**57,091**	**214,912**
Accumulated Depreciation & Impairment							
Brought forward	**(1,961)**	**(9,628)**	**(2,838)**	**0**	**0**	**0**	**(14,427)**
Depreciation Charge	(1,972)	(928)	(78)	0	0	0	(2,978)
Acc. Depreciation WO to GCA	583	0	0	0	0	0	583
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	(925)	0	0	0	0	0	(925)
Derecognition - Disposals	5	308	0	0	0	0	313
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0
At 31 March 2021	**(4,270)**	**(10,249)**	**(2,915)**	**0**	**0**	**0**	**(17,434)**
Net Book Value							
At 31 March 2021	**133,444**	**4,249**	**2,641**	**38**	**15**	**57,091**	**197,478**
At 31 March 2020	**156,385**	**4,380**	**2,719**	**38**	**10**	**20,978**	**184,510**

Property, Plant and Equipment Revaluations

31-Mar-22	Other Land and Buildings £'000	Vehicles, Plant, Furniture Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	13,429	18,212	5,556	99	0	212	37,509
Valued at current value as at:							
31/03/2022	127,875	0	0	0	15	10,950	138,840
31/03/2021	5,224	0	0	0	0	0	5,224
31/03/2020	10,390	0	0	0	0	0	10,390
31/03/2019	628	0	0	0	0	0	628
Total Cost or Valuation	**157,547**	**18,212**	**5,556**	**99**	**15**	**11,162**	**192,591**

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:

31-Mar-21 £'000	Investment Property Income and Expenditure	31-Mar-22 £'000
(108)	Rental income from investment property	(153)
31	Direct operating expenses from investment property	11
(77)	**Net (gain)/loss**	**(142)**

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-Mar-21 non-current (Restated) £'000	Investment Property Movements in Year	31-Mar-22 non-current £'000
61,121	Opening balance as previously stated	45,305
(54,989)	Prior year adjustment	(39,871)
6,132	**Opening Balance as restated**	**5,435**
0	Additions: Purchases	0
85	Enhancements	0
(26)	Disposals	0
(754)	Net gains/(losses) from fair value adjustments	202
0	Transfers to/(from) Property, Plant and Equipment	(1,203)
5,435	**Closing Balance**	**4,435**

Fair value hierarchy

Details of the Council’s investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2022 are as follows:

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 2022 £'000
Investment Properties	0	4,435	0	4,435
Surplus Assets	0	15	0	15
Sub-total	**0**	**4,450**	**0**	**4,450**
Residential (market rental) properties				
Office Units	0	425	0	425
Commercial Units	0	4,025	0	4,025
Totals	**0**	**4,450**	**0**	**4,450**

Details of the Council’s investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2021 are as follows:

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 2021 £'000
Investment Properties	0	5,435	0	5,435
Surplus Assets	0	15	0	15
Sub-total	**0**	**5,450**	**0**	**5,450**
Residential (market rental) properties	0	0	0	0
Office Units	0	442	0	442
Commercial Units	0	5,008	0	5,008
Totals	**0**	**5,450**	**0**	**5,450**

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 and Surplus Assets

The fair value of the Council's investment properties and surplus assets is measured annually at each reporting date. All valuations are carried out externally by qualified valuers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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.**

31-Mar-21	Intangible Assets	31-Mar-22
£000	Opening Balance	**£000**
6,453	Gross Carrying Amount	7,599
(4,949)	Accumulated Amortisation & Impairment	(5,317)
1,504	**Net Carrying Amount**	**2,282**
1,146	Additions	647
(367)	Amortisation for the Period	(498)
2,282	Net Carrying Amount at End of Year	**2,431**
	Comprising:	
7,599	Gross Carrying Amount	8,246
(5,317)	Accumulated Amortisation & Impairment	(5,815)
2,282	**Closing Balance**	**2,431**

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include 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 Council. The useful lives assigned to the major software suites used by the Council are:

Useful Life (Years)	**Internally Generated Assets**	**Other Assets**
1 Years	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-21		Financial Instruments - Liabilities	31-Mar-22	
Short term (restated)	**Long Term**		**Short Term**	**Long Term**
£'000	**£'000**	**Financial Liabilities**	**£'000**	**£'000**
		Loans at amortised cost:		
(82,000)	(102,000)	- Principal sum borrowed	(87,000)	(112,000)
(584)	0	- Accrued interest	(605)	0
(82,584)	**(102,000)**	**Total Borrowing**	**(87,605)**	**(112,000)**
		Liabilities at amortised cost:		
0	(1,570)	- Finance leases	(8)	(1,562)
0	**(1,570)**	**Total Other Long-term Liabilities**	**(8)**	**(1,562)**
		Liabilities at amortised cost:		
(5,039)	0	- Trade payables	(5,909)	0
(628)	0	- Other payables	(2,271)	0
(5,667)	0	**Included in Creditors**	**(8,180)**	**0**
		At amortised cost:		
0	0	Principal	(1,011)	0
0	**0**	**Total Cash and Cash Equivalents**	**(1,011)**	**0**
(88,251)	**(103,570)**	**Total Financial Liabilities**	**(96,804)**	**(113,562)**

The total short-term borrowing includes £499k (2021: £400k) accrued interest due within 12 months on long-term borrowing.

The creditors lines on the Balance Sheet include £24,518k (2021: £46,825k) 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-21		Financial Instruments - Assets	31-Mar-22	
Short Term (restated)	Long Term		Short Term	Long Term
£'000	**£'000**	**Financial Assets**	**£'000**	**£'000**
		At amortised cost:		
31,000	0	- Principal	46,240	0
28	0	- Accrued interest	14	0
		At fair value through profit & loss:		
0	33,053	- Fair value	0	35,649
31,028	**33,053**	**Total Investments**	**46,254**	**35,649**
		At amortised cost:		
239	0	- Principal	0	0
		At fair value through profit & loss:		
7,511	0	- Fair value	5,913	0
0	0	- Accrued interest	3	0
7,750	**0**	**Total Cash and Cash Equivalents**	**5,916**	**0**
		At amortised cost:		
5,667	0	- Trade receivables	4,192	
5,170	0	- Other receivables	5,194	0
0	61,100	- Loans made for service purposes	6,409	65,472
0	105	- Accrued interest	3	156
0	(1,111)	- Loss allowance	0	(987)
10,837	**60,094**	**Included in Debtors**	**15,798**	**64,641**
49,615	**93,147**	**Total Financial Assets**	**67,968**	**100,291**

The debtors lines on the Balance Sheet include £3,276k (2021: £31,679k) short-term and £4,994k (2021: £232k) 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-21 £'000	Offsetting Financial Assets & Liabilities	31-Mar-22 £'000
243	Bank accounts in credit	1,810
(51)	Bank overdrafts	(2,821)
192	**Net position of offset accounts**	**(1,011)**
47	Other bank accounts	0
239	**Net position on balance sheet**	**(1,011)**

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			
	Amortised Cost	**Fair Value through Profit & Loss**	**Amortised Cost**	**Fair Value through Profit & Loss**	**2021/22 Total**	**2020/21 Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Interest expense	2,146				2,146	2,429
Fees paid	82				82	102
Interest payable and similar charges	**2,227**				**2,227**	**2,531**
Interest income			(4,389)	(6)	(4,395)	(4,374)
Fees					**0**	**0**
Interest and investment income	**0**				**(4,395)**	**(4,374)**
Net impact on (surplus)/deficit on provision of services	2,227		(4,389)	(6)	(2,167)	(1,843)
Net (Gain)/Loss for the Year	**2,227**		**(4,389)**	**(6)**	**(2,167)**	**(1,843)**

Financial Instruments - Fair Value – Liabilities

Balance Sheet	Fair Value			Balance Sheet	Fair Value
31-Mar-21	**31-Mar-21**			**31-Mar-22**	**31-Mar-22**
£'000	**£'000**		**Fair value Level**	**£'000**	**£'000**
		Financial liabilities held at amortised cost:			
(102,000)	(103,712)	Long-term loans	2	(112,000)	(104,656)
(82,584)	(82,362)	Short-term loans	2	(87,605)	(86,868)
(1,570)	(4,253)	Lease payables and PFI liabilities	2	(1,570)	(4,419)
(186,154)	**(190,327)**	**Total**		**(201,175)**	**(195,943)**
(5,667)		Liabilities for which fair value is not disclosed		(9,082)	
(191,821)		**Total Financial Liabilities**		**(210,257)**	
		Recorded on balance sheet as:			
(5,667)		Short-term creditors		(8,079)	
(82,584)		Short-term borrowing		(87,605)	
(1,570)		Long-term creditors		(1,562)	
(102,000)		Long-term borrowing		(112,000)	
0		Cash and Cash Equivalents		(1,011)	
(191,821)		**Total Financial Liabilities**		**(210,257)**	

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 lower 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	Fair Value			Balance Sheet	Fair Value
31-Mar-21	**31-Mar-21**			**31-Mar-22**	**31-Mar-22**
£'000	**£'000**		**Fair Value Level**	**£'000**	**£'000**
		Financial assets held at fair value:			
7,511	7,511	Money market funds	1	5,916	5,916
33,053	33,053	Shares in unlisted companies	3	35,649	35,649
		Financial assets held at amortised cost:			
31,267	31,274	Bank deposits & repos	2	46,254	46,254
60,094	60,094	Loans to companies	3	71,053	71,053
131,925	**131,932**	**Total**		**158,872**	**158,872**
10,837		Assets for which fair value is not disclosed		9,386	
142,762		**Total Financial Assets**		**168,258**	
		Recorded on balance sheet as:			
60,094		Long-term debtors		64,641	
33,053		Long-term investments		35,649	
10,837		Short-term debtors		15,798	
31,028		Short-term investments		46,254	
7,750		Cash and cash equivalents		5,916	
142,762		**Total Financial Assets**		**168,258**	

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	
31-Mar-21 £'000	**(Fitch)**	**31-Mar-22 £'000**
0	AA	0
31,028	AA-	46,254
0	A+	0
31,028	**Total**	**46,254**

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-21	**Credit Risk: Debtors**	**31-Mar-22**
£'000	**Duration outstanding**	**£'000**
2,901	One months	2,927
60	Two months	154
130	Three months	83
2,576	More than three months	1,328
5,667	**Total**	**4,491**

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:

Organisation	Total facility	Balance 31 March 2022
Graven Hill Village Development Co Ltd	£69.6m	£58.7m

The Council has also provided financial guarantees and bonds to the total value of £27.9m for Graven Hill. The guarantee for £3.7m is payable if the sale falls through and Graven Hill are unable to return the deposit to the purchaser. The guarantees will expire on either the completion of the sale or the return of the deposit. Two bonds have been issued to the value of £24.1m in the event that Graven Hill cannot fulfill its Section 106 and Section 278 commitments to Oxfordshire County Council. The bonds will expire on the completion of the infrastructure work.

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):

31-Mar-21	Liquidity Risk	31-Mar-22
£'000	**Time to maturity**	**£'000**
(82,184)	Less than 1 year	(87,093)
(27,063)	1 – 2 years	(12,013)
(27,174)	2 – 5 years	(33,176)
(28,077)	5-10 years	(22,074)
(15,044)	10-20 years	(15,044)
(5,042)	20-30 years	(30,205)
(184,584)		**(199,605)**

Market Risk: Interest Rates

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

As interest rates continue to be relatively low, 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 relatively low interest rates, it is exposed to the risk that it will 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-Mar-21 £'000	Inventories	31-Mar-22 £'000
187	Opening Balance	224
673	Purchases	780
(636)	Recognised as an expense in the year	(751)
224	**Closing Balance**	**253**

Note 19a – Short Term Debtors

An analysis of the debtor's balance is shown below

31-Mar-21 £'000	Short Term Debtors	31-Mar-22 £'000
5,667	Trade Receivables	4,192
472	Pre-Payments	264
36,377	Other Receivable Amounts	14,618
42,516	**Total Debtors**	**19,074**

Note 19b Short Term 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-21 £'000	**Short Term Debtors for Local Taxation**	**31-Mar-22** £'000
0	Less than three months	0
0	Three to six months	0
743	Six months to one year	475
803	More than one year	521
1,546	**Total Debtors**	**996**

Note 20 – Cash and Cash Equivalents

Cash and cash equivalents include cash at bank, short-term bank deposits and money market investments and are highly liquid.

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

31-Mar-21 £'000	**Cash and Cash Equivalents**	**31-Mar-22 £'000**
239	Bank Balances/(Overdraft)	(1,011)
7,511	Short Term Investments	5,916
7,750	**Total Cash and Cash Equivalents**	**4,905**

Note 21– Assets Held for Sale

31-Mar-21 £'000	**Assets held for Sale**	**31-Mar-22 £'000**
0	Balance at start of year	0
	Assets Sold:	
0	Property Plant and Equipment	0
0	**Balance at year end**	**0**

Note 22 – Short Term Creditors

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

31-Mar-21 **(Restated)** £'000	**Short Term Creditors**	**31-Mar-22** £'000
(5,039)	Trade Payables	(5,909)
(47,464)	Other Payable Amounts	(26,688)
(52,503)	**Total Creditors**	**(32,597)**

Note 23 – Provisions

The main provisions during 2020/21 are for NNDR appeals. The council is required to set up a provision for the potential cost of successful appeals with the Valuation Office.

Current Provisions

31-Mar-22	**Health Walks Training Provision £'000**	**Graven Hill Deposit Guarantee £'000**	**NNDR Appeals Provision £'000**	**Total £'000**
Opening Balance	(4)	(37)	(1,427)	(1,469)
Increase in provision during year	0	0	0	0
Utilised during the year	0	0	1,155	1,155
Closing Balance	**(4)**	**(37)**	**(272)**	**(314)**
31-Mar-21 £'000	**Health Walks Training Provision £'000**	**Graven Hill Deposit Guarantee £'000**	**NNDR Appeals Provision £'000**	**Total £'000**
Opening Balance	(4)	0	(1,428)	(1,432)
Increase in provision during year	0	(37)	(1,110)	(1,147)
Utilised during the year	0	0	1,111	1,111
Closing Balance	**(4)**	**(37)**	**(1,427)**	**(1,469)**

Long Term Provisions

31-Mar-22	NNDR Appeals £'000	Landlord Rent Guarantee £'000	Landlord Rent Ex-Charter £'000	Banbury Bowls Club £'000	58 Bridge Street - Repair & Renewals £'000	Total £'000
Opening Balance	(6,996)	(96)	(18)	(47)	(93)	(7,250)
Increase in provision during year	(1,999)	0	0	0	(10)	(2,009)
Utilised during year	843	7	0	0	0	850
Closing Balance	**(8,151)**	**(89)**	**(18)**	**(47)**	**(103)**	**(8,409)**
31-Mar-21	**NNDR Appeals £'000**	**Landlord Rent Guarantee £'000**	**Landlord Rent Ex-Charter £'000**	**Banbury Bowls Club £'000**	**58 Bridge Street - Repair & Renewals £'000**	**Total £'000**
Opening Balance	(5,360)	(102)	(18)	(47)	(83)	(5,610)
Increase in provision during year	(1,636)	0	0	0	(10)	(1,646)
Utilised during year	0	6	0	0	0	6
Closing Balance	**(6,996)**	**(96)**	**(18)**	**(47)**	**(93)**	**(7,250)**

Total Provisions

31-Mar-21 £'000	Provisions Summary	31-Mar-22 £'000
(7,041)	Opening Balance	(8,718)
(2,793)	Increase in provision during year	(2,009)
1,117	Utilised during year	2,005
(8,718)	**Closing Balance**	**(8,723)**

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.

31-Mar-21 £'000	Useable Reserves Summary	31-Mar-22 £'000
(5,520)	General Fund	(5,951)
(47,539)	Earmarked Reserves	(32,138)
(80)	Capital Receipts Reserve	(100)
(676)	Capital Grants Unapplied Reserve	(7,949)
(53,815)	**Total**	**(46,138)**

General Fund Reserve

This reserve is held to mitigate the financial risks facing the Council. The prudent level of general fund reserves to be held are set annually as part of the Council's budget report.

31-Mar-21 £'000	General Fund Reserve	31-Mar-22 £'000
(2,018)	Opening Balance	(5,520)
(3,502)	Transfers to general reserves	(431)
0	Use of general reserves in year	0
(5,520)	**Closing Balance**	**(5,951)**

Earmarked Reserves

These are reserves that have been set aside for specific purposes. This could be for a particular project; for example, a ringfenced grant on which there remains an unspent balance at the year end or amounts which have been set aside for future use. They are analysed in detail in Note 9.

The large increase in 2020/21 and decrease in 2021/22 relate primarily to Business Rates Section 31 grants which were received in 2020/21 but which have been used to finance the Business Rates Collection Fund deficit in 2021/22.

31-Mar-21 £'000	**Earmarked Reserves**	**31-Mar-22 £'000**
(26,380)	Opening balance as previously recorded	(52,883)
3,847	Prior year adjustment	5,344
(22,533)	**Opening Balance as restated**	**(47,539)**
(30,453)	Transfers to reserves	(15,280)
5,447	Use of reserves in year	30,681
(47,539)	**Closing Balance**	**(32,138)**

Capital Receipts Reserve

These are capital receipts which have been received during the year and which have then been used to finance capital expenditure. The remaining balance is available for future capital financing.

31-Mar-21 £’000	**Capital Receipts Reserve**	**31-Mar-22 £’000**
0	Opening Balance	(80)
(1,883)	Capital Receipts in year	(1,338)
1,803	Capital Receipts used for financing	1,317
(80)	**Closing Balance**	**(100)**

Capital Grants Unapplied

These are capital receipts which have been recognised in the Comprehensive Income and Expenditure Statement which are available for future capital financing.

31-Mar-21 £'000	Capital Grants Unapplied	31-Mar-22 £'000
(165)	Opening Balance	(676)
(511)	Capital grants recognised in year	(7,432)
0	Capital grants and contributions applied	160
(676)	**Closing Balance**	**(7,949)**

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 table below. The purpose of each unusable reserve is detailed in the relevant section below.

31-Mar-21 £'000	Unusable Reserves Summary	31-Mar-22 £'000
(30,535)	Revaluation Reserve	(40,218)
(35,402)	Capital Adjustment Account	1,495
95,654	Pension Reserve	82,138
(475)	Deferred Capital Receipts Reserve	(529)
23,420	Collection Fund Adjustment Account	7,955
207	Accumulated Absences Account	269
52,869	**Total**	**51,110**

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-21 £'000	Revaluation Reserve	31-Mar-22 £'000
	Opening Balance	
(37,599)	As previously stated	(33,461)
3,012	Prior year adjustment	2,926
(34,587)	**Opening balance as restated**	**(30,535)**
(2,455)	Upward revaluation of assets	(12,996)
5,418	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	2,152
2,963	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**(10,844)**
619	Difference between fair value depreciation and historical cost depreciation	728
470	Accumulated gains on assets sold or scrapped	215
0	Accumulated gains on Property transferred to Investment Property	218
1,089	**Amount written off to the Capital Adjustment Account**	**1,161**
(30,535)	**Closing Balance**	**(40,218)**

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 14 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-21	Capital Adjustment Account	31-Mar-22
£'000		**£'000**
	Opening balance	
(54,352)	As previously stated	(31,081)
(2,910)	Prior year adjustment	(4,321)
(57,262)	**Opening balance as restated**	**(35,402)**
3,903	Charges for depreciation and impairment of non-current assets	3,932
20,022	Revaluation losses on non-current assets	44,138
367	Amortisation of intangible assets	498
12,865	Revenue expenditure funded from capital under statute	9,390
2,042	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	558
39,199	**Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement**	**58,516**
(1,089)	Adjusting Amounts written out of the Revaluation Reserve	(1,161)
38,110	**Net written out amount of the cost of non-current assets consumed in the year**	**57,355**
(2,068)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,317)
(12,545)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(11,682)
(3,650)	Statutory provision for the financing of capital investment charged against the General Fund	(4,132)
333	Increase in expected credit losses provision for long-term loans receivable	(124)
0	Direct Revenue contributions	(3,000)
(17,930)	**Capital financing applied in year:**	**(20,255)**
1,679	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(202)
(35,402)	**Closing Balance**	**1,495**

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-21 £'000	**Pension Reserve**	**31-Mar-22 £'000**
72,770	Opening Balance	95,654
23,517	Remeasurements of the net defined benefit (liability)/asset	(21,388)
7,178	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	10,725
(7,811)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,853)
95,654	**Closing Balance**	**82,138**

Deferred Capital Receipts Reserve

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

31-Mar-21 £'000	Deferred Capital Receipts reserve	31-Mar-22 £'000
(725)	Opening Balance	(475)
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure statement	(304)
250	Transfer to the capital receipts reserve upon receipt of cash	250
(475)	**Closing Balance**	**(529)**

Collection Fund Adjustment Account

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

31-Mar-21 £'000	Collection Fund Adjustment Account	Business Rates £'000	Council Tax £'000	31-Mar-22 £'000
(2,045)	Opening Balance	23,562	(142)	23,420
25,465	Amount by which income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	(15,012)	(453)	(15,465)
23,420	**Closing Balance**	**8,550**	**(595)**	**7,955**

Accumulated Absences Account

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

31-Mar-21 £'000	Accumulated Absences Account	31-Mar-22 £'000
204	Opening Balance	207
(204)	Settlement or cancellation of the accrual made at the end of the preceding year	(207)
207	Amounts accrued at the end of the year	269
207	**Closing Balance**	**269**

Note 26 - Members’ Allowances

The total of Members’ Allowances paid in the year 2021/22 amounted to £330k. This compares to £316k in 2020/21. 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 2021/22 were as follows:

31-Mar-21 £'000		31-Mar-22 £'000
315	Allowances	328
1	Expenses	2
316	**Total Members' Allowances**	**330**

Note 27 - 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 Oxfordshire County Council are not included in the table below;

31-Mar-21 (Restated)	Officers' Remuneration	31-Mar-22
Number of employees	**Remuneration Band**	**Number of employees**
16	£50,001 to £55,000	15
6	£55,001 to £60,000	5
0	£60,001 to £65,000	1
22		21

Note 27 Continued… The Remuneration paid to senior employees in Cherwell District Council 2021/22 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 County Council	Cost to Cherwell District Council (	Date in post 2021/22
Chief Executive**	113,974	0	0	**113,974**	16,706	130,680	0	**130,680**	Joint CDC/OCC until Feb 2022
Corporate Director of Customers, Organisation Development and Resources**	41,238	43	0	**41,280**	6,502	47,782	0	**47,782**	
Director of Customers and Cultural Services**	11,141	232	0	**11,373**	1,766	13,139	0	**13,139**	
Director of Human Resources**	21,878	284	0	**22,162**	3,469	25,631	0	**25,631**	
Assistant Director of Environmental Services	84,270	424	0	**84,694**	13,275	97,969	0	**97,969**	
Assistant Director of Planning and Development	81,511	389	0	**81,900**	12,911	94,811	0	**94,811**	
Assistant Director of Growth and Economy	81,201	0	0	**81,201**	12,911	94,111	0	**94,111**	
Assistant Director of Finance (Section 151)	81,141	766	0	**81,907**	12,825	94,732	0	**94,732**	S151 Officer from Feb 2022
Assistant Director of Wellbeing	74,002	303	0	**74,305**	11,638	85,943	0	**85,943**	
Assistant Director of Property Management and Contract Management**	39,907	140	0	**40,047**	6,007	46,054	0	**46,054**	Until Dec 2021
Assistant Director of Housing and Social Care Commissioning**	13,518	109	0	**13,628**	2,121	15,748	0	**15,748**	Until July 2021

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Note 27 Continued…

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 2021/22
Programme Director of Growth And Commercial	22,018	0	0	**22,018**	3,368	25,386	0	**25,386**	Until Sept 2021
Corporate Director of Public Health & Wellbeing*	0	0	0	**0**	0	0	17,116	**17,116**	
Corporate Director of Adults and Housing Services*	0	0	0	**0**	0	0	15,610	**15,610**	
Corporate Director of Commercial Development, Assets and Investment Monitoring*	0	0	0	**0**	0	0	61,520	**61,520**	
Corporate Director of Environment and Place*	0	0	0	**0**	0	0	61,325	**61,325**	
Director of Digital and IT Services*	0	0	0	**0**	0	0	14,731	**14,731**	
Director of Law and Governance and Monitoring Officer*	0	0	0	**0**	0	0	33,962	**33,962**	Joint CDC/OCC until Feb 2022
Director of Finance Section 151*	0	0	0	**0**	0	0	45,389	**45,389**	Joint CDC/OCC & S151 until Feb 2022
Director of Communications, Strategy and Insight*	0	0	0	**0**	0	0	21,399	**21,399**	

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Note 27 Continued…

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 2021/22
Director of Property Investment and Facilities Management*	0	0	0	**0**	0	0	20,127	**20,127**	From Aug 2021
Assistant Director of Regulatory Services*	0	0	0	**0**	0	0	67,520	**67,520**	
Assistant Director Housing and Social Care Commissioning*	0	0	0	**0**	0	0	65,649	**65,649**	From July 2021
Head of Legal and Deputy Monitoring Officer*	0	0	0	**0**	0	0	35,808	**35,808**	
Assistant Director of Healthy Place Shaping*	0	0	0	**0**	0	0	28,882	**28,882**	
Head of Procurement and Contract Management t*	0	0	0	**0**	0	0	24,483	**24,483**	
Assistant Director of Property Management and Contract Management*	0	0	0	**0**	0	0	18,219	**18,219**	From Jan 2022
Licensing Manager*	0	0	0	**0**	0	0	20,000	**20,000**	
Total	**665,799**	**2,690**	**0**	**668,489**	**103,498**	**771,986**	**551,740**	**1,323,726**	

Note 27 Continued…

The remuneration paid to senior employees in Cherwell District Council for 2020/21 is as follows:

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension	Pension Contribution	Total Remuneration Including Pension Contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council	Date in post 2020/21
Chief Executive**	77,965	2,311	0	80,276	12,396	92,673	0	92,673	
Corporate Director of Customers, Organisational Development and Resources**	39,650	0	0	39,650	6,304	45,955	0	45,955	
Corporate Director of Place and Growth**	34,947	177	0	35,124	5,524	40,648	0	40,648	Until 31 Dec 2020
Assistant Director of Housing and Social Care Commissioning**	42,667	642	0	43,309	6,784	50,094	0	50,094	
Director of HR**	20,467	245	0	20,712	3,254	23,966	0	23,966	
Director of Customers and Cultural Services**	10,234	5,525	0	15,759	1,627	17,386	0	17,386	
Assistant Director of Healthy Place Shaping	20,000	0	0	20,000		20,000	0	20,000	Until 31 Dec 2020
Programme Director: Growth and Commercial	59,658	0	0	59,658	9,486	69,144	0	69,144	
Assistant Director: Property, investment, Contract Management	78,680	905	0	79,585	12,510	92,095	0	92,095	
Assistant Director: Environmental Services	82,052	0	0	82,052	13,046	95,098	0	95,098	
Assistant Director: Growth and Economy	78,680	189	0	78,869	12,510	91,379	0	91,379	
Assistant Director: Planning and Development	78,680	344	0	79,023	12,510	91,533	0	91,533	
Assistand Director: Wellbeing	70,812	0	0	70,812	11,259	82,071	0	82,071	

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Note 27 Continued…

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 2020/21
Assistant Director: Finance	58,597			58,597	9,317	67,915		67,915	From Jun 2020
Corporate Director - Commercial Development, Assets and Investments*							53,922	53,922	
Corporate Director - Adult Social Care & Housing*							16,043	16,043	
Corporate Director of Public Health*							14,366	14,366	
Director of Finance*							47,147	47,147	
Head of Legal and Deputy Monitoring Officer*							25,414	25,414	From Jun 2020
Director - IT, Digital and Transformation*							23,448	23,448	
Director of Law and Governance (new post)*							7,029	7,029	From Jan 2021
Head of Procurement & Contract Management*							28,932	28,932	
Assistant Director of Healthy Place Shaping*							9,936	9,936	
Licensing Manager*							7,893	7,893	6 months
Director of Strategy Insight and Communications*							24,075	24,075	
Assistant Director of Regulatory Services*							68,258	68,258	
Total	**753,088**	**10,339**	**0**	**763,427**	**116,528**	**879,956**	**326,463**	**1,206,418**	

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. Salary costs are shown net of recharge.

Note 28 - 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.

The final fee payable in 2021-22 is still subject to approval by the PSAA.

31-Mar-21 £'000s	Fees	31-Mar-22 £'000s
141	Fees payable with regard to external audit services carried out by the appointed auditor	127
29	Fees payable for the certification of grant claims and returns	24
170	**Total**	**151**

Note 29 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22;

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

31-Mar-21 £'000	Grant Income Credited to Taxation	31-Mar-22 £'000
	Revenue Grants and Contributions	
(116)	Revenue Support Grant	(117)
(7,353)	Non-Domestic Rates (incl. Section 31 grant)	(11,874)
(5,836)	New Homes Bonus	(4,423)
(3,679)	Covid-19 grants	(1,204)
0	Lower Tier Services Grant	(897)
(79)	Other Revenue Grants and Contributions	(353)
	Capital Grants and Contributions	
(1,240)	Disabled Facilities Grant	(1,270)
0	Decarbonisation Grant	(5,183)
(9,809)	Growth Deal Funding	(2,269)
(1,610)	Garden Town Capital Grant	(4,550)
0	NW Bicester Bridge	(4,250)
(397)	Other Capital Grants and Contributions	(1,431)
(30,119)	**Total**	**(37,822)**

Grant Income Credited to Services

31-Mar-21 £'000	Grant Income Credited to Services	31-Mar-22 £'000
(24,560)	Rent Allowances Subsidy Grant	(22,207)
(304)	Housing Benefit Administration Subsidy Grant	(291)
(232)	NDR Cost of Collection Grant	(235)
(629)	Flexible Homeless Support Grant	(624)
(228)	Rough Sleeper Initiative	(340)
(607)	Section 106 Developer contributions	(304)
(303)	New Burdens	(60)
(329)	Discretionary Housing Payments	(250)
(832)	Other Grants & Contributions	(633)
(2,753)	Contributions from other Local Authorities	(2,504)
(433)	Home Office – Refugees	(251)
(7,541)	Covid-19 related grants	(2,265)
(38,752)	**Total**	**(29,964)**

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 could require the monies or property to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

Grants Receipts in Advance (Revenue Grants) - Current Liabilities

31-Mar-21 £'000		31-Mar-22 £'000
(134)	Section 106 developer contributions	(290)
(3,314)	COVID-19 Grant - Closed Business Lockdown Payment Grant	(2,747)
(25)	COVID-19 Grant - Christmas Support	0
(958)	COVID-19 Grant - LRSG Closed	0
(3,865)	COVID-19 Grant - LRSG Closed Addendum	(3,891)
0	COVID-19 Grant - LRSG Open	(124)
(106)	COVID-19 Grant - Test & Trace	0
(10)	COVID-19 Grant - Small Business Grant	(10)
0	COVID-19 Grant – Covid Additional Relief Fund	(3,988)
0	COVID-19 Grant – Omicron HL Grant	(387)
0	Council Tax Rebate Grant	(7,923)
(201)	Other Grants and contributions	(245)
(8,612)	**Total**	**(19,606)**

Grants Receipts in Advance (Capital Grants) - Current Liabilities

31-Mar-21 £'000		31-Mar-22 £'000
(777)	Section 106 developer contributions	(681)
0	Decarbonisation Grant	(803)
(777)	**Total**	**(1,485)**

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

31-Mar-21 £'000		31-Mar-22 £'000
(4,169)	Section 106 Developer Contributions - Capital	(4,952)
(5)	Community Build Banbury	(5)
(4,174)	**Total**	**(4,958)**

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

31-Mar-21 £'000		31-Mar-22 £'000
(8,086)	Section 106 Developer Contributions - Capital	(8,753)
(6,312)	Other Contributions	(283)
(4,250)	NW Bicester Bridge	0
(3,906)	Eco Town Grant	(3,906)
(22,555)	**Total**	**(12,941)**

Note 30 - 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,
- Providing 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, non-domestic rates and housing benefits).

Local Government

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 31 March 2022 were:

Shared Post	Officer Employed by
Assistant Director Housing and Social Care Commissioning	Oxfordshire County Council
Assistant Director Regulatory Services	Oxfordshire County Council
Chief Fire Officer	Oxfordshire County Council
Corporate Director Customers, Organisational Development and Resources	Cherwell District Council
Corporate Director Commercial Development, Assets and Investments	Oxfordshire County Council
Corporate Director Environment and Place	Oxfordshire County Council
Corporate Director Public Health and Wellbeing	Oxfordshire County Council
Director Communications, Strategy and Insight	Oxfordshire County Council
Director Customers and Cultural Services	Cherwell District Council
Director Digital and IT	Oxfordshire County Council
Director of Human Resources	Oxfordshire County Council
Director of Law and Governance	Oxfordshire County Council
Director Property, Investment and Facilities Management	Oxfordshire County Council
Head of Legal	Oxfordshire County Council
Head of Procurement and Contract Management	Oxfordshire County Council
Lead of Healthy Place Shaping	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

Related Party Transaction Summary

Declarations Made By	Details of Related Party	Transaction Values 2021 £m	Transaction Values 2022 £m
CDC Director x1 Councillors x 2	CSN Resources Ltd - a jointly owned company with West Northamptonshire which acts as a collection agent for various council debtors - details of appointed directors are listed below. Due to the separation of services between the 2 councils this company ceased trading in November 2021	1.102	0.350
CDC Asst Directors x2 Councillors x 1	Crown House Banbury Ltd - a wholly owned Council subsidiary for the purpose of management of rented council accommodation - details of appointed directors are listed below - transactions include intercompany loans	0.431	0.539
Councillors x 2	Graven Hill Village Holdings Ltd - a wholly owned council subsidiary for the purpose of Eco developments in the district - details of appointed directors are listed below - transactions include intercompany loans and capital investments	5.797	12.327
Councillors x2	Bicester Vision CIC is a local not for profit organisation to support and bring together local businesses and projects for the benefit of the Bicester area. There are some invoices and a modest annual grant	0	0.015
CDC Executive x1	Active Oxfordshire is a registered charity dedicated to promoting healthy activity for all ages across Oxfordshire. Transactions include invoices and modest grant funding	0	(0.025)
Councillor x1	OneBicester is a local not for profit organisation that promotes skills training for local people in the Bicester area – very few transactions – 1 invoice for supply	0	<0.001

Officers

- During 2021/22 Senior Officers of the Council made disclosures of £889k (2020/21 £7.33million) relating to their directorships of the Council's wholly owned and Joint owned companies as listed below. All transactions are fully compliant with the CIPFA Code and documented in the Group Accounts.
- There is also a disclosure of £25k received for invoices issued to a local charity
- There were no other material disclosures other than being a shared resource as noted above.

Members

Members of the Council have direct control over the Council's financial and operating policies.

- During 2021/22 payments for works and services to the value of £13.231million (2020/21 £7.79million) were made to parties where Members had declared an interest.
- The £13.231m is split with £13.216m transactions relating to their directorships with the Council's wholly owned and Joint owned companies as listed below. These transactions are fully documented in the Group Accounts. The remaining £15k relates to other transactions which have been fully investigated and appropriately recorded.
- 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.

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 – appointed December 2018
Councillor Dan Sames – appointed December 2018

Graven Hill Village Development Company Ltd
Councillor Ian Corkin – appointed September 2015
Councillor Dan Sames – appointed July 2014

Crown House Banbury Ltd
Councillor Simon Holland – appointed October 2017
CDC Official Nicola Riley – appointed August 2021
CDC Official Gillian Douglas – resigned July 2021

Crown Apartments Banbury Limited
Councillor Simon Holland – appointed June 2018
CDC Official Nicola Riley – appointed August 2021
CDC Official Gillian Douglas – resigned July 2021

CSN Resources Ltd (Entered voluntary liquidation on 26 November 2021)
Councillor Jason Slaymaker – resigned April 2021
Councillor Hugo Brown – Appointed June 2019
CDC Official Claire Taylor – Appointed April 2017

CSN Associates Ltd: (Dissolved on 30 November 2021)
Councillor Jason Slaymaker – resigned April 2021
Councillor Hugo Brown – appointed June 2018
CDC Official Claire Taylor – appointed April 2017

Entities Controlled or Significantly Influenced by the Authority

During 2021/22 grant funding payments of £0.387m (2020/21 £0.369m) were made to the Banbury Museum Trust. This represents a significant part of the funding for this organisation.

Note 31 – 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

Capital Expenditure and Capital Financing		
31-Mar-21 £'000		**31-Mar-22 £'000**
178,745	Opening Capital Financing Requirement as previously stated	228,639
599	Prior year adjustment	(3,730)
179,344	**Opening Capital Financing Requirement as restated**	**224,909**
	Capital Investment:	
42,678	Property Plant and Equipment	15,107
85	Investment Property	0
1,146	Intangible Assets	647
12,865	Revenue Expenditure Funded from Capital Under Statute	9,390
4,000	Long Term Investments	2,596
3,055	Long Term Debtors	9,766
63,828	**Total Capital Spending**	**37,506**
	Sources of Finance:	
(2,068)	Capital receipts	(1,317)
(12,545)	Government Grants and other contributions	(11,682)
	Sums set aside from revenue:	
0	- Direct revenue contributions	(3,000)
	Debt Repayment:	
(3,650)	Minimum revenue Provision	(4,132)
(18,263)	**Total Sources of Finance**	**(20,131)**
224,909	**Closing Capital Financing Requirement**	**242,283**
	Explanation of movements in year	
31-Mar-21 £'000		**31-Mar-22 £'000**
49,216	Increase in underlying need to borrow (unsupported by government financial assistance)	21,507
	Assets acquired under finance leases	
(3,650)	Statutory provision for repayment of debt (minimum Revenue Provision)	(4,132)
45,566	**Increase/(decrease) in Capital Financing Requirement**	**17,375**

Note 32 – Leases

32.1 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-21 £'000		31-Mar-22 £'000
3,619	Other Land and Buildings	2,256
0	Vehicles, Plant, Furniture, Equipment and Other	0
3,619	**Total**	**2,256**

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

31-Mar-21 £'000		31-Mar-22 £'000
	Finance lease liabilities (net present value of minimum lease payments):	
7	- current	8
1,570	- non-current	1,562
0	Finance costs payable in future years	0
1,577	**Minimum lease payments**	**1,570**

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

Minimum Lease payments			Finance Lease Liabilities	
31-Mar-21 £'000	**31-Mar-22 £'000**		**31-Mar-21 £'000**	**31-Mar-22 £'000**
7	8	Not later than one year	206	211
36	40	Later than one year and not later than five years	822	843
1,534	1,522	Later than five years	5,222	5,352
1,577	**1,570**	**Total**	**6,250**	**6,405**

32.2 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-21 £'000		31-Mar-22 £'000
32	Not later than one year	31
103	Later than one year and not later than five years	81
43	Later than five years	34
178	**Total**	**146**

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

31-Mar-21 £'000		31-Mar-22 £'000
61	Minimum lease payments	41
61	**Total**	**41**

32.3 Authority as Lessor - Finance Leases

31-Mar-21 £'000		31-Mar-22 £'000
	Finance lease debtor (net present value of minimum lease payments):	
250	- current	225
225	- non-current	0
0	Unearned finance income	0
0	Unguaranteed residual value of property	0
475	**Gross investment in the lease**	**225**

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

Gross Investment in the Lease			Minimum Lease Payments	
31-Mar-21 £'000	**31-Mar-22** £'000		**31-Mar-21** £'000	**31-Mar-22** £'000
0	225	Not later than one year	250	225
0	0	Later than one year and not later than five years	225	0
475	0	Later than five years	0	0
475	**225**	**Total**	**475**	**225**

32.4 Authority as Lessor - Operating Leases

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

31-Mar-21 £'000		**31-Mar-22** £'000
4,276	Not later than one year	5,217
12,287	Later than one year and not later than five years	15,559
37,121	Later than five years	62,186
53,684	**Total**	**82,962**

Note 33 - 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.

During the year under review a number of assets have been professionally valued by external valuers as part of the Council's rolling five-year rolling programme of asset valuations. A review is also carried out by the Council to determine whether there are any indications of impairments or revaluation losses with regard to assets not subject to revaluations in the current year.

There are no impairment losses or any impairment reversals in 2021/22.

Note 34 - Termination Benefits

The authority terminated the contracts of eight employees which resulted in termination benefits of £220k in 2021/22.   The Figure in the financial year of 2020/21 was £11k.

[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) + ©]		[e] Total cost of exit packages in each band	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
£0-£20,000	5	3	0	2	5	5	£23,055	£10,859
£20,001-£100,000	2	0	1	0	3	0	£196,497	£0
£100,001-£140,000	0	0	0	0	0	0	£0	£0
Total	**7**	**3**	**1**	**2**	**8**	**5**	**£219,552**	**£10,859**

Note 35 - Defined Benefit Pension Scheme

35.1 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.

35.2 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-21		31-Mar-22
£'000	**Comprehensive (Income) and Expenditure Statement**	**£'000**
	Cost of Services:	
5,397	Current Service Cost	8,557
0	Past Service Cost/(Gain) – Including Curtailments	120
77	Administration Expense	78
	Financing and Investment (Income) and Expenditure:	
1,704	Net Interest Expense	1,970
7,178	**Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services**	**10,725**
	Other Comprehensive (Income) and Expenditure:	
(22,366)	Return on Plan Assets (excluding amounts included in net interest expense)	(10,869)
2,386	Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	(1,003)
45,266	Actuarial (Gains) & Losses Arising on Changes in Financial Assumptions	(13,663)
(1,769)	Experience (Gain)/loss on defined benefit obligation	2,028
0	Other actuarial (Gains) & Losses on assets	2,119
23,517	**Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**(21,388)**
	Movement in Reserves Statement	
(7,178)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(10,725)
7,811	Employer's Contributions Payable to the Pension Scheme	2,853
633	**Total**	**(7,872)**

35.3 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-21 £'000	**Pension Assets** and **Liabilities Recognised in the Balance Sheet**	31-Mar-22 £'000
(222,096)	Present value of the defined benefit obligation	(221,696)
129,944	Fair value of plan assets	139,558
(92,152)	Sub-total	**(82,138)**
(3,502)	Other movements in the liability	0
(95,654)	**Net liability arising from defined benefit obligation**	**(82,138)**

35.4 Assets and Liabilities in relation to Retirement Benefits

31-Mar-21 £'000	Reconciliation of Present Value of Scheme Liabilities	31-Mar-22 £'000
(174,661)	Liabilities as of the Beginning of the Period	(225,598)
(5,474)	Current Service Cost	(8,635)
(4,026)	Interest Cost	(4,550)
(1,060)	Contributions by Scheme Participants	(1,066)
(45,266)	Change in financial assumptions	13,663
(2,386)	Change in demographic assumptions	1,003
1,769	Experience (Losses)/Gains on defined benefit obligation	(2,028)
0	Losses on Curtailments	0
5,506	Benefits Paid	5,635
0	Past Service Costs	(120)
(225,598)	**Liabilities as of the End of the Period**	**(221,696)**
	Reconciliation of Fair Value of Scheme Assets	
101,891	Assets as of the Beginning of the Period	129,944
2,322	Interest on Assets	2,580
22,366	Return on assets less interest	10,869
0	Other Experience (Losses)/Gains	(2,119)
7,811	Employer Contributions	2,853
1,060	Contributions by Scheme Participants	1,066
(5,506)	Benefits Paid	(5,635)
129,944	**Assets as of the End of the Period**	**139,558**

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 £218m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance relating to pensions of £77m (see Note 25: Pension Reserve).

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 2023 is £2.478m.

The weighted average time until payment of all expected future cashflows 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 2022 as follows:

31-Mar-21 £'000	Sensitivity analysis	31-Mar-22 £'000
22,127	0.5 per cent decrease in the real discount rate	19,330
1,832	0.5 per cent increase in the salary increase rate	2,080
19,868	0.5 per cent increase in the pension increase rate	17,120
9,024	1-year increase in member life expectancy	8,868

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.

35.5 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-Mar-21 per cent	Principal Assumptions	31-Mar-22 per cent
3.3	Rate of inflation: RPI	3.65
2.85	Rate of inflation: CPI	3.20
2.85	Rate of increase in salaries	3.20
2.85	Rate of increase in pensions	3.20
2.0	Rate of discounting scheme liabilities	2.70

These assumptions are set with reference to market conditions as at 31 March 2022. The estimated duration of Employer’s pension liabilities to employees 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 only.

31-Mar-21		31-Mar-22
Years	**Mortality Assumptions**	**Years**
	Longevity at 65 for current pensioners	
22.4	Men	22.3
24.7	Women	24.9
	Longevity at 65 for future pensioners	
23.4	Men	23.0
26.3	Women	26.3

The following assumptions have been made:

- Members will elect to take 50 per cent 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:

31-Mar-21 per cent	Estimated Asset Allocation	31-Mar-22 per cent
0	Equity Securities	0
11	Debt Securities	3
4	Private Equity	5
0	Real Estate	0
81	Investment Funds and Unit Trusts	90
0	Derivatives	0
4	Cash & Cash Equivalents	2
100	**Total**	**100**

35.6 Other factors arising from recent court cases

Guaranteed Minimum Pension (GMP) Indexation
The 2019 formal funding valuation included an allowance for full GMP equalisation / indexation within the LGPS. The rolled forward position to 31 March 2022 therefore includes this allowance.
The further ruling in respect of historical transfers is unlikely to be significant in terms of impact on the pension obligations of a typical Employer, and as a result no allowance has been made for this

McCloud - An allowance was added to the 2019 valuation results, so the impact is continued to be included within the balance sheet at 31 March 2022

Goodwin - Whilst there is still uncertainty surrounding the potential remedy to this judgement, the actuary has carried out some approximate analysis across their LGPS clients to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The approximate impact of this is very small for a typical Fund (c. 0.1 - 0.2 per cent of obligations), and therefore there are not sufficient grounds to apply an additional adjustment to account for this.

Note 36 - Contingent Liabilities

Oxfordshire County Council Bond

Cherwell District Council issued a Bond to the sum of £22m 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 Section 106 Agreement for payment of contributions and direct delivery of a primary school.

In August 2021 Cherwell District Council issued a bond under the Section 278 Agreement for the A41 roundabout for the sum of £2.12m.

The total Bond sum Cherwell District Council has issued to Oxfordshire County Council on behalf of its wholly owned subsidiary, Graven Hill Village Development Company Ltd (GHVDC), relating to GHVDC's obligations is £24.12m.

Note 37 - Contingent Assets

The Council has no contingent assets at 31 March 2022.

Collection Fund Accounts

31-Mar-21				31-Mar-22		
Business Rates	Council Tax	Total	Collection Fund	Business Rates	Council Tax	Total
£'000	£'000	£'000	**Income:**	£'000	£'000	£'000
	(110,800)	(110,800)	Council Tax Receivable		(117,468)	(117,468)
(42,898)		(42,898)	Business Rates Receivable	(75,829)		(75,829)
(376)	0	(376)	Transitional Protection Payments Receivable	(188)	0	(188)
(43,275)	**(110,800)**	**(154,075)**	**Total Income**	**(76,017)**	**(117,468)**	**(193,485)**
			Expenditure:			
			Contribution to Previous Year's estimated Surplus/Deficit:			
2,513		2,513	Central Government	(29,009)		(29,009)
2,011	304	2,314	Cherwell District Council	(23,207)	12	(23,195)
503	1,994	2,497	Oxfordshire County Council	(5,802)	81	(5,721)
	280	280	Thames Valley Police and Crime Commissioner		11	11
			Precepts, demands and shares:			
48,011		48,011	Central Government	47,371		47,371
38,409	12,797	51,206	Cherwell District Council	37,897	13,154	51,051
9,602	84,864	94,467	Oxfordshire County Council	9,474	87,490	96,964
0	12,016	12,016	Thames Valley Police and Crime Commissioner	0	12,863	12,863
			Charges to Collection Fund:	0		
(35)	413	378	Write-offs of uncollectable amounts	239	13	252
607	(137)	470	Increase/(decrease) in allowance for impairment	797	(87)	710
4,089		4,089	Increase/(decrease) in allowance for appeals	4		4
232		232	Charge to General Fund for allowable collection costs for non-domestic rates	235		235
			Other transfers to General Fund in accordance with non-domestic rates regulations	0		0
491		491	Renewable Energy	495		495
106,432	**112,533**	**218,965**	**Total Expenditure**	**38,494**	**113,537**	**152,031**
63,157	1,732	64,890	Movement on Fund Balance	**(37,523)**	**(3,931)**	**(41,454)**
(4,251)	(2,965)	(7,216)	Balance at the beginning of the Year	58,907	(1,233)	57,674
58,907	**(1,233)**	**57,674**	**Balance at the end of the Year**	**21,384**	**(5,164)**	**16,220**
			Shares of Balance			
29,453		29,453	Central Government	10,692		10,692
23,563	(143)	23,420	Cherwell District Council	8,553	(595)	7,958
5,891	(950)	4,941	Oxfordshire County Council	2,138	(3,984)	(1,845)
0	(140)	(140)	Thames Valley Police and Crime Commissioner	0	(585)	(585)
58,907	**(1,233)**	**57,674**	**Total**	**21,384**	**(5,164)**	**16,220**

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.

In 2013/14 there was a change to the method for distributing and accounting for business rates income. Prior to 1 April 2013 Non-Domestic Rates were collected by the Council and then completely paid over to the Government, who then redistributed these sums across the country in the form of the Non-Domestic rates grant.

From 1 April 2013 Business Rates Retention applies, whereby local authorities Cherwell District Council (40 per cent) and Oxfordshire County Council (10 per cent) retain 50 per cent of the business rates collected for the area and pay the remaining 50 per cent 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 per ent 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 0.71 per cent 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 (51.2p in 2021/22; 49.9p 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.

NNDR income was £76.0m in 2021/22. The rateable value for the Council's area was £234.9 m at 31 March 2021 VOA valuation (2020/21: £231.7m).

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 2021/22 the accumulated provision for bad debts stood at £3.938m (£3.229m for 2020/21) made up as follows:

31-Mar-21 £'000	Provision for Uncollectable Amounts	31-Mar-22 £'000
984	Non-Domestic Rates	1,781
2,245	Council Tax	2,157
3,229	**Total Provision**	**3,938**

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 2021/22 are:

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A	3,970	6/9ths	2,647
B	12,274	7/9ths	9,546
C	15,632	8/9ths	13,895
D	10,558	9/9ths	10,558
E	7,829	11/9ths	9,569
F	3,846	13/9ths	5,555
G	2,561	15/9ths	4,268
H	229	18/9ths	458
Totals	**56,899**		**56,496**
Adjustment for non- collection (-2.0 per cent)			(1,130)
Contribution from MOD Properties			250
Council Tax Base 2021/22			**55,616**
Council Tax Base 2020/21			**55,560**

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	92.33	1,048.74	154.19	1,295.26
B	7/9ths	107.72	1,223.53	179.88	1,511.13
C	8/9ths	123.11	1,398.32	205.58	1,727.01
D	9/9ths	138.50	1,573.11	231.28	1,942.89
E	11/9ths	169.28	1,922.69	282.68	2,374.65
F	13/9ths	200.06	2,272.27	334.07	2,806.40
G	15/9ths	230.83	2,621.85	385.47	3,238.15
H	18/9ths	277.00	3,146.22	462.56	3,885.78

Group Accounts and Explanatory Notes

Introduction

The purpose of the Group Accounts is to provide a picture of Cherwell District Council's 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 the 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 accruals 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.

During 2021/22 CSN Resources Ltd., which had previously been consolidated in the group accounts, entered voluntary liquidation. As a result, the company has not been consolidated in the 21/22 group accounts as the company's accounts made up to the liquidation date are not material to the group. Opening balances have been adjusted where appropriate.

Graven Hill Village Holdings Ltd

The company is a holding company and does not trade. The council holds 100 per cent 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 from the Council and onward lends funds to its subsidiary company, Graven Hill Village Development Company Ltd.

For 2020/21, the company's results showed a loss of £0.026m (£0.026m loss in 2020/21), and net assets of £34.338m (2020/21: £31.769m). Loans outstanding owed to the group total £12.234m (2020/21: £12.234m).

A full copy of the company's accounts can be obtained from the Directors, Graven Hill Village Holding Company Ltd, Graven Hill Site Office, Building E25, Graven Hill Road, Bicester, OX25 2BF.

Graven Hill Village Development Company Ltd

The company is a subsidiary of Graven Hill Village Holdings Ltd. The holding company holds 99 per cent of the shares and the council holds 1 per cent. The council has dominant control of the company by virtue of its control of the holding company. The board consists of the Councillors, Officers and appropriately experienced non-executive directors. 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 residents' property management.

For 2020/21, the company's results showed a surplus of £2.944m (2020/21: £1.311m), and net assets of £36.999m (2020/21: £31.459m). Loans outstanding from the group to the company total £58.384m (2020/21: £48.555m).

A full copy of the company's accounts can be obtained from the Directors, Graven Hill Village Development Company Ltd, Graven Hill Site Office, Building E25, Graven Hill Road, Bicester, OX25 2BF.

Graven Hill Management Company Ltd

Graven Hill Village Management Company Ltd is a subsidiary of Graven Hill Village Development Company which manages the property retained within the group. There was no activity for the company in this financial year.

Graven Hill Management Company Block E Ltd

Graven Hill Village Management Company Block E is a subsidiary of Graven Hill Village Development Company which manages the property at the Block E apartments. The only activity for the company in this financial year relates to administrative expenses resulting in a loss for the year of £0.047m (2020/21: £0.029m; not trading) and net liability of £0.076m (2020/21: £0.028m).

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 per cent 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 Councillors and Officers who are appointed by the council.

For 2020/21, the company's results showed a loss of £0.324m (2020/21: £0.680m), and net liabilities of £3.846m (2020/21: £3.522m). The value of loans outstanding from the council calculated using the Effective Interest Rate method total £11.744m (2020/21: £11.184m).

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.

Crown Apartments Banbury Ltd

The company is a subsidiary of Crown House Banbury Ltd which manages the residential property. For 2021/22, the company's results showed a loss of £0.007m (2020/21 £0.012m) and net liabilities of £0.031m (2020/21 £0.024m).

Summary of Group

Company Name	**Date of Incorporation / Acquisition**
Graven Hill Village Holdings Ltd	25 Jun 2014
Graven Hill Village Development Company Ltd	25 Jun 2014
Crown House Banbury Ltd	4 Aug 2017
Graven Hill Village Management Company Ltd	26 Feb 2018
Crown Apartments Banbury Ltd	7 Jun 2018
Graven Hill Village Management Company Block E	3 Oct 2018

Group Year Ending 31-Mar-21 £000	Group Comprehensive Income and Expenditure Statement	Group Year Ending 31-Mar-22 £000
(2,450)	Adults and Housing Services	(3,575)
20,910	Comm Dev Assets and Invests	49,857
7,719	Cust and Org Dev & Resources	8,075
23,661	Environment & Place	21,352
1,881	Public Health and Wellbeing	2,907
51,720	**Cost of Services**	**78,616**
6,776	Other Operating Expenditure	6,362
4,995	Financing and Investment Income and Expenditure	3,676
257	Movement in the fair value of investment properties	0
(43,411)	Taxation and Non-Specific Grant Income	(50,747)
20,337	**(Surplus) or Deficit on Provision of Services**	**37,908**
2,963	Surplus or deficit on revaluation of property, Plant and Equipment	(10,844)
0	Impairment losses on non-current assets charged to the revaluation reserve	0
0	Surplus or deficit on revaluation of available for sale financial assets	0
23,517	Remeasurement of the net defined benefit liability / asset	(21,388)
26,480	**Other Comprehensive Income and Expenditure**	**(32,232)**
46,817	**Total Comprehensive Income and Expenditure**	**5,676**

Group Movement in Reserves Statement	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Receipts Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Opening Balance at 31 March 2021							
As previously stated	6,917	(52,885)	(79)	(676)	**(46,724)**	53,287	**6,563**
Prior year adjustment	0	5,344	0	0	**5,344**	(1,394)	**3,950**
Adjustment re CSN*	353	0	0	0	**353**	0	**353**
Restated Balance at 1 April 2021	**7,270**	**(47,541)**	**(79)**	**(676)**	**(41,026)**	**51,893**	**10,867**
Movement in Reserves during 2021/22							
Surplus or deficit on the provision of services	37,908	0	0	0	**37,908**	0	**37,908**
Other Comprehensive Income / Expenditure	0	0	0	0	**0**	(32,232)	**(32,232)**
Total Comprehensive Income and Expenditure	**37,908**	**0**	**0**	**0**	**37,908**	**(32,232)**	**5,676**
Adjustments between accounting basis and funding basis under regulations	(23,259)	0	(21)	(7,272)	**(30,552)**	30,522	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**14,649**	**0**	**(21)**	**(7,272)**	**7,356**	**(1,680)**	**5,676**
Transfers to / from Earmarked Reserves	(15,401)	15,401	0	0	**0**	0	**0**
(Increase) or Decrease in 2021/22	**(752)**	**15,401**	**(21)**	**(7,272)**	**7,356**	**(1,680)**	**5,676**
Closing Balance at 31 March 2022	**6,518**	**(32,139)**	**(100)**	**(7,948)**	**(33,669)**	**50,212**	**16,543**

* As CSN Resources and CSN Associates are no longer consolidated in the group, the opening reserve balance in relation to these has been removed

Group Movement in Reserves Statement (restated)	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Receipts Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Opening Balance at 31 March 2020 (restated)							
As previously stated	8,663	(26,381)	0	(165)	**(17,883)**	(22,489)	**(40,372)**
Prior year adjustment	0	3,847	0	0	**3,847**	221	**4,068**
Restated Balance at 1 April 2020	**8,663**	**(22,534)**	**0**	**(165)**	**(14,036)**	**(22,268)**	**(36,304)**
Movement in Reserves during 2020/21							
Surplus or deficit on the provision of services	20,337	0	0	0	**20,337**	**0**	**20,337**
Other Comprehensive Income / Expenditure	0	0	0	0	**0**	26,480	**26,480**
Total Comprehensive Income and Expenditure	**20,337**	**0**	**0**	**0**	**20,337**	**26,480**	**46,817**
Adjustments between accounting basis and funding basis under regulations	(47,090)	0	(79)	(511)	**(47,680)**	47,680	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**(26,753)**	**0**	**(79)**	**(511)**	**(27,343)**	**74,160**	**46,817**
Transfers to / from Earmarked Reserves	25,007	(25,007)	0	0	0	0	0
(Increase) or Decrease in 2020/21	**(1,746)**	**(25,007)**	**(79)**	**(511)**	**(27,343)**	**74,160**	**46,817**
Closing Balance at 31 March 2021	**6,917**	**(47,541)**	**(79)**	**(676)**	**(41,379)**	**51,892**	**10,513**

Group Balance Sheet

31 March 2020 (restated) £000	31 March 2021 (restated) £000		31 March 2022 £000
192,678	205,356	Property, Plant & Equipment	183,873
6,132	5,435	Investment Property	4,435
1,504	2,282	Intangible Assets	2,431
0	0	Assets held for sale	0
1,110	1,111	Long Term Investments	1,110
2,120	1,194	Long Term Debtors	5,945
203,544	**215,378**	**Long Term Assets**	**197,794**
17,048	31,028	Short Term Investments	46,254
70,555	73,367	Inventories	71,872
17,098	49,232	Short Term Debtors	14,632
14,426	22,024	Cash and Cash Equivalents	32,833
119,127	**175,651**	**Current Assets**	**165,591**
(66,507)	(82,584)	Short Term Borrowing	(87,605)
(38,564)	(71,161)	Short Term Creditors	(47,902)
(1,387)	(1,432)	Provisions	(277)
(1,160)	(8,612)	Grants Receipts in Advance - Revenue	(19,606)
(613)	(777)	Grants Receipts in Advance - Capital	(1,485)
0	0	Cash and Cash Equivalents	(1,011)
(108,231)	**(164,566)**	**Current Liabilities**	**(157,886)**
(5,610)	(7,250)	Provisions	(8,409)
(75,000)	(102,000)	Long Term Borrowing	(112,000)
(72,770)	(95,654)	Pension Liability	(82,138)
(1,677)	(5,345)	Long Term Creditors	(1,599)
(4,516)	(4,174)	Grants Receipts in Advance - Revenue	(4,958)
(18,563)	(22,555)	Grants Receipts in Advance - Capital	(12,941)
(178,136)	**(236,978)**	**Long Term Liabilities**	**(222,045)**
36,304	**(10,514)**	**Net Assets / (Liabilities)**	**(16,545)**
(14,036)	(41,380)	Useable Reserves	(33,667)
(22,268)	51,893	Unusable Reserves	50,212
(36,304)	**10,514**	**Total Reserves**	**16,545**

Group Cashflow

2020/21 (restated) £'000	Group Cash Flow Statement	Note	2021/22 £'000
	Cash Flows from Operating Activities		
18,555	**Net (Surplus)/Deficit on Provision of Services**		**35,610**
(3,993)	Depreciation & Impairment	14	(3,942)
(20,829)	Changes in Market Value of Property, Plant & Equipment	14	(44,137)
(367)	Amortisation of Intangible Assets	16	(498)
(1,011)	Changes in Fair Value of Investment Properties	15	202
(2,042)	Disposal of Assets	14	(558)
5,244	Changes in Inventory	18	724
25,058	Changes in Short Term Debtors (decrease)	19	(29,045)
(26,412)	Changes in Short Term Creditors (increase)	22	17,410
(1,677)	Changes in Provisions (increase)	23	(4)
(22,884)	Changes in Net Pension Liability (decrease)	37	13,516
23,108	Remeasurement of Net Defined Benefit Liability	37	(21,388)
(9,654)	Changes in Long Term Creditors (increase)	17	(707)
5,703	Changes in Long Term Debtors (decrease)	17	9,309
13,056	Capital Grants Recognised	31	18,954
2,089	Proceeds on Disposal of Property, Plant & Equipment	24	1,338
3,945	**Net Cash Flows from Operating Activities**		**(3,215)**
	Cash Flows from Investing Activities		
42,678	Purchase of Property, Plant & Equipment	14	15,107
4,142	Purchase of Investment Property	15	0
1,146	Purchase of Intangible Assets	16	647
(2,089)	Proceeds from the Disposal of Property, Plant and Equipment	24	(1,338)
0	Other payments and receipts from investing activities		0
17,980	Net Changes in Short Term and Long Term Investments (decrease)	17	20,419
63,856	**Net Cash Flows from Investing Activities**		**34,835**
	Cash Flows from Financing Activities		
(11,266)	Changes in Grants and Contributions	29	(2,872)
(8,000)	Issued share capital		(5,192)
(13,056)	Capital Grants and Contributions Recognised	29	(18,954)
(43,077)	Cash Receipts of Short Term and Long Term Borrowing	17	(15,021)
0	Any other items for which the cash effects are investing or financing cash flows		0
0	Changes in Council Tax and Business Rates Collected for Third Parties	10	0
(75,399)	**Net Cash Flows from Financing Activities**		**(42,039)**
(7,597)	Net (Increase)/Decrease in Cash and Cash Equivalents in the Period		(10,419)
14,426	**Cash and Cash Equivalents at the Beginning of the Period***		**21,404**
22,024	**Cash and Cash Equivalents at the End of the Period**		**31,823**

*The opening Cash and Cash Equivalents for 21/22 has been adjusted for CSN no longer being consolidated

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 2021/22, 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.

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 2022	Land and Buildings	Vehicles Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
Cost or Valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance as previously stated	102,311	14,556	5,556	38	15	57,091	179,567
Prior year adjustment	43,280	0	0	0	0	0	43,280
Opening Balance at 1 April 2021 (Restated)	**145,591**	**14,556**	**5,556**	**38**	**15**	**57,091**	**222,847**
Additions	654	4,287	0	61	0	10,105	15,107
Acc Dep & Imp WO to GCA	(4,207)	0	0	0	0	0	(4,207)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,685	0	0	0	0	2,160	10,845
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(20,348)	0	0	0	0	(23,789)	(44,137)
Derecognition – disposals	(556)	(573)	0	0	0	0	(1,129)
Reclassifications and transfer	1,203	0	0	0	0	0	1,203
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements in cost or valuation	34,404	0	0	0	0	(34,404)	0
Closing Balance at 31 March 2022	**165,427**	**18,270**	**5,556**	**99**	**15**	**11,162**	**200,529**
Accumulated Depreciation and Impairment							
Balance as previously stated	(4,394)	(10,299)	(2,915)	0	0	0	(17,609)
Prior year adjustment	118	0	0	0	0	0	118
Balance brought forward (restated)	**(4,276)**	**(10,299)**	**(2,915)**	**0**	**0**	**0**	**(17,491)**
Depreciation charge	(2,838)	(918)	(186)	0	0	0	(3,942)
Acc. Depreciation WO to GCA	3,283	0	0	0	0	0	3,283
Acc. Impairment WO to GCA	925	0	0	0	0	0	925
Derecognition – disposals	18	553	0	0	0	0	571
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0
Closing Balance at 31 March 2022	(2,890)	(10,664)	(3,101)	0	0	0	(16,655)
Net Book Value							
at 31 March 2022	162,537	7,606	2,455	99	15	11,162	183,874
at 31 March 2021	141,315	4,257	2,640	38	15	57,091	205,356

Property, plant and equipment within the Group is measured at current value and revalued at least every five years by qualified valuers. 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

31-Mar-21 £'000	Inventory	31-Mar-22 £'000
23,537	Land	24,502
49,606	Development Costs	47,117
224	Stock	253
73,367	**Total Inventories**	**71,872**

Annual Governance Statement 2021/22

Introduction

1. This is Cherwell District Council's Annual Governance Statement for 2021/22. 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 2021/22;
- A **conclusion** in relation to the effectiveness
- A review of the **action plan** completed in 2021/22
- An **action plan** for 2022/23
- An **annex** summarising our governance framework

The Annual Governance Statement is required by law[1] and follows the best practice guidance from the Chartered Institute of Public Finance and Accounting (CIPFA). This year, as in the previous year, the Statement also highlights the governance issues posed by the continuing COVID-19 pandemic.

Statement of Opinion

2. It is our opinion that the Council's governance arrangements in 2021/22 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2022/23. 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:

___________________________	___________________________
On (date): ___________________	On (date): ___________________
Yvonne Rees, Chief Executive	Cllr Barry Wood, Leader of the Council

[1] Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015

Reviewing our effectiveness during 2021/22

This review looks at:

- Effectiveness of our governance – generally and in relation to COVID-19
- Conclusion about this effectiveness
- Internal Audit function during 2021/22
- Our statutory governance roles
- Review of actions 2021/22
- Actions for 2022/23
- Outline of our governance

Overview

3. We have reviewed our overall effectiveness both in general and with regard to the COVID-19 pandemic challenges faced and those which we continue to face during recovery.

Generally:

4. Three of the action points for 2021/22 were completed as outlined in Annex 1, with a fourth action relating to the Constitution Review being extended to 31 July 2022, as agreed by the Accounts, Audit and Risk Committee. Specific action points for 2022/23 are set out in Annex 2.

5. The decision to terminate the Section 113 Partnership Agreement will be a main focus for the Council. The Joint Officer Transition Working Group will oversee the decoupling project to ensure a smooth transition for each authority. The District and County Council have agreed to a 6-month termination period, concluding on 31 August 2022.

6. Here are some ways in which our governance has proved effective during 2021/22

- A return to face-to-face meetings following the relaxation of COVID-19 restrictions, with a hybrid option, that allowed for the continuation of democratic decision making virtually, via MS Teams, but also enabled in person debate and voting.
- Actions within last year's governance statement were tracked to completion with the exception of one where an extension was agreed.

During COVID-19

7. Having acted swiftly during the initial outbreak of COVID-19 to meet the demands of the pandemic, the Council continued to do so throughout 2021/22. As with the previous year the Council remains confident that it has been able to do so without compromising good governance and democratic accountability.

The Council's reaction benefited from:

- Clear leadership structure
- Dedicated Gold and Silver Command structures
- Partnership working with Oxfordshire County Council
- Covid-19 risk assessments for our services
- 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
- Continuation of political decision-making with Executive, Council and Committees meeting virtually by MS Teams and then reverting to physical meetings in May 2021.

Impact

8. Lockdown and social distancing rules necessitated **democratic decision-making** be moved to a virtual setting until 6 May 2021. The Council was able to facilitate online decision-making through MS Teams. This also allowed members of the public to take part in virtual meetings e.g. for questions and the presentation of petitions. A **revised Constitution and protocol** ensured the application of the 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. As restrictions were lifted, the Council returned to face-to-face meetings. These meetings have been operated to maintain transparency and accountability whilst minimising the risks associated with COVID-19 in 2021/22. The provisions for wholly virtual meetings fell away from 6 May 2021 and so democratic meetings were required to be held in person. The Council achieved this by managing meeting rooms to maintain social distancing and introducing other hygiene measures. The provision of 'hybrid' meetings meant that officers, councillors, and members of the public could contribute remotely as well as in the room. On a very small number of occasions, the Council operated 'quorum-only' voting where the majority of members participated remotely and were represented in votes by those present.

10. The prolonged impact of COVID-19 required sustained business continuity activity to ensure the delivery of services in a largely uninterrupted fashion. Cherwell District Council's Human Resources and ICT Teams have continued, throughout 2021/22, to facilitate working from home whilst also assisting staff and Managers with the move to hybrid working and the return of some staff to Council offices.

11. Financial management practices have had to adapt to the prolonged impact of COVD-19 on financial management. A Financial Cell was established as part of the COVID-19 response strategy to support related decision making.

12. Clearly some services, were required to implement additional COVID-19 specific processes which will have impacted on normal business for those services, such as the Revenues and Benefits team (at CSN Resources until 4 November 2021) and Finance. From 5 November 2021 the Council has operated its own internal Revenues and Benefits service. The Council had to respond quickly and implement new processes in response to the government's requirement to provide COVID-19 grants to qualifying local businesses. The Council also had to introduce discretionary schemes and the associated checks and balances to ensure grants were paid to appropriate qualifying businesses in need of support.

Command structure

13. The Council's **Gold and Silver Command** were put into place and worked well during the initial outbreak. The Command structures enabled the Council to keep visibility of services and how best to prioritise actions 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. Regular Gold sessions for Oxfordshire's Chief Executives and Leaders were also an integral part of the command structure in co-ordinating our response. Annex 3 is a one-page illustration of the Command structure and how it fits within its local and regional setting.

Beyond COVID-19

14. The Council's reaction to the pandemic has **fast-tracked the development** of key governance issues and has continued to do so throughout 2021/22. This has been through 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 of the cross-cutting interplay of services; reviewing the portfolio of property; enhanced focus on security, wellbeing and health and safety, with the whole pandemic management being undertaken jointly through the Gold and Silver command structures.

15. The resource implications of the pandemic posed a challenge for the local government sector. The Council's governance experience of COVID-19, shaped future planning as it managed the delivery of quality services and democracy under COVID-19 conditions:

- 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

16. The Council approved a robust recovery strategy "Restart Recover Renew". It recognised the opportunity to learn from its experience and to transform its services for the better as it moved along the Roadmap.

Partnership Decoupling

17. In February 2022, Cherwell District Council and Oxfordshire County Council agreed to the required six months' notice for the termination of the Section 113 Agreement dated 31 August 2018, governing joint working between the two councils.

18. In order to ensure appropriate separation of decision making and to fully serve the interests of each council through the termination process, the councils also agreed to separate the statutory roles of Head of Paid Service (Chief Executive), Monitoring Officer and Section 151 Officer, with immediate effect. As such, for each of these roles, each council has either made an interim appointment or the substantive post holder has returned to serving only their employing authority.

19. In the decision agreeing to terminate the agreement, both councils agreed an ongoing role of the Joint Shared Services and Personnel Committee (JSSP) with revised terms of reference, to provide suitable oversight and decision-taking concerning the termination of the agreement.

20. A Joint Officer Transition Working Group has been established and a programme of due diligence and service reviews is underway, with the aim of keeping the best interests of residents at the centre of decision making.

21. Where appropriate for each council, revised partnership arrangements will remain in-place within the framework of new agreements.

22. Full details of the termination are set out in Council Papers for 7 and 8 February 2022 for Cherwell District Council and Oxfordshire County Council respectively and progress on the ongoing programme of work to terminate the agreement is reported monthly meetings of the JSSP.

Internal Audit in 2021/22

23. 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 as follows:

- 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.

24. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The self-assessment against the standards is completed on an annual basis. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This is next due in 2022.

25. The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2022, there is **satisfactory** assurance regarding Cherwell District Council's overall control environment and the arrangements for governance, risk management and control. Where weaknesses have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement.

26. Where Internal Audit identifies areas for improvement, management action plans are in place and are routinely monitored by the Internal Audit team and reported to the Accounts, Audit and Risk Committee. 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.

Financial Management Code

27. A key goal of the Financial Management Code of Practice (launched by CIPFA in November 2019) is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the impact of COVID-19 has continued to test that financial resilience in 2021/22 and will do so in coming years. Since April 2021 authorities have been expected to work towards full compliance of the FM Code. There are clear links between the Financial Management Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes. As such, Annex 5 sets out the outcomes of the initial assessment of compliance with the Code. As you will see, the picture is positive, with the RAG (Red-Amber-Green) rating of compliance showing as Green for all of the 19 standards. A column showing 'Further Work' gives an indication of improvements that can be made over the current year.

Our statutory governance roles

28. 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 the Council's Chief Executive, Yvonne Rees: how the Council's functions are delivered, the appointment and proper management of staff
    - **Monitoring Officer** – For most of 2021/22 this was Anita Bradley, 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. On 9 February 2022 Shahin Ismail, was appointed as Interim Monitoring Officer for Cherwell District Council, and as of 1 April 2022, the role of Interim Director of Law & Governance passed to her also as part of the Oxfordshire/Cherwell partnership decoupling process.
    - ***'Section 151 Officer'*** – the Chief Finance Officer, was Lorna Baxter until 8 February 2022: responsible for the financial management of the authority. From 9 February 2022, this role passed to Michael Furness, Assistant Director for Finance.

29. Each of the postholders is an integral member of the Council's corporate leadership team (CLT). 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.

30. 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 2021/22 and priorities for 2022/23

31. The following two annexes summarise:

    - Annex 1: updates on the priority actions for 2021/22
    - Annex 2: actions identified for 2022/23

32. The Actions for 2021/22 in Annex 1 highlight certain aspects of emerging governance that might not otherwise be apparent from work regularly reported to the Council's Accounts, Audit and Risk Committee. As such, progress reports on these actions are reported to the Committee through the year.

    The Actions for 2022/23 in Annex 2 will be monitored by the Corporate Governance Assurance Group, or any successor governance framework following the conclusion of the decoupling project, and the Accounts, Audit and Risk Committee.

33. Other governance and audit activity across the Council will continue to be reported to Accounts, Audit and Risk Committee through its normal work programmes

Governance in Outline

34. Annex 4 sets out the Council's governance framework in outline. This was updated in March 2022, following a review by the Corporate Governance Assurance Group and Extended Leadership Team (ELT).

Annex 1 – Significant governance issues

Actions identified for 2021/22 - Update

35. This is a review of the progress during 2021/22 on the priorities for that year. The actions identified were completed in-year

Actions that were planned for 2021/22	Original Timescale	Outcome
To develop an OCC/CDC Procurement Strategy and OCC/CDC Social Value Policy with CEDR fully sighted on both documents. Ensure all staff are fully briefed and trained on the content and their respective obligations. • The new Provision Cycle Hub and Spoke functional model will fully define contract management accountability across the Councils. To help fulfil this accountability the council will enhance its contract management systems and processes and provide a training programme to support contract management skills improvement. The electronic Contract and Supplier Management System (eCMS) functionality has been enhanced and will continue to be reviewed as part of the Provision Cycle transformation programme. • This will include an improvement plan with the expectation to develop and implement improvements that	A new joint procurement strategy will be presented to CEDR by end July 2021. The new Social Value Policy, including Climate Change elements, will be presented to CEDR by July 2021. It will be implemented as appropriate across all tenders from July 2021. All contracts will be stored in the eCMS to demonstrate a complete Forward Plan in terms of current active contracts and renewal timescales. It will be a live document driving procurement engagement across all service areas.	A Social Value Policy has been drafted and was reviewed at a meeting of the Chief Executive's Direct Reports (CEDR, now the Corporate Leadership Team, CLT), the Council's senior management team. The policy was signed off by the Executive Board and adopted on 7 February 2022. This will apply to all tenders above a certain threshold value across Cherwell District Council (CDC) and will involve the use of the third-party supplier Social Value Portal, who have provided this service for many other Councils across the UK. There is a degree of flexibility to ensure that the selected topics for Social Value are relevant to that particular tender and will include elements relating to Carbon Net Zero: for example, reductions in carbon emissions and air pollution, ensuring that the natural environment is safeguarded, and that resource efficiency and circular economy solutions are promoted.

Actions that were planned for 2021/22	Original Timescale	Outcome
will provide management and controls across the full cycle of Commissioning, Procurement and Contract Management. • This will enable a consistent, council-wide approach enabling 100% visibility of requirements throughout the provision cycle, ensuring all contracts are effectively managed.		The procurement strategy is in draft format, and will presented to CLT in due course, once the Social Value Strategy has been approved. The Atamis system continues to act as the central document repository for Procurement. All tenders, contracts, and extensions are stored within it, enabling a Forward Plan to be created to identify which contracts will be up for renewal at what point. A detailed update was presented to Committee 19 January 2022.
Review of post-COVID-19 governance arrangements: • The Corporate Governance Assurance Group will continue to monitor, support and engage with Corporate Lead areas so as to ensure that they are able to continue with effective governance arrangements. • The Corporate Governance Assurance Group will continue to review the Council's governance, including its internal controls, policies and transparency arrangements.	Ongoing throughout 2021/2022 Monthly review by Corporate Governance Assurance Group Paper to ELT and CEDR in Q.2 and each Quarter thereafter to update on progress Local Code of Corporate Governance	The Council's Corporate Governance Assurance Group has continued to meet monthly to oversee governance developments. The Group consists of the Monitoring Officer together with key governance officers including the Chief Internal Auditor, Assistant Finance Directors, Deputy Monitoring Officer, the Head of Insight and Corporate Programmes supported by the Council's governance officers. An emphasis has been on closer working with CLT and the Extended Leadership

Actions that were planned for 2021/22	Original Timescale	Outcome
	reviewed by ELT in Q2 for consideration by Accounts, Audit and Risk Committee in September or November. Report to Accounts, Audit and Risk Committee at September, November, January and March meetings on emerging governance issues post-Covid-19.	Team (ELT), that is, CLT plus their direct senior manager reports, particularly in the development of a revised Local Code of Corporate Governance. A report on the purpose of the Code was taken to ELT in the summer. In the meantime, a Local Code of Corporate Governance has been drafted with the oversight of CGAG and with input from ELT representatives. CLT have reviewed the Code ahead of Committee being invited to comment on the draft on 25 May 2022. Unlike the Annual Governance Statement, there is no statutory requirement for a Local Code of Corporate Governance. Rather, the Code complements and underpins the Annual Governance Statement by demonstrating, with evidence, how the Council meets the good governance principles set out in the Good Governance Framework published by the Chartered Institute of Finance and Accountancy. CGAG has worked with ELT, and then with CLT, to bring forward a draft Annual Governance Statement for 2021/22, which will then be brought to Committee on 25 May 2022. The Council has also overseen the return to physical settings of the

Actions that were planned for 2021/22	Original Timescale	Outcome
		formal democratic decision-making meetings of the Council, fully compliant with public health advice. This has been achieved while also retaining the virtual engagement from the public as well as webcasting of meetings, with the option for the public to attend in person. Additionally, the Council has taken steps to commence a Constitution Review as noted below.
Constitution Review Undertake an Annual Review of the Constitution, as agreed by Council in 2020, to take place during the Autumn	The Overview and Scrutiny Committee to agree the scope and means of a achieving the Annual Review of the Constitution (October 2021). Review to take place October-November The Scrutiny Committee (Nov 2021) to make recommendations for any substantive change to Council (December 2021).	The Constitution Working Group advised Committee that the timescale in which to produce an updated Constitution that is fit for purpose and understandable would not be achievable within the initial anticipated timescale of 31 March 2022. Committee agreed to extend the deadline for the review until July 2022. Update to be provided to Committee in due course.

Financial Management Implement budget monitoring that considers balance sheet items including reserves and outstanding debt	Begin monitoring of balance sheet items in Period 2 of 2021/22. As the closedown process finishes enhance the process throughout the year.	The Council has introduced monthly monitoring of its reserves with changes in the budgeted use of earmarked reserves and/or general balances requiring approval by the Executive. This offers the Council far greater understanding of its reserves position and the affordability of agreeing to the additional use of reserves. Additionally, the Council has begun to monitor its aged debt position on a quarterly basis. This allows the Council to understand whether it is collecting the debt it is raised on a timely basis. The introduction of this monitoring has resulted in a review of the aged debt the Council holds to identify how collectible the debt is.

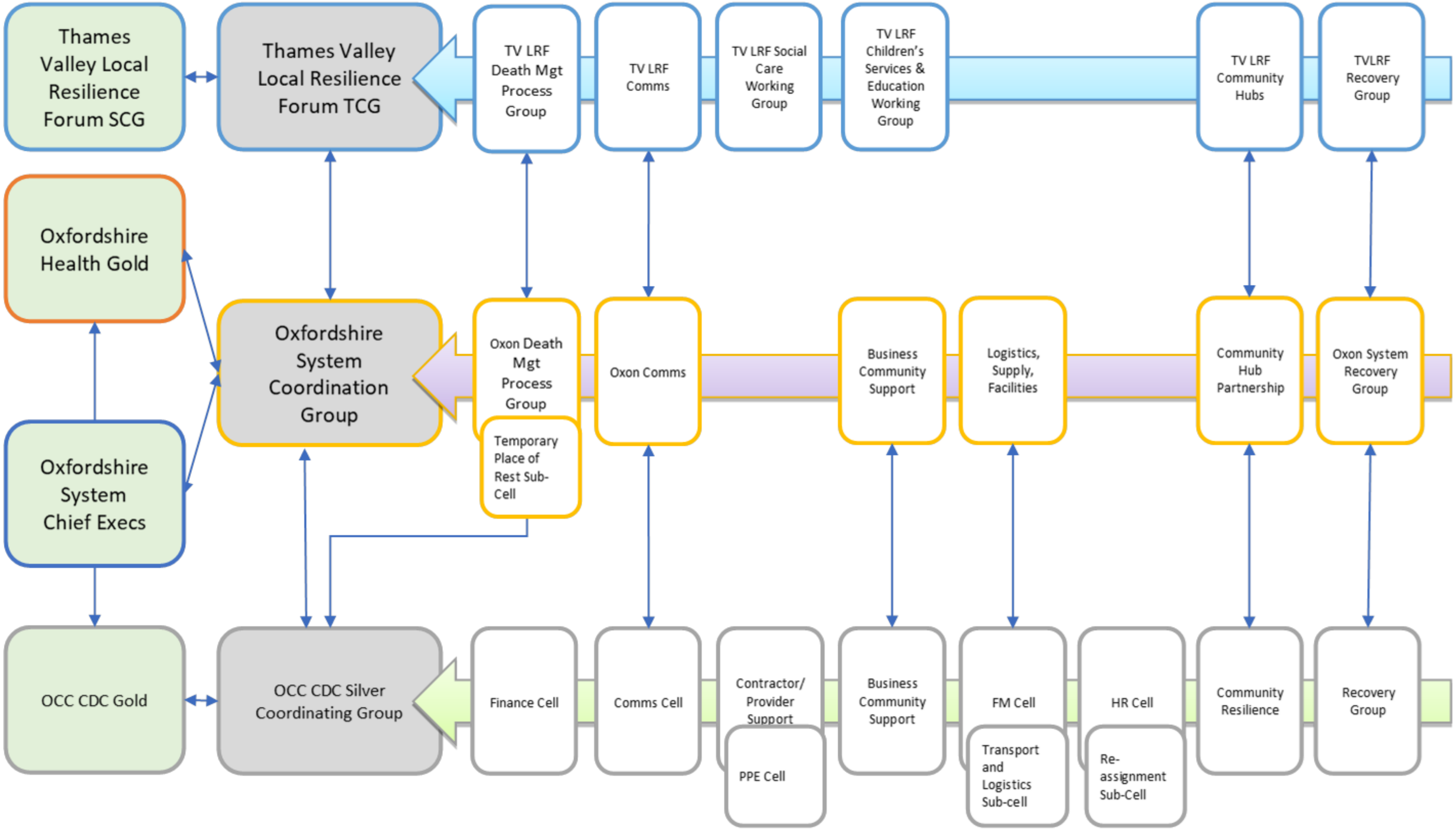
Annex 2 – Significant Governance Issues

Actions identified for 2022/23

Item	Action now planned for 2022/23	Timescale for Completion	Responsible Officer	Monitoring Body
1	**Cherwell-Oxfordshire Decoupling Programme** • Joint Shared Services and Personnel Committee (JSSP) with revised terms of reference, to provide suitable oversight and decision-taking concerning the termination of the agreement. • A Joint Officer Transition Working Group will oversee a programme of due diligence and service reviews is underway, with the aim of keeping the best interests of residents at the centre of decision making. • Where appropriate for each council, revised partnership arrangements will remain in-place within the framework of new agreements.	31 August 2022	Nathan Elvery, Interim Corporate Director, Communities and Chief Operating Officer	Corporate Leadership Team (CLT) and Accounts, Audit and Risk Committee (AARC)
2	**Schemes of Delegation** • The Council has implicit schemes of delegation (authorisation limits) within its Unit 4 financial system. However, these schemes of delegation are not formally codified within the constitution or delegated down from Corporate	November 2022	Shahin Ismail, Interim Monitoring Officer, and Michael Furness, Assistant Director of Finance	AARC

Item	Action now planned for 2022/23	Timescale for Completion	Responsible Officer	Monitoring Body
	Directors to specific grades of officer. • It is acknowledged that the monitoring officer will need to carry out a review of the schemes of delegation as part of the Constitution Review. This will be addressed as part of the constitutional work required on de-coupling its arrangements with Oxfordshire County Council			
3	**Constitution Review** • The Constitution Working Group advised Committee that the timescale in which to produce an updated Constitution that is fit for purpose and understandable would not be achievable within the initial anticipated timescale of 31 March 2022. • Committee agreed to extend the deadline for the review until July 2022. • Update to be provided to Committee in due course.	31 July 2022	Shahin Ismail, Interim Monitoring Officer	AARC

Annex 3 – Covid-19 Command and Control Structure



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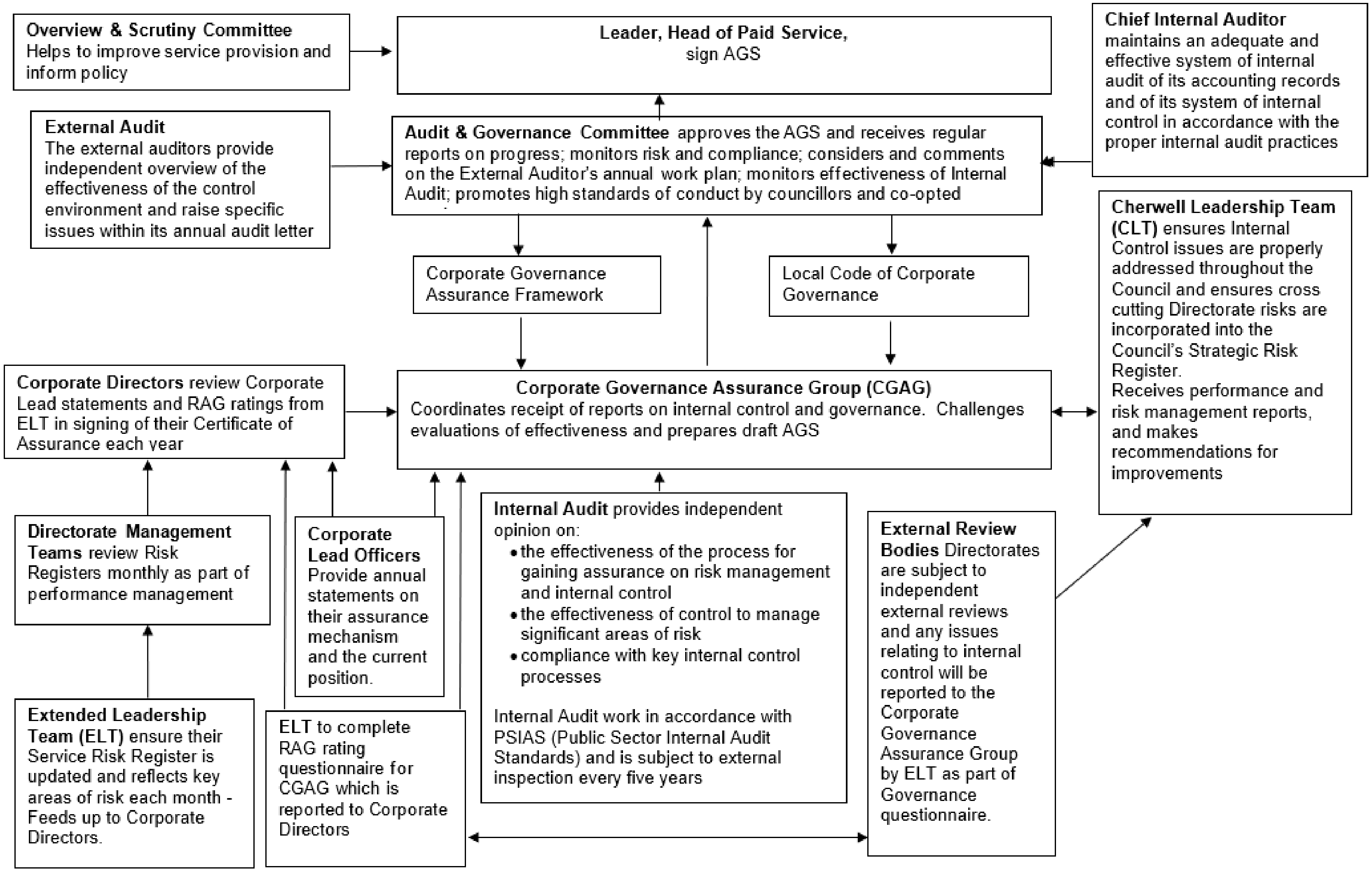
Annex 4 – Overview of Corporate Governance Assurance Framework



Annex 5 – Summary Financial Management Code Assessment

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
1.Responsibilities of the CFO and Leadership Team				
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	All services reviewed to ensure being delivered efficiently and appropriate savings identified. All tenders consider VfM by considering the quality of service and not just price.	Develop a statement of how proposals in Executive Reports will deliver value for money where appropriate	
B	The authority complies with the CIPFA "Statement of the Role of the CFO in Local Government"	The CFO is qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of CEDR (Chief Executive Direct Reports) and has an influential role with members of the Cabinet, Audit & Governance Committee and lead opposition members.	Set out clear statement of roles and responsibilities of CFO, CEDR and the Exec.	
2.	**Governance and Financial Management Style**			
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	The Corporate Governance and Assurance Group (CGAG) exists to ensure good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Professional Lead Statements and engagement with Corporate Directors.	CGAG to continue to establish itself and enhance its workload including driving consistency across the partnership between the County Council and CDC.	

D	The authority applies the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)”	Annual Governance Statement includes audit opinion on effectiveness of internal control environment and systems of internal control.	Continue to enhance and develop the AGS through CGAG.	
E	The Financial Management style of the authority supports financial sustainability	The Council has adopted a Business Partnering model that supports managers to deliver financially sustainable services by providing strategic advice and support. This is underpinned by a Corporate Function that manages the strategic financing issues and provides the budget setting and accounting framework for the organisation.	Continue to develop the skills of managers to ensure that they have access to performance and financial information that enables them to deliver services that are financially sustainable.	
3.	**Long to Medium-Term Financial Management**			
F	The authority has carried out a credible and transparent financial resilience assessment	A Financial Resilience assessment is included within the Budget Documents. The assessment is consistent with the Medium-Term Financial Strategy (MTFS) assumptions.		
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	MTFS far more transparent than in previous years clearly outlining the financial challenges facing CDC in the Budget and Business Planning Process 2021/22 – 2025/26 Report	Continue to update CEDR and the Executive throughout year and within Budget/MTFS documents	
H	The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”	Capital Strategy is produced. Quarterly Treasury Management monitoring considered at the Accounts, Audit and Risk Committee.	Develop a profiled five-year capital programme. Provide quarterly TM and Prudential Indicator updates as part of monitoring reports.	

I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	CDC has an Integrated Business Planning and Budget Process with a five-year MTFS.	Ensure services aware of future savings plans committed to and savings are implemented.	
4.	**The Annual Budget**			
J	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces its annual balanced budget and supporting documentation.		
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	Section 25 report accompanies the suite of Budget documents. Enhanced by including an assessment of readiness for implementing the FM Code		
5.	**Stakeholder Engagement and Business Plans**			
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	Significant consultation on the budget proposals as well as ensuring carry out the statutory business rate payers' consultation.	Continue with corporate and directorate consultation where appropriate.	
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	A business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits of progressing with the scheme. All tenders consider VfM by considering the quality of service and not just price – the appraisal process is documented.	Agree consistent business case templates from outline through to full across the partnership between the County Council and CDC for both revenue and capital schemes.	
6.	**Monitoring Financial Performance**			
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The monthly Performance, Risk and Financial Monitoring Report to Executive enables CEDR and Executive to respond to emerging risks – the effectiveness was	The Capital Programme monitoring element requires enhancement to:	

		evidenced during 2020/21 as the Council agreed an in-year budget to respond to the financial impact of Covid-19.	• better reflect performance and the delivery of outcomes linked to the completion of capital schemes. • Explain differences in in-year slippage and total cost variances	
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	Reserves and balances are monitored monthly and changes in budgeted use require appropriate approvals before they can be assumed. Debtor monitoring takes place quarterly identifying aged debt of Council debt.	Review aged debt to consider the collectability of this.	
7.	**External Financial Reporting**			
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom”	The annual accounts are produced in compliance with the CIPFA Code.		
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	CEDR and Executive consider outturn report and year end variances enabling strategic financial decisions to be made as necessary.		

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This report is public.	
Draft Statement of Accounts 2022-23	
Committee	Accounts, Audit and Risk Committee
Date of Committee	20 March 2024
Portfolio Holder presenting the report	Councillor Adam Nell
Date Portfolio Holder agreed report	6 March 2024
Report of	Assistant Director of Finance (S151) Michael Furness

Purpose of report

To provide an opportunity for review of the draft 2022/23 Statement of Accounts which were published on 2 February 2024.

1. Recommendations

The Accounts, Audit and Risk committee resolves:

1.1 To note the report and publication of the draft statement of accounts 2022/23 (Appendix 1), and raise any queries on the draft statement of accounts.

1.2 To note the current consultations from Central Government to implement 'backstop' dates to combat the backlog of outstanding audits across England.

2. Executive Summary

2.1 The draft statement of accounts 2022/23 were published on 2 February 2024. Draft statements of accounts are usually published by 31 May following the year end date; however, due to delays primarily driven by the delay in the 2021/22 audit of the financial statements, the council was unable to publish at that time. Publishing draft accounts before the prior year's audit was substantively complete risked the draft accounts being materially incorrect due to potential audit adjustments in the prior year which could impact on opening balances. Once the 2021/22 audit had reached a stage where the majority of the work had been completed and audit adjustments agreed the council was able to produce 2022/23 draft statements.

2.2 The draft statements of accounts for 2022/23 are now being presented to the Accounts, Audit and Risk committee for review (Appendix 1).

2.3 The Department for Levelling Up, Housing and Communities (DLUHC) and the National Audit Office (NAO) published on 8 February 2024 a joint statement and consultations on addressing the backlog of audits across England. This includes setting ‘backstop’ dates by which the external auditors must provide an opinion on the statement of accounts. If the auditors have not had the time to complete the audit as normal by this point, this could lead to a qualified or disclaimer opinion, meaning that they have not been able to gain sufficient assurance over some or all of the figures disclosed in the financial statements. The proposed backstop date for 2022/23 is 30 September 2024, but this is still subject to the results of the consultation. Once the outcome of the consultation is announced, we will bring an update to the committee on the implications for the council.

Implications & Impact Assessments

Implications	**Commentary**			
Finance	There are no financial implications as a result of this report. Joanne Kaye, Head of Finance (Deputy S151) 23 February 2024			
Legal	The Accounts and Audit Regulations 2015 (as amended) require a period of 30 working days for the exercise of public rights to inspection of the draft Statement of Accounts. This period should include specified days in June however due to issues beyond our control the Council has, in accordance with the exception permitted within the Regulations, published the Draft Statement of Accounts 2022/23 on Friday 2 February 2024 alongside a public inspection notice announcing that the period for the exercise of public rights will commence at 9am on Monday 5 February 2024 and conclude at 4pm on Friday 15 March 2024. Alison Coles, Legal Services Operations Manager, Solicitor 28 February 2024			
Risk Management	There are no risk implications arising directly from this report. Celia Prado-Teeling, Performance & Insight Team Leader, 27 February 2024			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				Not Applicable
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?				Not Applicable
B Will the proposed decision have an impact upon the				Not Applicable

lives of people with protected characteristics, including employees and service users?				
Climate & Environmental Impact				Not applicable
ICT & Digital Impact				Not applicable
Data Impact				Not applicable
Procurement & subsidy				Not applicable
Council Priorities	Not applicable			
Human Resources	**N/A**			
Property	**N/A**			
Consultation & Engagement	No consultation necessary.			

Supporting Information

3. Background

3.1 All local authorities must produce a statement of accounts annually to help ensure that there is appropriate stewardship of public finances. A draft statement of accounts is usually required to be published by 31 May after the year end, however the Accounts and Audit Regulations 2015 were amended in 2021 to allow for the publication to be delayed where necessary. The council published a notice on 30th May 2023 in line with the amended regulations stating that the publication was delayed, primarily due to delays in the audit of the 2021/22 statement of accounts. In February it was determined that as the 2021/22 audit is approaching conclusion the council was in a position to publish draft 2022/23 statements.

3.2 Statements of accounts are produced according to accounting standards to ensure that they are produced on a consistent standard and are comparable with other statements of accounts. Local Authority statements of accounts are produced by following the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code occasionally overrides accounting standards where statute takes precedence over accounting standards.

3.3 The Statement of Accounts is made up of the following elements:

- The Narrative Statement - an introduction to Cherwell District Council (CDC) and what it has achieved over the year.
- The main financial statements:

    - Expenditure and Funding Analysis (EFA)
    - Comprehensive Income and Expenditure Statement (CIES)
    - Movement in Reserves Statement (MIRS)
    - Balance Sheet
    - Cashflow Statement
- Supporting Notes to the Accounts
- Collection Fund accounts – setting out the Non-Domestic Rates and Council Tax collected and distributed by the council as the billing authority.
- Group accounts and explanatory notes – a set of accounts where the subsidiaries within the group have been consolidated with the council's accounts.
- Annual Governance Statement – an annual assessment of the governance arrangements for the council which is required to be published alongside the financial statements.

4. Details

4.1 The council's draft statement of accounts for 2022/23 are attached at Appendix 1. This report will provide an overview of what the main financial statements say about the council.

4.2 **Expenditure and Funding Analysis**

4.2.1 The objective of the Expenditure and Funding Analysis (EFA) is to demonstrate to council taxpayers how the funding available to the council (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.

4.2.2 The EFA also shows how this expenditure is allocated for decision making purposes between the council's directorates within the General Fund. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

4.2.3 All figures shown in the EFA are net expenditure or (income) figures. Therefore, a figure without brackets shows a net cost and a figure with brackets is a net income item.

4.2.4 The council reported a balanced revenue outturn position for 2022/23 in July 2023. This position did not (and should not have) included the statutory accounting adjustments found in the EFA. The overall deficit on the Combined General Fund (General Fund reserve and Earmarked Reserves) for the provision of services for the year was £8.3m. This consists of a (£0.2m) surplus on the General Fund, and £8.5m use of Earmarked reserves. In total there were (£4.0m) of adjustments between the net expenditure chargeable to the general fund and net expenditure in the CIES. These are statutory adjustments between the funding basis for the council and the accounting requirements of the CIPFA code. The adjustments are as follows:

- **Capital Statutory adjustments of £1.6m**
  This adjustment adds in capital items not chargeable to the general fund

such as depreciation, impairment, revaluation movements and capital grant income. It also removes statutory charges for capital financing such as the Minimum Revenue provision as these are not chargeable under generally accepted accounting practices.

- **Pensions Statutory adjustments of £7.3m**
  This adjustment removes the pension contributions chargeable to the general fund under statute and replaces with the accounting charges based on estimated changes in the net defined benefit pension liability as calculated by the pension scheme actuary.
- **Other Statutory Adjustments of (£12.9m)**
  Consisting primarily of the difference between what is chargeable to the general fund under statutory regulations for Council Tax and Non-Domestic Rates and the income recognised in the CIES 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.

4.3 **Comprehensive Income and Expenditure Statement**

4.3.1 The CIES 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 EFA and the Movement in Reserves Statement (MIRS).

4.3.2 All figures shown in the CIES with brackets are income and without brackets are expenditure.

4.3.3 Table 1 below compares the Net Expenditure/ (Income) for the council for 2021/22 and 2022/23

Table 1: Comparison of Net Expenditure / (Income) for the council between 2021/22 and 2022/23	**2021/22 Net Expenditure /(Income) £m**	**2022/23 Net Expenditure /(Income) £m**	**Increase/ (decrease) £m**
Chief Executive	15.9	8.5	(7.4)
Communities	16.2	13.1	(3.1)
Resources	53.5	14.9	(38.6)
Cost of Services	**85.6**	**36.5**	**(49.1)**
Other Operating Expenditure	4.6	4.6	0
Financing and Investment (Income) and Expenditure	(0.7)	(0.7)	0
Taxation and Non-specific Grant (Income)	(51.4)	(36.1)	15.3
(Surplus) or Deficit on Provision of Services	**38.1**	**4.3**	**(33.8)**

4.3.4 The primary driver for the (£33.8m) reduction in net deficit on provision of services was capital and COVID-19 related items. Note that the capital items totalling

(£30.9m) of this reduction do not impact on the general fund due to the capital statutory overrides. This is broken down in table 2 below:

Table 2: Breakdown of reduction in net deficit on provision of services

Reason	**Impact on net deficit on provision of services £m**
Change in losses on revaluation of property	(39.5)
Reduction in Revenue Expenditure Funded by Capital Under Statute	(7.3)
Reduction in capital grant income	15.9
Reduction in Covid-19 grant related net expenditure	(3.1)
Other movements	0.2
Total	**(33.8)**

4.4 **Movement in reserves Statement**

4.4.1 The MIRS shows the movement from the start of the year to the end of the year for the different reserves held by the council, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves' (e.g. the Revaluation Reserve which holds unrealised gains and losses from the revaluation of assets or the Capital Adjustment Account which holds adjustments between the accounting basis and funding basis under regulations).

4.4.2 This statement shows how the movements in year of the council'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.

4.4.3 The MIRS combines both levels of reserves held (balances) and changes in the level of reserves that have happened through the year. Where there is a change in the year that contributes to - (increases) - a reserve this is shown with brackets. Where there is a use of - decreases - a reserve this is shown without brackets.

4.4.4 The council's general reserve has increased from (£6.0m) to (£6.2m). Other usable reserves have decreased from (£40.2m) to (£29.5m), meaning total usable reserves as at 31 March 2023 are (£35.7m). The decrease relates primarily to budgeted use of the business rates S31 grants reserve to offset the estimated business rates collection fund deficit from 2021/22.

4.4.5 Total unusable reserves have increased by (£67.1m) from £51.1m to (£16.0m) as at 31 March 2023. The increase relates primarily to a (£50.8m) increase in the pension reserve and a (£13.3m) increase in the Collection Fund Adjustment Account reserve. The (£50.8m) increase in the pension reserve is due to a £50.8m reduction in the net pension liability, reducing from (£82.1m) to (£31.3m), as the reserve mirrors the liability (see section 4.5.5 for detail on the pension liability movement). The Collection Fund Adjustment account movement is largely due to there having been an £8.5m deficit on business rates collection in 21/22, but in 22/23 there was a (£4.6m) surplus. The remaining (£0.2m) increase in the

Collection Fund Adjustment Account reserve relates to small movements in Council Tax surplus/deficits.

4.5 **Balance sheet**

4.5.1 The balance sheet shows the values as at 31 March 2023 of the assets and (liabilities) recognised by the council. The net assets of the council - assets less (liabilities) - are matched by the reserves held by the council, analysed between ‘useable’ and ‘unusable’ reserves, shown in the bottom portion of the Balance Sheet. Assets are shown without brackets, whilst (liabilities) are shown with brackets.

4.5.2 The Balance Sheet is split between long-term and short-term items (also referred to as non-current and current respectively). Long-term items are expected to last or mature after a period of more than 1 year. Short-term items are expected to last or mature within 1 year of the balance sheet date.

4.5.3 A high-level breakdown of the balance sheet is shown below, for a full breakdown please see the balance sheet as presented on pg29 of Appendix 1.

Table 3 – High-Level Balance Sheet

Category	**2021/22 £m**	**2022/23 £m**	**Movement £m**
Long term Assets	288.1	288.7	0.6
Current Assets	71.5	61.6	(9.9)
Total Assets	**359.6**	**350.3**	**(9.3)**
Current Liabilities	(142.6)	(76.5)	66.1
Long Term Liabilities	(222.0)	(222.1)	(0.1)
Total Liabilities	**(364.6)**	**(298.6)**	**66.0**
Net Assets	**(5.0)**	**51.7**	**56.7**
Total Reserves	**5.0**	**(51.7)**	**(56.7)**

4.5.4 The increase to net assets of £56.7m is largely attributed to the £50.8m reduction in the net pension liability from (£82.1m) to (£31.3m) - mirrored by a £50.8m increase in the pensions reserve due to the accounting entries for defined benefit pensions. Note that the net pension liability is a long-term liability, however in the above table there is only a (0.1m) movement in long term liabilities. This is due to the movement in net pension liability being offset by £54m of borrowing that was refinanced in year to minimise borrowing costs and so moved from current to long-term.

4.5.5 The net pension liability reduction is primarily due to the increase in the discount rate assumption used by the actuaries to estimate the liability. The discount rate is linked to the yield of corporate bonds, and so has risen alongside the interest rate increases from the Bank of England. The discount rate is used to discount future cashflows to reflect the time value of money. Therefore, an increase in the discount rate means the present value of future pension payments has decreased, and so the pension liability has decreased.

4.6 **Cash Flow Statement**

4.6.1 The Cash Flow Statement summarises the changes in cash and cash equivalents during 2022/23. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities.

- Net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council.
- Investing activities represent the extent to which net cash flows have been made for resources which are intended to contribute to the council's future service delivery.
- Net cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

4.6.2 Increases in cash - (inflows) - are shown with brackets. Reductions in cash – outflows – are shown without brackets.

4.6.3 Operating activities for the year resulted in an increase in cash of (£21.8m). Investing activities resulted in a net increase in cash of (£5.5m). Financing activities resulted in a net decrease in cash of £24.2m. Overall, the council saw an increase of the cash and cash equivalent assets it held for the year of (£3.1m).

4.7 Audit Backlog Consultation

4.7.1 On 8 February 2024 DLUHC and the NAO published a joint statement and associated consultations on local audit delays in England and their proposed method to clear the backlog.

4.7.2 To clear the backlog of historical accounts and 'reset' the system, DLUHC proposes putting a date in law (the "backstop date") – 30 September 2024 – by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23. The proposal would also set similar backstop dates for the following 5 years as set out below:

- Year ended 31 March 2024: 31 May 2025
- Year ended 31 March 2025: 31 March 2026
- Year ended 31 March 2026: 31 January 2027
- Year ended 31 March 2027: 30 November 2027
- Year ended 31 March 2028: 30 November 2028

4.7.3 Under this proposal Auditors would be required to issue an opinion before the backstop date, however, if they do not have enough time to complete all audit work before that date, then a modified opinion would be issued. Depending on the amount of work completed by the backstop date the modified opinion could either be a 'qualified opinion' or a 'disclaimer opinion' rather than the usual 'unqualified opinion'. These mean the following:

- **Unqualified Opinion:**
  This opinion is given when the auditor has gained sufficient assurance that the financial statements give a true and fair view.
- **Qualified Opinion:**
  This opinion is given where the auditor has been unable to gain sufficient assurance over a limited area of the financial statements, but except for the effects of this, the financial statements give a true and fair view.

- **Disclaimer Opinion:**
  This opinion is given where the auditor has been unable to gain sufficient assurance over a range of areas in the financial statements, and this is so pervasive that the auditor is unable to form an opinion on whether the financial statements give a true and fair view. In the case of the backstop date this would be because they have not been able to complete enough of the audit work in the time available rather than there being an issue with the transactions or audit evidence.

4.7.4 The consultation closed for responses on 7 March 2024 and the publication date of the result of the consultation has not yet been announced. Once this has been confirmed we will return to the committee with an update on the implications for the 2022/23 audit and the future years.

5. Alternative Options and Reasons for Rejection

5.1 There are no alternative options as the council is required by the Accounts and Audit Regulations 2015 to produce and publish its statement of accounts for 2022/23. If members have comments or concerns these can be discussed with officers.

6 Conclusion and Reasons for Recommendations

6.1 The statement of accounts has been prepared according the CIPFA code and represents a true and fair view of the council's financial position. The Accounts, Audit and Risk Committee is invited to note the draft statement of accounts and discuss these with officers to get an understanding of the statements.

Decision Information

Key Decision	N/A
Subject to Call in	N/A
If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Appendix 1 – Draft Statement of Accounts 2022-23
Background Papers	None
Reference Papers	Accounts, Audit and Risk Committee report on 26 July 2023 – Accounting Policies 2022/23 Accounts, Audit and Risk Committee report on 26 July 2023 - Annual Governance Statement 2022/23

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Cherwell
DISTRICT COUNCIL
NORTH OXFORDSHIRE

DRAFT

Statement of Accounts

2022/23

Contents

Introduction

Welcome to Cherwell District Council's Statement of Accounts for the year ending 31 March 2023.

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.

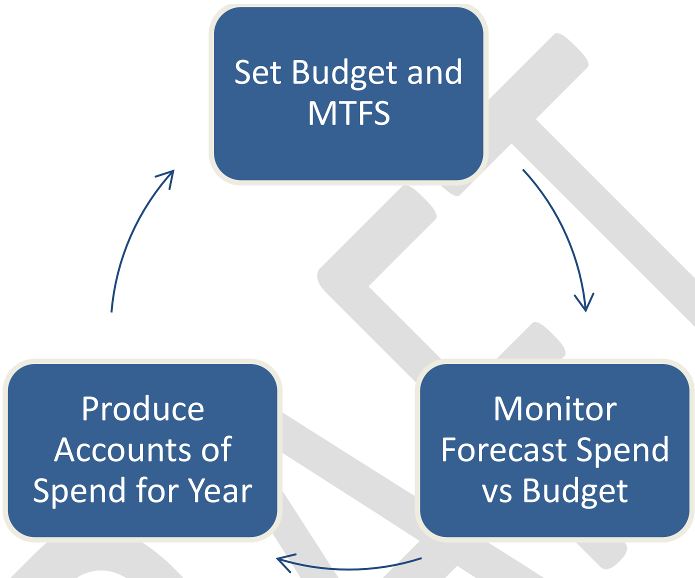
We hope you find the financial statements of interest and we look forward to hearing your views.

Gordon Stewart
Chief Executive
Cherwell District Council
PO Box 27
Banbury
Oxfordshire
OX15 4BH

Executive Member's Narrative

As Lead Member for Finance I would like to welcome you to the Cherwell District Council 2022/23 Statement of Accounts.

The preparation of the Statement of Accounts provides the opportunity to reflect on the past financial year and report on the current financial and non-financial position of the Council. It is the culmination of the annual cycle.



All the while, payments are made to suppliers and housing benefits recipients; council tax and business rates are collected and distributed to our partners; fees and charges income is collected for our chargeable services; financial systems and controls are monitored to ensure they continue to operate effectively; treasury management ensures that public funds are invested securely and borrowing is undertaken appropriately to support our capital programme whilst minimising our borrowing costs.

2022/23 proved to be a hugely challenging but successful year for Cherwell District Council. The council decoupled from its strategic partnership with Oxfordshire County Council, resulting in net additional costs in 20222/23 of £0.746m and ongoing loss of net savings in 2023/24 of £0.0880m, whilst continuing to deliver on its objectives and playing a vital role supporting residents and businesses.

We delivered 181 Affordable homes and 1,318 housing completions during 2021/22

666 households with vulnerable residents were helped living independently through small works or adaptations to homes.

Our housing team supported 57 rough sleeping individuals into suitable accommodation; 136 households were place in temporary accommodation. 858 cases were completed by the Housing Options Team, of those, 451 were assisted ahead of any statutory duties; 194 cases were closed at Prevention duty stage, with homeless prevented, and 168 cases were closed at the Relief Duty Stage where homelessness was relieved. Finally, main duty was accepted in 35 cases with 19 of those having had the duty discharged within the year.

299 reports of abandoned vehicles were dealt with; also, 139 reports of dog fouling and 129 reports of stray dogs were followed up.

Our crews collected 58,135 tonnes of waste across the District in 2022/23., 53% of it was recycled or/and composted, England’s current average is 44%

Our wellbeing programme “You Move” reported 1,815 individuals and 486 families in Cherwell joined, being to access free and reduced physical activity opportunities. These include family swims, climbing opportunities along with activities in local community settings.

1,600 young residents participated in our Youth Activator activities at 28 schools and 6 community settings across the district during 2022/23

All of the above was achieved within budget. In addition, we have set a budget for 2023/24 which will:

- ensure the Council has contingencies in place to support its services through the high levels of inflation experienced
- help the Council prepare for the challenges we know we will face in the near future related to
- the ongoing financial impacts (for the Council and its residents and businesses) of high levels of inflation
- the review of local authority funding as part of the Government’s forthcoming fair funding review;
- the changes in funding we face with business rates reset; and new homes bonus

The outcomes of all these changes have not been concluded yet but we anticipate they will impact significantly on the Council’s finances.

I acknowledge the importance of the support that Cherwell District Council can bring to its residents and businesses and many of the achievements during 2022/23. For example, the Castle Quay regeneration and the innovative housing scheme at Graven Hill in Bicester will help the Council to further support its communities.

Notwithstanding the many pressures we face, especially those arising from the cost of living crisis, 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, support the nationwide response to the cost of living crisis, deliver 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 Adam Nell
Executive Member for Finance

Assistant 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 2022/23.

Cherwell District Council provides services to residents, businesses, communities and visitors 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.

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 –with the remainder of the population living in 70 smaller settlements. Cherwell continues to change, with a population estimate from the Office for National Statistics released in June 2022 totaling 161,846 (mid-2021).

Between 2012 and 2020 Cherwell's population has grown by 9,000 – an increase of 6%.

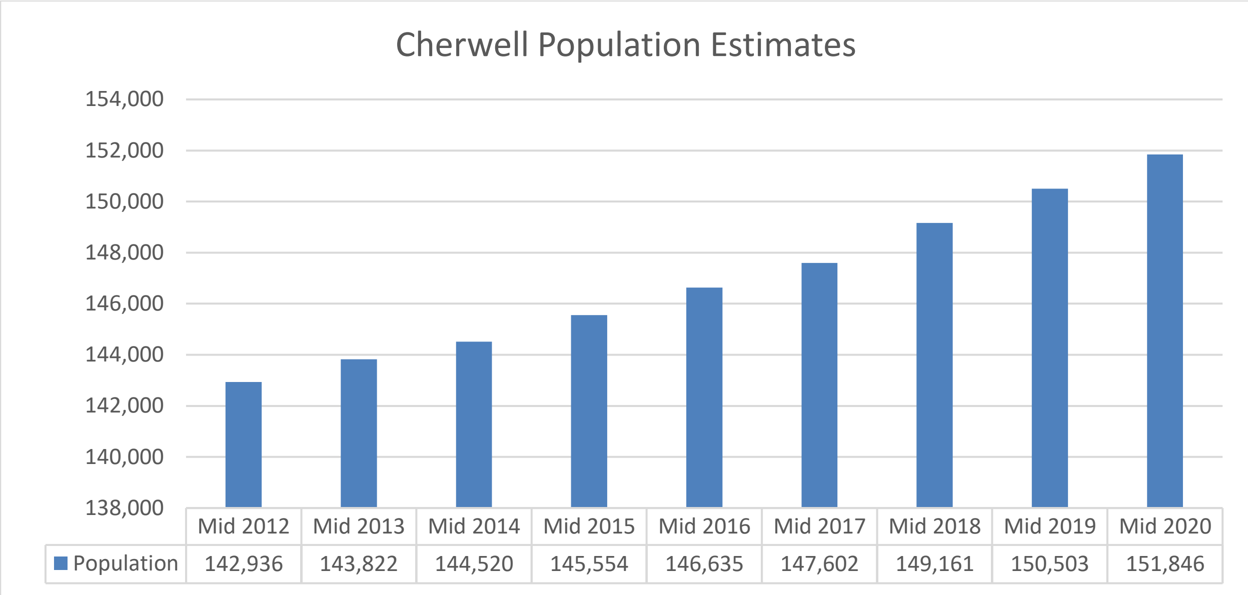


Figure 1- Time series bar chart showing the total population of Cherwell mid-2012 to mid-2020

There are currently 70,486 houses that are subject to council tax (December 2022).

Strategic priorities for Cherwell District Council

Cherwell District Council's ambition, as set out in our published Business Plan 2022/23, is for a district where communities can thrive, and businesses grow.

The Business Plan has four strategic priorities. The strategic priorities are underpinned by four themes, representing the basis upon which we continue to develop our organisation.

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

Our strategic priorities for 2022/23 reflect the Council's commitment for the district to achieve:

Housing that meets your needs

- Support the delivery of affordable and green housing;
- Ensure minimum standards in rented housing;
- Work with partners supporting new ways to prevent homelessness;
- Support our most vulnerable residents;
- Deliver the Local Plan.

Supporting environmental sustainability

- Work towards our commitment to be carbon neutral by 2030;
- Promote the Green Economy;

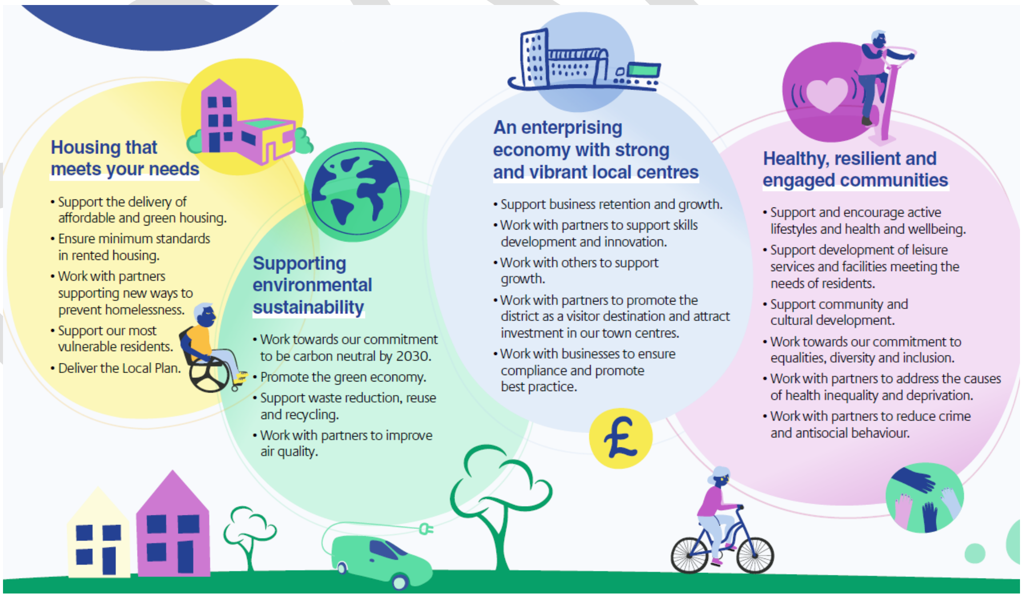
- Support waste reduction, reuse and recycling;
- Work with partners to improve air quality in the district.

An enterprising economy with strong and vibrant local centres

- Support business retention and growth;
- Work with partners to support skills development and innovation;
- Work with others to support growth;
- Work with partners to promote the district as a visitor destination and attract investment in our town centres;
- Work with businesses to ensure compliance and promote best practice.

Healthy, resilient and engaged communities

- Support and encourage active lifestyles and health and wellbeing;
- Support development of leisure services and facilities meeting the needs of residents;
- Support community and cultural development;
- Work towards our commitment to equalities, diversity and inclusion;
- Working with partners to address the causes of health inequality and deprivation;
- Working with partners to reduce crime and anti-social behaviour.



Themes

The themes on which we develop the organisation are:

Customers: To deliver high quality, accessible and convenient services that are right first time.

Healthy Places: Working collaboratively to create sustainable, thriving communities that support good lifestyle choices connecting us to each other and the natural environment.

Partnerships: Working with partners across all sectors to deliver and improve services for our residents and communities.

Continuous Improvement: Make the best use of our resources and focus on improvement, innovation and staff development to maintain and enhance services.

Climate Action: Support residents and local businesses to reduce their carbon emissions. Continue to transform our own estate to deliver our carbon neutral commitments.

Covid-19 Recovery and Renewal: Work with partners in the health and voluntary sectors to help our local businesses and residents respond, and ensure together, we are in a stronger position to meet the health, economic and social challenges of the future.

Including Everyone: Our equalities, diversity and inclusion framework outlines how we plan to create an inclusive community and workplace in Cherwell, through fair and equitable services.

Annual review of priorities

The Council reported monthly on performance against 34 Business Plan Measures during 2022/23. The table below summarises the progress we made delivering against the activities, tasks and projects outlined in our business plan under each of the four strategic priorities. We use a red, amber and green system, where green refers to a target wholly met, amber to a target narrowly missed and red to a target missed by 10 per cent or more.

Status	Description	Year to date	Year to date (per cent)
Green	On target	32	94%
Amber	Slightly off target	2	6%
Red	Off target	0	0%

Housing that meets your needs

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.

- Overall, there were a total of 151 homes improved through enforcement action in 2022/23, against a yearly target of 108.
- Our Revenues and Benefits team registered an excellent result in relation to the time taken to process Housing Benefit change events during 2022-23, reporting an average of

5.1 days, in comparison, the national average on the same period was 8 days for all district local authorities in England.

Supporting environmental sustainability

The Council is committed to deliver on sustainability and in the commitment to be carbon neutral by 2030, 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 partnerships to improve air quality in the district and the reduction of environmental crime.

- Our Business waste team provided services to 407 wheeled bin customers, 82 schools and charities, and 130 sack customers, collecting 820 tons of general waste and 231 tons of dry recycling. Achieving a customer satisfaction of 91%
- In May 2022 The Thorpe Lane waste and recycling depot in Banbury has been refitted with air source heat pumps and innovative batteries as part of our commitment to slash Cherwell District Council's carbon emissions, through the Public Sector Decarbonisation Grant from the Department of Business, Energy and Industrial Strategy (BEIS). This improvement is not only environmentally friendly, but it will also save the taxpayer money, with the council projected to pay over £180,000 less in energy and other utility-related costs every year.

An enterprising economy with strong and vibrant local centres

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.

- Cherwell District Council's UK Shared Prosperity Fund (UKSPF) investment plan was approved by the Department for Levelling Up, Housing and Communities in February 2023, unlocking a £1.25m pot of money to invest in the district by March 2025. The plan focusses on five themes which will steer how the funding is used: business retention and growth; the green economy; investment in urban centres; community and cultural development; and enhancing life chances for vulnerable residents.

Healthy, resilient, and engaged communities

The Council is committed to enabling all residents to lead an active life, improving and developing the quality of local sports and leisure facilities and 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.

- Our Community safety team grew during 2022/23 with the incorporation of three new community wardens. The team patrols the district, providing a welcoming presence and reassurance to the public, as well as gathering intelligence to support enforcement, focussing on providing support to vulnerable members of the community, people at risk of exploitation, and investigating complaints about anti-social behaviour, both in the home and in public spaces.

- In July 2022 we opened our Community Pop-up space at Castle Quay in Banbury, aiming to provide the amazing voluntary and community groups who are active in our area with have a place to showcase their work, giving our residents a central hub to discover it. Citizens Advice North Oxon & South Northants and Age UK Oxfordshire have a regular presence in the space, while groups such as Restore, Banbury Community Action Group and The Hill Community Centre are among the pop-up partners who make special guest appearances.
- As part of our response to the cost of living crisis and in line with our commitment to support our most vulnerable residents, Cherwell District Council provided with £100 food vouchers to residents who receive housing benefit across the District in time for Christmas in November 2022.

Our Leadership and workforce

Our Constitution sets out the rules and procedures by which the council operates.

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. View your councillors on our website.

The Leader of the Council is Councillor Barry Wood. Councillor Wood appoints an Executive, responsible for taking key decisions to manage the Council's business. Find out more about our Executive members and their responsibilities.

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 Corporate Leadership Team (CLT), who advise councillors on policy and implement councillors' decisions. The Assistant Director of Finance (Michael Furness), is the Section 151 Officer, and started in the role in February 2022.

As at 31 March 2023 the Council's staff complement stood at 470.74 FTE (full-time equivalent) posts, representing 505 employees (plus 74 casuals). The FTE and headcount figures differ because the Council has a number of staff that work part time hours. Staff are structured into directorates, each responsible for a group of services and functions in support of the delivery of the Council's Vision and Business Plan.

The Council had operated in partnership with Oxfordshire County Council since October 2018. The Council voted to end the partnership at its meeting on 8 February 2022. Work has progressed throughout 2022/23 on the “decoupling” of the two organisations, with the completion of the process from 31 August 2023 concluding with agreed future working relationships.

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 2022/23 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 reviewed and reported to the Executive in our monthly Finance, Performance and Risk Monitoring Reports, also, reviewed in more depth quarterly by the Audit, Accounts and Risk Committee.

Leadership risks are those that could impact on the performance of the Council as a whole, and on its ability to deliver its strategic priorities. The Council has maintained a focus on its financial resilience during the year, reporting this as the highest risk facing the Council, although our finance team keeps delivering a balanced budget, when reviewing and managing this risk the team takes into consideration the current financial national climate, the predicted gap in local authorities’ budgets, and the cost of living crisis, and its impact, which keeps the score on the higher end of the scale.

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.

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 and 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 the Corporate Leadership Team and the Assistant Director of Finance. The Budget Planning Committee scrutinises the budget proposals at its meetings before the Executive propose the budget, MTFS and capital programme in February. The Council approves the budget at its Annual Budget meeting each February.

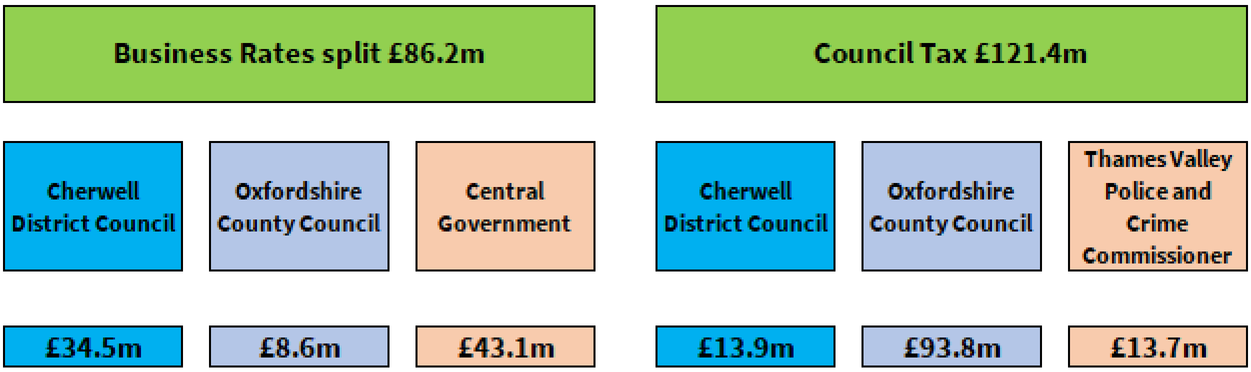
As the Council was emerging from the COVID-19 pandemic and was beginning the separation process from Oxfordshire County Council when the Council set its 2022/23 budget, contingencies were built into the budget to address potential ongoing impacts and financial uncertainties. Including these contingencies allowed the Council to set a balanced budget whilst providing the security of knowing that additional funding was available if the financial impacts of the pandemic continued for a significant period into the year.

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.

The Council is required to distribute the business rates and council tax according to how it set its budget in the February before the beginning of the financial year. Business Rates of £86.2m and Council Tax of £121.4m was budgeted and distributed in 2022/23 in the following shares.



From the Council’s share of business rates the Government then charges a tariff, which is redistributed to other Local Authorities based on their need to spend. For the year ending 31 March 2023, the Council expected to retain a net £11.6m of business rates related income after all the allocations are taken into consideration.

The Council collected £92.8m Business Rates and £125.5m Council Tax compared to the £86.2m and £121.4m it budgeted to collect and distribute respectively. The difference between collection and budget will be factored into future years budgets for the Council and its preceptors.

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 net liability at 31 March 2023 is £31.3m; this reflects an improvement of £50.8m from the 31 March 2022 net liability position of £82.1m.

Contingencies

The Council has to set aside a provision for appeals which might arise against business rates valuations.

On 1 April 2022 the total provision for business rate appeals was £21.0m of which the Council’s 40 per cent share was £8.4m. During the financial year £6.2m was charged to the provision for successful appeals in 2022/23 which have been previously provided for, of which the council's 40 percent share is £2.5m.

After reflecting the amounts charged to the provision in 2022/23, the Council carried out an assessment of the future risk of appeal losses. The basis of this forecast was to apply 4.7 per cent to gross rates payable being the national average of appeal losses on the 2010 rating list as measured by MHCLG. Following this, the 2022/23 overall provision for business rates appeals decreased to £19.5m of which the Council's 40 per cent share is £7.8m.

- Appeals provision 2021/22: £8.4m
- Appeals provision 2022/23: £7.8m

Council Funding 2022/23

The Council's core funding from central government has been reducing and funding generated as a result of the economic growth development is increasing. The table below shows where the council funding has come from.

(The figures in brackets represent income received by the Council).

2022/23 Revenue Budget Funding	Budget £m	Actual £m	Variance £m
Government Grants	(0.121)	(0.121)	(0.000)
Council Tax	(8.509)	(8.509)	(0.000)
Business Rates related income	(11.400)	(10.529)	(0.871)
New Homes Bonus	(3.462)	(3.462)	(0.000)
Total Funding	**(23.492)**	**(22.621)**	**(0.871)**

Revenue Financial Outturn Position

Cherwell District Council set a balanced budget in February 2022 for the 2022/23 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.

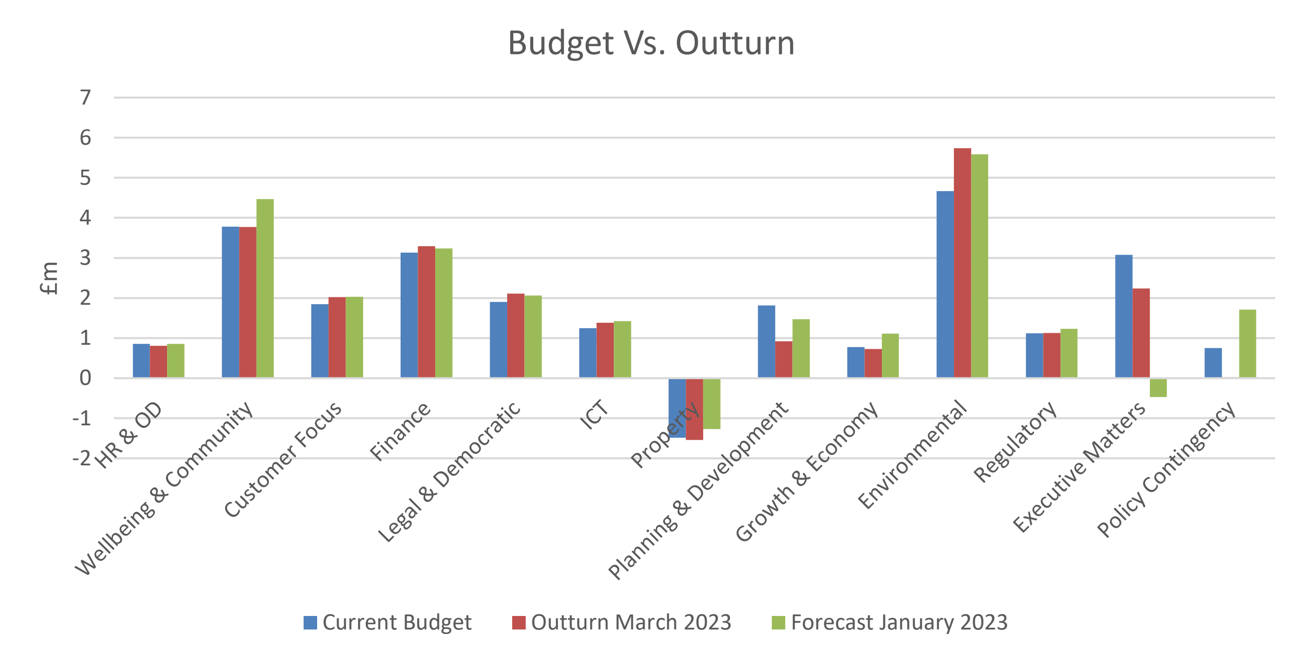
During 2022/23 the Council has completed the process of decoupling from its Strategic Partnership with Oxfordshire County Council. This has meant the Council has implemented its own stand alone senior management structure and negotiated and designed how joint services would be separated or jointly provided in the future whilst maintaining its "business as usual" services. The ongoing impact of decoupling is estimated to be a loss of savings of £0.9m which has been factored into the 2023/24 budget.

Regular monitoring reports were considered by the Council's Executive and the Council expected to deliver the balanced budget by the 2023 year end based on the January 2023 forecast. At the year end an overall underspend of (£0.001m) against the budget was delivered after taking into account the variances on both the Cost of Services (underspend of £0.872m) and Total Income (under budget by £0.871m).

The table below summarises the 2022/23 financial outturn position across the Council:

Financial Outturn	Budget £m	Actual £m	Variance £m
Chief Executive's	6.480	6.606	0.126
Communities	8.380	8.509	0.129
Resources	4.806	5.244	0.438
Total Directorates	**19.666**	**20.359**	**0.693**
Executive Matters	3.826	2.261	(1.565)
Total Cost of Services	**23.492**	**22.620**	**(0.872)**
Income	(23.492)	(22.621)	0.871
Total Net Cost of Services	**0.000**	**(0.001)**	**(0.001)**

In summary, the Council saw an overall underspend of (£0.001m) across it's directorates, against a net budget of £23.492m.



Some of the key factors for this underspend include prudent levels of borrowing taken out early in the year and higher rates of interest particularly later in the year, a number of vacancies being held across the Council, and lower consultancy costs than budgeted.

Decoupling – Ending of the Strategic Partnership with Oxfordshire County Council

Decoupling has had a significant strategic impact on the Council; for the first time in a decade the Council is now operating with an independent and dedicated senior management team.

The Council put in place an ambitious timetable to decouple from Oxfordshire County Council (OCC) by 31 August 2022 and was able to successfully achieve this. 22 services were provided jointly between the Council and OCC. Following the decoupling process, 4 service areas were agreed to continue on a joint basis.

The Council had set aside a policy contingency budget to address the costs of decoupling of £0.4m. These were used to fund interim resources to provide additional strategic support whilst the senior management team decoupled and also to pay for the costs of recruiting a new senior management team.

Any other costs of decoupling within 2022/23 were absorbed within services due to new structures not being filled at the time they were developed.

Cost of Living Crisis

The Council recognised that the cost of living crisis poses a significant risk to the welfare of its residents. The Council was therefore able to support its residents in a number of ways.

Council Tax Rebate Grants

Significant resource was applied to ensuring the payment of council tax rebate grants of £150 to residents in Band D properties and below were made as quickly and efficiently as possible. £7.6m payments were made to 50,908 homes in 2022/23.

In addition, the Council introduced a discretionary policy on Council Tax Rebates to ensure that anyone in receipt of Council Tax Support, regardless of the council tax property band, received a total of £180 payment. This provided a further £0.2m to support some of Cherwell's most vulnerable residents with 6,299 payments payments made. In addition a small allocation was made to top up support provided to those in need in Cherwell through the Citizen's Advice Bureau.

Food Vouchers

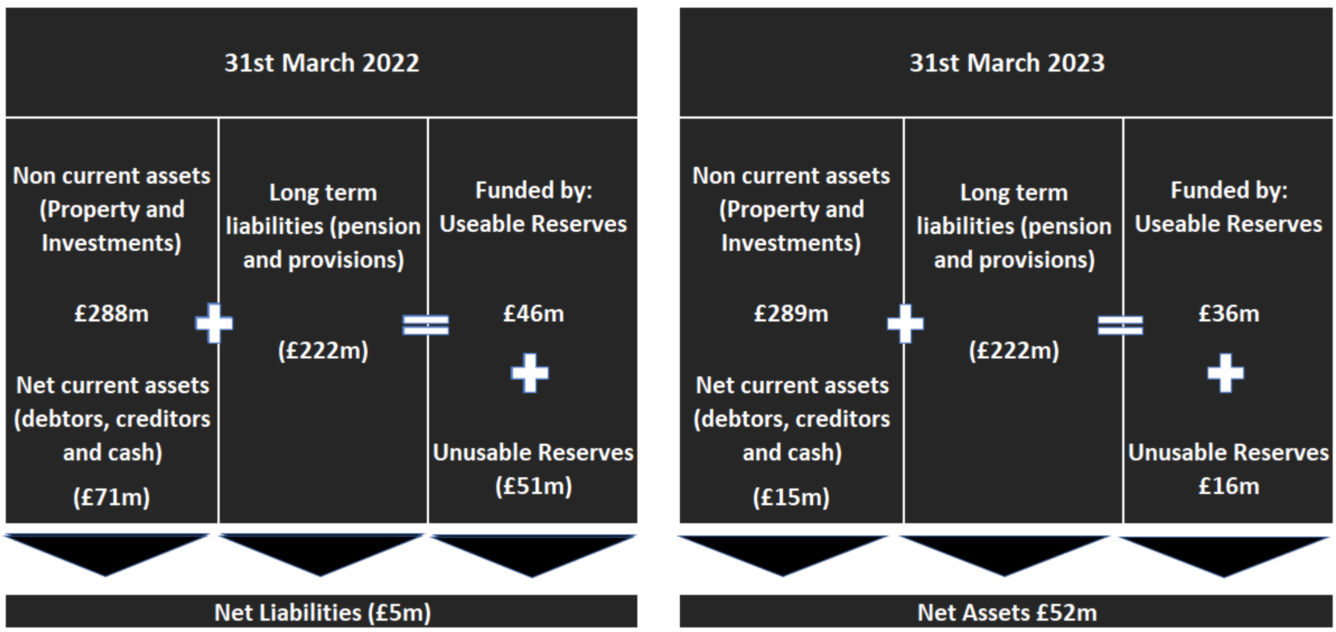
In October 2022 the Executive recognised that there was a need to support its residents again due to the cost of living crisis and in particular pressures around food costs in the run up to Christmas. The Executive approved a scheme to provide food vouchers to residents. The final design of the scheme agreed to provide £0.4m to provide £100 food vouchers to those in receipt of Housing Benefit in Cherwell.

Energy Payments

The Council has begun to implement the Government's scheme to make payments to those who do not pay for their gas and electricity directly through energy suppliers and so had not received support with their increasing energy costs.

Financial Position

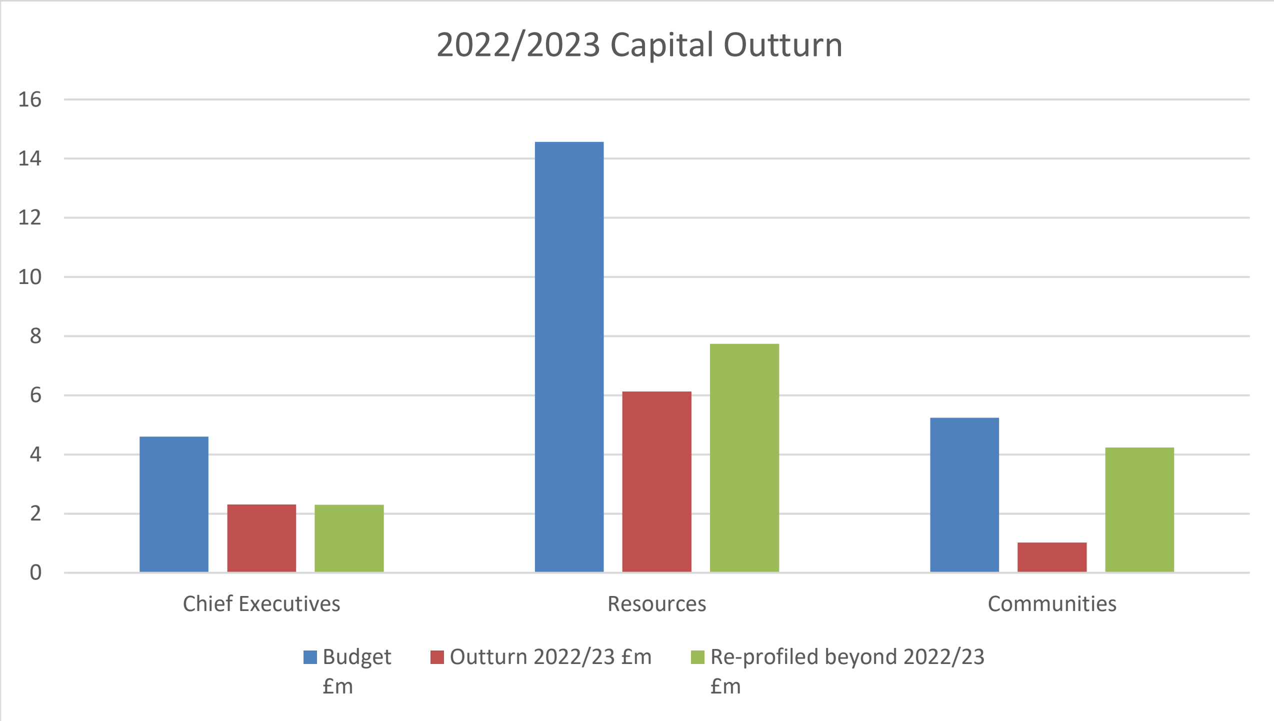
The Council maintains a sound financial position in the current financial climate.



The resultant net liability in 2021/22 can be primarily attributed to the pension liability and the business rates collection fund deficit.

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 recognising the importance of investing in our assets to protect our core statutory functions.



Capital investment plans for 2022/23

The information below describes our major schemes and projects and the outcomes that we will achieve.

Castle Quay and Castle Quay Waterfront

The Council has invested £70m in Castle Quay Waterfront. This is a mixed-use development combining new leisure attractions, vibrant restaurants and bars, welcoming public space, a new canal-side hotel, and supermarket to support the town's existing retail offer and attract more visitors to the town.

The first phase of the development opened in August 2021 and included a 117 room Premier Inn and a 30,000 square foot Lidl. Both are performing exceptionally well, with footfall high throughout the week at Lidl and guest numbers consistently strong at Premier Inn.

In June 2022, The Light opened a 55,000 square foot entertainment space over three floors, which includes a premium cinema, 10 lane bowl, retro arcade, mini-golf and climbing wall as well as a stunning terrace with restaurant and bar. The Light is a true reflection of the Council's ambition to revive the canal-side and anchors Waterfront's leisure offer. The Waterfront also features three further restaurants including PizzaExpress and Nando's. PizzaExpress opened in late June 2022 and Nando's opened mid-October; all of which create an amazing new leisure destination in Banbury. Increased parking, including increased EV parking space capacity (5%), and improved access have also been provided as part of the development including a new pedestrian bridge over the Oxford Canal.

The tenants within Castle Quay are a mixture of well-known high-street names and independent stores including Boots, Tiger, Clarks, WHSmith, JD Sports, HMV, Pandora and New Look. New award-winning toilets, baby changing facilities and Changing Places toilets were also opened at the centre at the end of 2019 to meet the modern needs of Banbury's shoppers.

The Council has also breathed new life into the centre's former BHS store, investing in the creation of a unique food, retail and leisure destination called Lock29 that brings the community to the canal-side as well as increasing footfall to the town from visitors from all over the region.

Global street food menus are delivered by the very best local traders, sourcing ingredients as close to Banbury as possible. There is also a dedicated event and flexible cinema space where workshops, events and activities for the community run throughout the year.

The Council has undoubtedly unlocked the town's potential by bringing a much-needed leisure and night-time economy to the town and re-connected the waterfront with other parts of Banbury. It has also provided the community with jobs and opportunities.

The development of Castle Quay Waterfront will sustain and revitalise Banbury for businesses, residents and visitors and really consolidate the town's place in the wider regional economy for years to come.

Images above: completed Castle Quay Waterfront development

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 2022/23 are set out on pages 23 to 134.

The accounts bring together all the Council's financial statements for the year 2022/23 and show its financial position as at 31 March 2023. 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 2023 and of its income and expenditure for the 2022/23 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

Cherwell District Council set a balanced budget in February 2023 for the 2023/24 financial year. In setting the 2023/24 budget, the Council considered the ongoing financial impacts of:

- the loss of savings as a result of decoupling from OCC
- behaviour changes following the COVID-19 pandemic and
- the emergence of the Cost-of-Living crisis.

Ongoing budget provision for the loss of savings from decoupling with OCC has been provided for with £0.9m and reductions in car parking income of £0.8 due to reduced levels of use. A policy contingency budget of £5.2m has been developed which includes contingencies of £1.1m for potential increased commercial risk and £3.8m for additional inflation related costs.

The level of business rates income and council tax base were reviewed resulting in increases of income against original plans due to forecast increases in council tax support claimants and a reduction in the number of businesses eligible to pay business rates not materializing at the rates anticipated. The Council estimated it would hold £23.4m of earmarked reserves when setting the budget. General Balances remain above £6m taking into account the Section 151 officer's risk assessments of the current financial outlook.

The Government confirmed that the Review of Relative Needs and any approach to resetting the baseline for business rates retention income would not be implemented until 2025/26 at the earliest. A three-year Spending Review was announced in October 2021 covering the period 2022/25. However, the latest Local Government Finance Settlement only announced local government specific funding allocations for 2023/24.

Additionally, the Government has issued a policy statement to provide local government with greater certainty with regards resources for 2024/25. However, the policy statement does not issue individual local authority allocations or guaranteed minimum changes in funding levels. Therefore there is no indication of detailed local government funding levels for 2024/25 and beyond.

Peer Review

The Council invited the Local Government Association to conduct a Peer Review in November 2022; one of the key elements considered was Financial Planning and Management. The overall conclusion was that the Council was in a strong situation with regards to its immediate financial position (2022/23 and 2023/24) and that the Council has been successful in growing its council tax and business rates tax bases.

The Peer Review did acknowledge and reinforce the message to the Council that there is a significant financial challenge in the medium term. This medium-term financial challenge is driven by a combination of the cost of living crisis and anticipated business rates reset in 2025/26.

The Financial Statements

The Statement of Accounts sets out the council's income levels and spending for the year and its financial position at 31 March 2023. 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:

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. It also shows the statutory adjustments between the funding basis that is used for the Outturn for the year and the accounting basis that is shown in the Comprehensive Income and Expenditure Statement.
Comprehensive Income and Expenditure Statement	Shows the accounting cost in the year ending 31 March 2023 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.
Movement in Reserves Statement	Shows the movement between 1 April 2022 and 31 March 2023 on the different reserves held by the authority, analysed into 'useable reserves' (i.e. 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.
Balance Sheet	The balance sheet shows the values as at 31 March 2023 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.
Cash Flow Statement	This summarises the changes in cash and cash equivalents during 2022/23. 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 flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

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 Accounts – 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

Group Accounts – these set out the consolidated position for the council and its subsidiary companies, namely Graven Hill and Crown House companies.

The Annual Governance Statement – this provides an overview of the governance arrangements and assessment of internal controls the Council has in place

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 Assistant Director of Finance (Section 151 Officer);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts, in accordance with proper practices, as set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice).

In preparing this Statement of Accounts, the Section 151 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 Section 151 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.

Section 151 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 31 March 2023.

Michael Furness
Assistant Director of Finance and Section 151 Officer **Date:**

Chairman of Accounts, Audit and Risk Committee Certificate:

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

Councillor Lynn Pratt
Chairman of Accounts, Audit and Risk Committee **Date:**

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 the 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 Mar 22				**Year Ending 31 Mar 23**		
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**
6,256	9,603	15,859	Chief Executive	6,606	1,925	8,531
12,120	4,133	16,253	Communities	8,267	4,884	13,151
3,139	50,394	53,533	Resources	5,490	9,362	14,852
21,515	**64,130**	**85,645**	**Net Cost of Services**	**20,363**	**16,171**	**36,534**
(6,546)	(40,949)	(47,495)	Other Income and Expenditure	(12,095)	(20,145)	(32,240)
14,969	**23,181**	**38,150**	**(Surplus) or Deficit on Provision of Services**	**8,268**	**(3,974)**	**4,294**
(53,061)		**Opening Combined General Fund Balance**		**(38,091)**		
14,969		Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)		8,268		
(38,091)		**Closing Combined General Fund Balance**		**(29,823)**		

Comprehensive (Income) and Expenditure Statement

Year Ending 31 Mar 22				Directorates	Year Ending 31 Mar 23		
Expenditure	**Income**	**Net**			**Expenditure**	**Income**	**Net**
£'000	**£'000**	**£'000**	**Notes**		**£'000**	**£'000**	**£'000**
23,699	(7,840)	15,859		Chief Executive	16,545	(8,014)	8,531
26,435	(10,182)	16,253		Communities	24,322	(11,171)	13,151
86,934	(33,401)	53,533		Resources	46,203	(31,351)	14,852
137,068	**(51,423)**	**85,645**		**Cost of Services**	**87,070**	**(50,536)**	**36,534**
5,451	(834)	4,617	10	Other Operating Expenditure	5,763	(1,212)	4,551
3,986	(4,657)	(671)	11	Financing and Investment (Income) and Expenditure	6,191	(6,848)	(657)
0	(51,441)	(51,441)	12	Taxation and Non-Specific Grant (Income)	0	(36,135)	(36,135)
146,505	**(108,355)**	**38,150**		**(Surplus) or Deficit on Provision of Services**	**99,024**	**(94,730)**	**4,294**
		(10,844)	14	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(2,818)
		(21,388)	35	Remeasurement of the net defined benefit liability / (asset)			(58,146)
		(32,232)		**Other Comprehensive (Income) and Expenditure**			**(60,964)**
		5,918		**Total Comprehensive (Income) and Expenditure**			**(56,670)**

Movement in Reserves Statement

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Un-applied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Opening Balance at 31 March 2022	**(5,951)**	**(32,139)**	**(100)**	**(7,948)**	**(46,138)**	**51,110**	**4,972**
Movement in reserves during 2022/23							
(Surplus) or deficit on the provision of services	4,294	0	0	0	4,294	0	4,294
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(60,964)	(60,964)
Total Comprehensive (Income) and Expenditure	**4,294**	**0**	**0**	**0**	**4,294**	**(60,964)**	**(56,670)**
Adjustments between accounting basis and funding basis under regulations - Note 08	3,973	0	100	2,099	6,173	(6,173)	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**8,267**	**0**	**100**	**2,099**	**10,467**	**(67,137)**	**(56,670)**
Transfers (to) / from Earmarked Reserves - Note 09	(8,468)	8,468	0	0	**0**	0	**0**
(Increase) or Decrease in 2022/23	**(202)**	**8,468**	**100**	**2,099**	**10,467**	**(67,137)**	**(56,670)**
Closing Balance at 31 March 2023	**(6,152)**	**(23,671)**	**0**	**(5,849)**	**(35,671)**	**(16,026)**	**(51,697)**

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Un-applied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Opening Balance at 31 March 2021	**(5,520)**	**(47,541)**	**(79)**	**(676)**	**(53,816)**	**52,868**	**(947)**
Movement in reserves during 2021/22							
(Surplus) or deficit on the provision of services	38,150	0	0	0	38,150	0	38,150
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(32,230)	(32,230)
Total Comprehensive (Income) and Expenditure	**38,150**	**0**	**0**	**0**	**38,150**	**(32,230)**	**5,920**
Adjustments between accounting basis and funding basis under regulations - Note 08	(23,180)	0	(21)	(7,272)	(30,473)	30,473	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**14,970**	**0**	**(21)**	**(7,272)**	**7,677**	**(1,757)**	**5,920**
Transfers (to) / from Earmarked Reserves - Note 09	(15,401)	15,401	0	0	**0**	0	**0**
(Increase) or Decrease in 21/22	**(431)**	**15,401**	**(21)**	**(7,272)**	**7,677**	**(1,757)**	**5,920**
Closing Balance at 31 March 2022	**(5,951)**	**(32,139)**	**(100)**	**(7,948)**	**(46,138)**	**51,110**	**4,972**

Balance Sheet

31-Mar-22			31-Mar-23
£'000	**Notes**		**£'000**
176,005	14	Property, Plant and Equipment	176,081
4,435	15	Investment Property	4,640
2,431	16	Intangible Assets	1,965
35,649	17	Long Term Investments	35,649
69,635	17	Long Term Debtors	70,409
288,155		**Long Term Assets**	**288,744**
46,254	17	Short-term Investments	35,101
253	18	Inventories	357
19,074	19	Short Term Debtors	17,561
5,916	20	Cash and Cash Equivalents	8,563
71,497		**Current Assets**	**61,582**
(87,605)	17	Short-Term Borrowing	(22,901)
(32,597)	22	Short-Term Creditors	(47,050)
(314)	23	Provisions	(112)
(19,606)	29	Grants Receipts in Advance - Revenue	(2,780)
(1,485)	29	Grants Receipts in Advance - Capital	(3,170)
(1,011)	20	Cash and Cash Equivalents	(511)
(142,618)		**Current Liabilities**	**(76,523)**
(8,409)	23	Provisions	(7,991)
(112,000)	17	Long Term Borrowing	(166,000)
(82,138)	35	Pension Liabilities	(31,309)
(1,562)	17	Long Term Creditors	(1,567)
(4,958)	29	Grants Receipts in Advance - Revenue	(5,386)
(12,941)	29	Grants Receipts in Advance - Capital	(9,853)
(222,008)		**Long Term Liabilities**	**(222,106)**
(4,973)		**Net Assets/(Liability)**	**51,697**
(46,137)	24	Usable Reserves	(35,671)
51,110	25	Unusable Reserves	(16,026)
4,973		**Total Reserves**	**(51,697)**

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2023 and its income and expenditure for the year to 31 March 2023.

Michael Furness

Assistant Director of Finance and Section 151 Officer **Date:**

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period.

31-Mar-22 £'000	Cash Flows from Operating Activities	Note(s)	31-Mar-23 £'000
38,150	Net (Surplus)/Deficit on Provision of Services		**4,294**
(3,932)	Depreciation & Impairment	14	(4,783)
(44,137)	Changes in Market Value of Property, Plant, Equipment	14	(4,651)
(498)	Amortisation of Intangible Assets	16	(606)
202	Changes in Fair Value of Investment Properties	15	205
(558)	Disposal of Assets	14, 15 & 16	(499)
29	Changes in Inventory	18	104
(23,442)	Changes in Short term Debtors	19	(1,513)
19,906	Changes in Short term Creditors	22	(14,453)
(4)	Changes in Provisions	23	620
13,516	Changes in Net Pension Liability	25	50,829
(21,388)	Remeasurement of Net Defined Benefit Liability	35	(58,146)
8	Changes in long term creditors	17	(5)
9,309	Changes in long term debtors	17	774
18,954	Capital Grants Recognised	29	4,293
1,338	Proceeds on Disposal of Property, Plant & Equipment	24	1,717
7,452	**Net Cash Flows from Operating Activities**		**(21,820)**
	Cash Flows from Investing Activities		
15,107	Purchase of Property, Plant & Equipment	14	7,073
0	Purchase and Enhancement of Investment Property	15	0
647	Purchase of Intangible Assets	16	257
(1,338)	Proceeds from the Disposal of Property, Plant and Equipment	24	(1,717)
17,822	Net Changes in Short-term and Long-term Investments	17	(11,153)
32,239	**Net Cash Flows from Investing Activities**		**(5,540)**
	Cash Flows from Financing Activities		
(2,872)	Changes in Grants and Contributions	29	17,801
(18,954)	Capital Grants and Contributions Recognised	29	(4,293)
(15,021)	Cash Receipts of Short-term and Long-term Borrowing	17	10,704
(36,847)	**Net Cash Flows from Financing Activities**		**24,213**
2,845	**Net (Increase)/Decrease in Cash and Cash Equivalents in the Period**		**(3,147)**
7,750	Cash and Cash Equivalents at the Beginning of the Period		4,905
4,905	**Cash and Cash Equivalents at the End of the Period**	**20**	**8,052**
	Items included in net cash flow from operating activities include:		
(4,395)	Interest Receivable and similar income	17	(6,569)
2,227	Interest Payable (including Finance lease interest)	17	3,593
(2,168)			**(2,976)**

Notes

Note 1 – Accounting Policies

General principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023. 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 2022/23 and the Service Reporting Code of Practice 2022/23, 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.

1.1 Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the District Council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The District Council has carried out a detailed assessment of the continuing impact of the COVID-19 pandemic recovery and other economic pressures, like the Cost-of-Living crisis, on its financial position and performance during 2022/23 as part of the budget setting process. This included consideration of the following:

- Loss of income on a service-by-service basis during the recovery phase, for example on car parking income.
- Additional expenditure on a service-by-service basis, e.g., extra inflationary pressures.
- The impact on the District Council's capital programme, e.g., delays caused by government restrictions, and whether there is a need to rephase work for other reasons e.g., supply chain challenges.
- The impact of all of the above on the District Council's cash flow and treasury management, including availability of liquid cash (as at 30 April 2023 the Council had £11.4m instant access deposits), impact on investment returns, and availability of external borrowing if required.
- The estimated overall impact on the District Council's General Fund

As set out in the 2023/24 Budget and Medium-Term Financial Strategy up to 2027/28 approved by Council in February 2023, the Council has set aside a contingency to cover potential losses of income of £1.1m. The Council also set a contingency budget for continued inflationary pressures throughout the medium term.

At its meeting on 7 February 2022, the Council agreed to terminate the S113 Partnership Arrangement with Oxfordshire County Council. This was followed by a 6-month period where the Councils agreed how they would separate, and which services would continue to be provided in a joint arrangement. This has been closely monitored in the 23/24 budget setting process, with a £0.9m ongoing cost identified due to decoupling.

The Council's Medium-Term Financial Strategy identifies that the Council needs to identify savings of £4.7m in 2024/25. This is primarily due to a forecast reduction in resources from business rates and forecast increased costs due to inflation.

In addition to continuing to lobby policy makers, highlighting where the Council has been delivering growth and driving benefits to others, the Council has developed a strategy to meet the challenges highlighted in the Medium-Term Financial Strategy if no additional funding is made available to the Council. Whilst the Council will develop plans for scenarios that include a full business rates reset, it will continue to lobby the Government for a phased implementation. Implementation of savings plans developed will not take place until it is clear that the savings must be achieved. Approaches the Council will adopt to identify savings will include:

- **Prioritisation**
  Services will be broken down into specific work units which have been mapped to the strategic priority they most apply to (support services will be identified separately as support). Therefore, we can map how much the Council spends of its revenue budget on each priority. Similarly in setting the 2023/24 budget, all capital schemes are being mapped to the priority that they link most closely to. The budget and Business Plan will then be developed in conjunction to maximise the ability to deliver the priorities of each Council within the level of resources available to it.

- **Strategic Cross-cutting themes**
  Overlayed on the priority-based budgeting is the Council's approach to the Strategic Cross-Cutting Themes (Transformation Programme). Strategic Cross-Cutting Themes allow the Council to review its approaches thematically across its services rather than always considering service delivery on a silo basis. This view of the expenditure of the Council helps identify organisational transformational opportunities which might not present themselves so readily via a service-based budget approach. This analysis helps to shape the thinking for the future design of our Council, one that is affordable within the future funding envelope as set out in the MTFS.

  Where Strategic Cross-Cutting Themes are able to identify transformational approaches to delivery, this will generate efficiency savings to the Council that will allow it to invest in a larger proportion of its priority services. The identification of these opportunities shapes the Transformation Programme for the organisation.

- **Savings Targets**
  Where Strategic Cross-Cutting Themes are able to identify transformational approaches to delivery, this will generate efficiency savings to the Council that will allow it to invest in a larger proportion of its priority services. The identification of these opportunities shapes the Transformation Programme for

the organisation.

Whilst identifying £4.7m savings in 2024/25 will be a challenge, the Council has demonstrated that it is capable of identifying and delivering significant savings in recent years, with a total of £8.2m of savings identified across the 2021/22 to 2023/24 budgets. Executive will receive monthly updates on the financial position throughout 2023/24, including progress against savings delivery. Progress against savings delivery is managed by the Budget Oversight Group and senior management.

In setting the 2023/24 budget, the Council has determined that £6m of general balances is a prudent level in order to manage identified risks. A further £22m of other earmarked reserves could also be made available if absolutely necessary. The Council continues to review its reserves position regularly as per its Reserves Policy.

The Council's cashflow forecast to the end of March 2024 demonstrates that the Council has access to sufficient cash over the medium term to support planned Council and Group activities. This assumes maximum planned borrowing of £188m in the period and includes flexibility for additional borrowing of up to £122m should income be less than forecast or expenditure more than forecast in the period.

It is therefore noted that there is significant headroom within the General Fund to absorb the estimated financial impact of economic pressures in the short to medium-term. Furthermore, the CIPFA Code of Practice on Local Authority Accounting in England requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern 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 on 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. Purchase orders raised automatically through the financial information system are processed with no de minimis level.

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

Cash and Cash Equivalents

Cash 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 2022/23.

1.2 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 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 35. 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 2021, 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, for example, 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).

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.

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 licenses) 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, 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 2022/23:

Graven Hill Village Holding Company Limited

Graven Hill Village Development Company Limited

Graven Hill Village Management Company Limited

Graven Hill Village Management Company Block E Limited

Crown House Banbury Limited

Crown Apartments Banbury Limited

Group Accounts have been prepared in accordance with paragraph 9.1.2.60 of the Code of Practice on Local Authority Accounting 2022/23, 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 by 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

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.

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.

1.3 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).

1.4 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.

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 are charged to revenue.

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:

- Vehicles, plant and equipment are held at depreciated historical cost.
- Infrastructure, community assets and assets under construction are held at 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, such as community and sports centres, 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 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.

The council's property valuations are carried out by Montagu Evans and Colliers. 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 they 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.

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

Infrastructure 10 to 40 years

Buildings 10 to 60 years

Vehicles 5 to 10 years

Computer Equipment / systems 3, 5 or 10 years

Other 3 to 30 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 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 net book 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, investment properties, assets held for sale and some of its financial instruments, such as equity shareholdings, 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 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.

1.5 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.

Rounding

In preparing the Statement of Accounts all numbers, including totals, have been rounded independently to avoid unacceptable rounding errors. This may mean that some tables do not cross cast.

Note 2 – Accounting Standards Issued, Not Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (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:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020

None of these amendments are expected to have a significant impact on the council's accounts in future years.

IFRS 16 Leases. This standard introduces new presentation and disclosure requirements in relation to arrangements that convey the right to use an asset. Following the outcome of the FRAB review, CIPFA LASAAC formally announced the decision to refer the mandatory implementation of IFRS 16 for local authorities until 1 April 2024. Work is ongoing to determine the impact on the financial statements and it is too early to quantify at this stage, however this is not expected to be significant.

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 1 April 2024, The Council has opted to use this opportunity to defer its implementation in order to ensure sufficient time to obtain all the data required for implementation. 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 has been adjusted since 2018/19 to ensure that authorities are 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 current 2017 rating list on 1 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 per centage 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.

Valuations– Property, Plant and Equipment

Uncertainties	Effect if Actual Results Differ from Assumptions
Valuations by nature are estimations of an asset's value as at the balance sheet date. The council operates a 5 – year rolling schedule, in line with the CIPFA code, for assets held under the valuation model. Asset valuations are undertaken by professional valuers using appropriate valuation methodologies based on the type of asset. The Depreciated Replacement Cost (DRC) methodology applies to assets for which no active market exists, such as leisure and community centres, and represents a source of uncertainty for the Council's valuations. Changes in market and economic factors from year-to-year could result in differences between the book value and actual value using the DRC approach.	Where the Council identifies significant changes in the Build Cost Indices and/or locational factors from prior years, a review is undertaken to compare the DRC calculated value, based on the up-to-date indices, to the book value held by the council. For assets that are not scheduled to be valued in year, and where an aggregate material variance is identified, the book value is adjusted using the updated indices as provided by the valuers, to avoid material misstatement. In 2022/23 all DRC assets were valued and so no indexation calculations were needed. However, the council applied a valuation adjustment to the car parks that were not revalued in year due to the significant change in value of those that had been revalued. These were adjusted based on the income assumptions and yields for similar car parks that were revalued in 2022/23. This resulted in a downward valuation movement of £2.3m.

Depreciation of Property, Plant and Equipment & Amortisation of Intangible Assets

Uncertainties	Effect if Actual Results Differ from Assumptions
The Council assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.	Where the Council determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Council's accounts when the change in estimate is determined. The carrying value of depreciable assets in the balance sheet is £178m. This amount comprises of Land & Buildings, Plant, Vehicles & Equipment, Infrastructure Assets and Intangible Assets.

Impairment of Property, Plant & Equipment & Intangible Assets

Uncertainties	Effect if Actual Results Differ from Assumptions
The Council assesses the impairment of property, plant and equipment and intangible assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards Factors that are considered important and which could trigger an impairment review include the following: • **obsolescence or physical damage;** • **significant changes in technology and regulatory environments;** • **significant underperformance relative to expected historical or projected future operating results;** • **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	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.

Fair Value Measurements

Uncertainties	Effect if Actual Results Differ from Assumptions
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 similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 14 and 15 below.	The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

Impairment allowance for doubtful debt

Uncertainties	Effect if Actual Results Differ from Assumptions
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.	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.

Provision for Business Rates Appeals

Uncertainties	Effect if Actual Results Differ from Assumptions
The possible refund from a business rate appeal can vary depending on factors such as; the type of appeal and type of property, together with its geographical location and the probability of appeal success.	Following an assessment of the outstanding business rates appeals at 31 March 2022, a total provision of £19.546m was made for potential future appeal refunds. Cherwell's 40 per cent share of this provision is £7.818m. If the provision for appeals changed by 1% the resulting increase/decrease would be £0.2m shared across central government (50 per cent), the county council (10 per cent) and Cherwell (40 per cent.

Pensions

Uncertainties	Effect if Actual Results Differ from Assumptions
The Council provides one defined benefit pension scheme for its employees. The asset (or liability) recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as: • the life expectancy of the Officers; • the length of service; • the rate of salary progression; • the rate of return earned on assets in the future; • the rate used to discount future pension liabilities; and • future inflation rates.	The assumptions used by the Council are set out in note 35 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. A sensitivity analysis is included within note 35.

Note 5 - Material Items of Income and Expense

Pensions

The actuary carried out a valuation as at 31 March 2023. This has resulted in pension assets decreasing from £140m at 31 March 2022 to £133m at 31 March 2023.

Liabilities have decreased from £222m at 31 March 2022 to £164m at 31 March 2023, which resulted in a decrease in net liability of £51m.

Note 6 – Events after the Balance Sheet Date

There are two non-adjusting events after the balance sheet date.

The first is in relation to Town Centre House – which at the balance sheet date the council held under a finance lease. Since the balance sheet date the council has purchased Town Centre House and so the finance lease has been terminated, and the associated £1.562m finance lease liability included in note 32 in relation to Town Centre House has been settled.

The second is in relation to the council's MRP policy. This is proposed to change for 2023/24 to an annuity basis from the current straight line basis of calculation. If approved by full council in February 2024, this would materially reprofile the MRP charge but the total MRP required would remain the same. The annuity basis takes into account the time value of money, providing a charge where the present value of all future payments are equal. In nominal terms this would result in an approximately £1.9m reduced charge in 2023/24 than previously forecast.

Note 7a – Note to the Expenditure and Funding Analysis

Year Ending 31 Mar 23					
	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive	468	1,457	0	0	1,925
Communities	2,272	2,612	0	0	4,884
Resources	8,185	1,180	(3)	0	9,362
Net Cost of Services	**10,925**	**5,249**	**(3)**	**0**	**16,171**
Other Income and Expenditure	(9,339)	2,068	(12,874)	0	(20,145)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**1,586**	**7,317**	**(12,877)**	**0**	**(3,974)**
Year Ending 31 Mar 22					
	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive	7,852	1,751	0	0	9,603
Communities	923	3,210	0	0	4,133
Resources	49,181	1,150	63	0	50,394
Net Cost of Services	**57,956**	**6,111**	**63**	**0**	**64,130**
Other Income and Expenditure	(27,121)	1,761	(15,589)	0	(40,949)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**30,835**	**7,872**	**(15,526)**	**0**	**23,181**

Net Capital Statutory Adjustments

This column adds in depreciation, impairment, REFCUS 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

31-Mar-23	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Chief Executive	(3,335)	(4,679)	0	0	1,982
Communities	(9,660)	(1,973)	0	0	1,176
Resources	(8,655)	(22,474)	0	0	2,231
Non Distributed Services	(278)	(21,418)	(6,569)	3,593	0
Total Managed by Segments	**(21,928)**	**(50,544)**	**(6,569)**	**3,593**	**5,389**

31-Mar-22	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Chief Executive	(4,071)	(3,769)	0	0	1,747
Communities	(7,441)	(3,346)	0	0	1,012
Resources	(9,164)	(24,236)	0	0	1,671
Non-Distributed Services	(262)	(37,822)	(4,395)	2,227	0
Total Managed by Segments	**(20,938)**	**(69,173)**	**(4,395)**	**2,227**	**4,430**

Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations 2022/23

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

2022/23	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'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)	(7,317)	0	0	7,317
Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account)	13,269	0	0	(13,269)
Holiday pay (transferred to the Accumulated Absences reserve)	0	0	0	0
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)	(12,458)	0	0	12,458
Total Adjustments to Revenue Resources	**(6,507)**	**0**	**0**	**6,507**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,710	(1,718)	0	7
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,476	0	0	(4,476)
Revenue contribution to Capital	0	0	0	0
Total Adjustments between Revenue and Capital Resources	**6,186**	**(1,718)**	**0**	**(4,469)**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	7,852	0	(7,852)
Write down of Capital loans repaid to the Council	0	(6,034)	0	6,034
Application of capital grants to finance capital expenditure	4,293	0	2,099	(6,393)
Total Adjustments to Capital Resources	**4,293**	**1,817**	**2,099**	**(8,210)**
Total Adjustments	**3,973**	**100**	**2,099**	**(6,173)**

Note 8 Continued...

2021/22	**General Fund Balance £'000**	**Capital Receipts Reserve £'000**	**Capital Grants Unapplied £'000**	**Movement in Unusable Reserves £'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)	(7,872)	0	0	7,872
Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account)	15,466	0	0	(15,466)
Holiday pay (transferred to the Accumulated Absences reserve)	(63)	0	0	63
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)	(58,312)	0	0	58,312
Total Adjustments to Revenue Resources	**(50,781)**	**0**	**0**	**50,781**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,392	(1,338)	0	(54)
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,255	0	0	(4,255)
Revenue contribution to Capital	3,000	0	0	(3,000)
Total Adjustments between Revenue and Capital Resources	**8,647**	**(1,338)**	**0**	**(7,309)**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	1,317	0	(1,317)
Write down of Capital loans repaid to the Council	0	0	0	0
Application of capital grants to finance capital expenditure	18,954	0	(7,272)	(11,682)
Total Adjustments to Capital Resources	**18,954**	**1,317**	**(7,272)**	**(12,999)**
Total Adjustments	**(23,180)**	**(21)**	**(7,272)**	**30,473**

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.

Earmarked Reserves	Balance at 31 March 2021	Net transfers (to)/from Earmarked Reserves in 2021/22	Balance at 31 March 2022	Net transfers (to)/from Earmarked Reserves in 2022/23	Balance at 31 March 2023
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
General Earmarked Reserves					
Pensions Deficit	**(54)**	54	**0**	(2,152)	**(2,152)**
Transformation and projects reserve	**(3,925)**	129	**(3,796)**	1,796	**(2,000)**
Dilapidations, Garage Project and Canalside	**(250)**	(200)	**(450)**	(110)	**(560)**
Projects	**(1,906)**	(1,279)	**(3,185)**	(889)	**(4,073)**
Transformation Implementation Reserve	**(1,000)**	172	**(828)**	(1,172)	**(2,000)**
Market Risk Reserve	**(2,060)**	694	**(1,366)**	(3,631)	**(4,996)**
Growth Deal	**(1,297)**	742	**(555)**	204	**(351)**
M&S Surrender Premium	**(3,500)**	0	**(3,500)**	1,598	**(1,902)**
Other General Earmarked reserve	**(1,992)**	(253)	**(2,244)**	381	**(1,863)**
Revenue Grant Earmarked Reserves					
S31 Reserve	**(23,897)**	13,310	**(10,587)**	10,001	**(586)**
Covid-19 Reserve	**0**	(1,616)	**(1,616)**	1,616	**0**
COMF - General Allocation	**(4)**	(679)	**(683)**	339	**(344)**
Covid-19 ARG Grant	**(2,935)**	2,935	**0**	0	**0**
Homelessness Prevention	**(729)**	(203)	**(932)**	43	**(889)**
Bicester Garden Town	**(1,527)**	238	**(1,290)**	231	**(1,059)**
Other Revenue Grant Earmarked reserves	**(2,463)**	1,356	**(1,107)**	214	**(894)**
Total Earmarked Reserves	**(47,540)**	**15,402**	**(32,138)**	**8,468**	**(23,670)**

Note 10 - Other Operating Expenditure

31-Mar-22 £'000	Other Operating Expenditure	31-Mar-23 £'000
5,451	Precepts to other authorities and charging bodies	5,763
(834)	(Gains)/losses on the Disposal of Non-Current Assets	(1,212)
4,617	**Total Other Operating Expenditure**	**4,551**

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-Mar-22 £'000	Financing and Investment Income & Expenditure	31-Mar-23 £'000
2,227	Interest payable and similar charges	3,593
1,970	Net interest on the net defined benefit liability (asset)	2,283
(4,395)	Interest receivable and similar income	(6,569)
(344)	Income and expenditure in relation to investment properties and changes in their fair value	(348)
(129)	Other investment income and expenditure	385
(671)	**Total**	**(657)**

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-Mar-22 £'000	Taxation and Non-Specific Grant Income	31-Mar-23 £'000
(13,619)	Council tax income	(14,377)
(18,869)	Non-ringfenced government grants	(18,704)
(18,954)	Capital grants and contributions	(3,053)
(51,441)	**Total**	**(36,135)**

Note 13 – Expenditure and Income Analysed by Nature

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

31-Mar-22 £'000	Nature of Expenditure or Income	31-Mar-23 £'000
	Expenditure	
28,864	Employee benefits expenses	30,813
105,533	Other expenditure	53,465
2,227	Interest payments	3,594
5,451	Precepts and levies	5,763
4,430	Depreciation and amortisation	5,389
0	Gain or loss on disposal of non-current assets	0
146,505	**Total Expenditure**	**99,024**
	Income	
(21,721)	Fees, charges and other service income	(22,800)
(4,395)	Interest and investment income	(6,570)
(13,619)	Income from local taxation	(14,377)
(67,787)	Government grants and contributions	(49,771)
(834)	Gain or loss on disposal of non-current assets	(1,212)
(108,355)	**Total Income**	**(94,730)**
38,150	**Surplus or Deficit for Year**	**4,294**

Note 14 – Property, Plant and Equipment

Movements to 31-Mar-23	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	**157,547**	**18,212**	**5,556**	**99**	**15**	**11,162**	**192,592**
Additions	2,974	3,566	9	86	0	437	7,073
Acc Dep & Imp WO to GCA	(3,212)	0	0	0	0	0	(3,212)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,892	0	0	0	2	(75)	2,818
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,651)	0	0	0	0	0	(4,651)
Derecognition - Disposals	(408)	(337)	0	0	0	0	(745)
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Cost or Valuation	8,619	0	0	0	0	(8,619)	0
At 31 March 2023	**163,760**	**21,442**	**5,566**	**185**	**17**	**2,906**	**193,875**
Accumulated Depreciation & Impairment							
Balance Brought Forward	**(2,878)**	**(10,609)**	**(3,101)**	**0**	**0**	**0**	**(16,588)**
Depreciation Charge	(3,397)	(1,212)	(175)	0	0	0	(4,783)
Acc. Depreciation WO to GCA	3,212	0	0	0	0	0	3,212
Acc. Impairment WO to GCA	0	0	0	0	0	0	0
Derecognition - Disposals	27	337	0	0	0	0	364
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0
At 31 March 2023	**(3,035)**	**(11,484)**	**(3,276)**	**0**	**0**	**0**	**(17,795)**
Net Book Value							
At 31 March 2023	**160,725**	**9,958**	**2,290**	**185**	**17**	**2,906**	**176,081**
At 31 March 2022	**154,670**	**7,604**	**2,455**	**99**	**15**	**11,162**	**176,005**

Movements to 31-Mar-22	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
Brought forward	**137,714**	**14,498**	**5,556**	**38**	**15**	**57,091**	**214,912**
Additions	654	4,287	0	61	0	10,105	15,107
Acc Dep & Imp WO to GCA	(4,207)	0	0	0	0	0	(4,207)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,683	0	0	0	0	2,160	10,843
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(20,348)	0	0	0	0	(23,789)	(44,137)
Derecognition - Disposals	(556)	(573)	0	0	0	0	(1,129)
Assets reclassified (to)/from Investment Property	1,203	0	0	0	0	0	1,203
Other movements in Cost or Valuation	34,404	0	0	0	0	(34,404)	0
At 31 March 2022	**157,547**	**18,212**	**5,556**	**99**	**15**	**11,163**	**192,592**
Accumulated Depreciation & Impairment							
Brought forward	**(4,270)**	**(10,249)**	**(2,915)**	0	0	0	**(17,434)**
Depreciation Charge	(2,833)	(913)	(186)	0	0	0	(3,932)
Acc. Depreciation WO to GCA	3,283	0	0	0	0	0	3,283
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	925	0	0	0	0	0	925
Derecognition - Disposals	18	553	0	0	0	0	571
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0
At 31 March 2022	**(2,877)**	**(10,609)**	**(3,101)**	**0**	**0**	**0**	**(16,587)**
Net Book Value							
At 31 March 2022	**154,670**	**7,603**	**2,455**	**99**	**15**	**11,162**	**176,005**
At 31 March 2021	**133,444**	**4,249**	**2,641**	**38**	**15**	**57,091**	**197,478**

Property, Plant and Equipment Revaluations

31-Mar-23	Other Land and Buildings £'000	Vehicles, Plant, Furniture Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	3,519	9,958	2,290	185	0	574	16,525
Valued at current value as at:							
31/03/2023	134,988	0	0	0	17	0	135,005
31/03/2022	22,172	0	0	0	0	2,332	24,504
31/03/2021	0	0	0	0	0	0	0
31/03/2020	18	0	0	0	0	0	18
31/03/2019	28	0	0	0	0	0	28
Total Cost or Valuation	**160,725**	**9,958**	**2,290**	**185**	**17**	**2,906**	**176,081**

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:

31-Mar-22 £'000	Investment Property Income and Expenditure	31-Mar-23 £'000
(153)	Rental income from investment property	(167)
11	Direct operating expenses from investment property	24
(142)	**Net (gain)/loss**	**(143)**

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-Mar-22 non-current £'000	Investment Property Movements in Year	31-Mar-23 non-current £'000
5,437	**Opening Balance**	**4,435**
0	Additions: Purchases	0
0	Enhancements	0
0	Disposals	0
202	Net gains/(losses) from fair value adjustments	205
(1,203)	Transfers to/(from) Property, Plant and Equipment	0
4,435	**Closing Balance**	**4,640**

Fair value hierarchy

Details of the Council's investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2023 are as follows:

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 2023 £'000
Investment Properties	0	4,640	0	4,640
Surplus Assets	0	17	0	17
Sub-total	**0**	**4,657**	**0**	**4,657**
Residential (market rental) properties				
Office Units	0	0	0	0
Commercial Units	0	4,657	0	4,657
Totals	**0**	**4,657**	**0**	**4,657**

Details of the Council's investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2022 are as follows:

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 2022 £'000
Investment Properties	0	4,435	0	4,435
Surplus Assets	0	15	0	15
Sub-total	**0**	**4,450**	**0**	**4,450**
Residential (market rental) properties	0			
Office Units	0	425	0	425
Commercial Units	0	4,025	0	4,025
Totals	**0**	**4,450**	**0**	**4,450**

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 and Surplus Assets

The fair value of the Council’s investment properties and surplus assets is measured annually at each reporting date. All valuations are carried out externally by qualified valuers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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.**

31-Mar-22	Intangible Assets	31-Mar-23
£000	Opening Balance	**£000**
7,599	Gross Carrying Amount	8,246
(5,317)	Accumulated Amortisation & Impairment	(5,815)
2,282	**Net Carrying Amount**	**2,431**
647	Additions	257
0	Disposals	(118)
(498)	Amortisation for the Period	(606)
2,431	**Net Carrying Amount at End of Year**	**1,966**
	Comprising:	
8,246	Gross Carrying Amount	6,801
(5,815)	Accumulated Amortisation & Impairment	(4,836)
2,431	**Closing Balance**	**1,965**

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include 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 Council. The useful lives assigned to the major software suites used by the Council are:

Useful Life (Years)	Internally Generated Assets	Other Assets
1 Years	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-22 Short term	31-Mar-22 Long-term	Financial Instruments - Liabilities	31-Mar-23 Short-term	31-Mar-23 Long-term
£'000	**£'000**	**Financial Liabilities**	**£'000**	**£'000**
		Loans at amortised cost:		
(87,000)	(112,000)	- Principal sum borrowed	(22,000)	(166,000)
(605)	0	- Accrued interest	(901)	
(87,605)	**(112,000)**	**Total Borrowing**	**(22,901)**	**(166,000)**
		Liabilities at amortised cost:		
(8)	(1,562)	- Finance leases	(8)	(1,554)
0	0	- Other Liabilities	0	(14)
(8)	**(1,562)**	**Total Other Long-term Liabilities**	**(8)**	**(1,567)**
		Liabilities at amortised cost:		
(5,909)	0	- Trade payables	(3,608)	0
(2,162)	0	- Other payables	(2,776)	0
(8,071)	**0**	**Included in Creditors**	**(6,384)**	**0**
		At amortised cost:		
(1,011)	0	Principal	(511)	0
(1,011)	**0**	**Total Cash and Cash Equivalents**	**(511)**	**0**
(96,695)	**(113,562)**	**Total Financial Liabilities**	**(29,804)**	**(167,567)**

The total short-term borrowing includes £826k (2022: £499k) accrued interest due within 12 months on long-term borrowing.

The creditors lines on the Balance Sheet include £40,658k (2022: £24,518k) short-term creditors that do not meet the definition of a financial instrument.

Financial Instruments – Assets

31-Mar-22		Financial Instruments - Assets	31-Mar-23	
Short Term	Long Term		Short Term	Long Term
£'000	**£'000**	**Financial Assets**	**£'000**	**£'000**
		At amortised cost:		
46,240	0	- Principal	35,000	
14	0	- Accrued interest	101	
		At fair value through profit & loss:		
0	35,649	- Fair value		35,649
46,254	**35,649**	**Total Investments**	**35,101**	**35,649**
		At amortised cost:		
0	0	- Principal	0	
		At fair value through profit & loss:		
5,913	0	- Fair value	8,520	
3	0	- Accrued interest	43	
5,916	**0**	**Total Cash and Cash Equivalents**	**8,563**	**0**
		At amortised cost:		
4,192		- Trade receivables	2,029	
5,194		- Other receivables	5,327	
6,409	65,472	- Loans made for service purposes	6,190	66,194
3	156	- Accrued interest	206	0
0	(987)	- Loss allowance		-1,379
15,798	**64,641**	**Included in Debtors**	**13,752**	**64,814**
67,968	**100,291**	**Total Financial Assets**	**57,416**	**100,464**

The debtors lines on the Balance Sheet include £3,809k (2022: £3,276k) short-term and £5,594k (2022: £4,994k) long-term debtors that do not meet the definition of a financial asset.

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-22 £'000	Offsetting Financial Assets & Liabilities	31-Mar-23 £'000
1,810	Bank accounts in credit	394
(2,821)	Bank overdrafts	(905)
(1,011)	**Net position of offset accounts**	**(511)**
0	Other bank accounts	0
(1,011)	**Net position on balance sheet**	**(511)**

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			
	Amortised Cost	Fair Value through Profit & Loss	Amortised Cost	Fair Value through Profit & Loss	2022/23 Total	2021/22 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	3,588				3,588	2,146
Fees paid	6				6	82
Interest payable and similar charges	**3,594**	**0**			**3,594**	**2,227**
Interest income	0		(6,324)	(246)	(6,570)	(4,395)
Fees	**0**				**0**	**0**
Interest and investment income	**0**	**0**	**(6,324)**	**(246)**	**(6,570)**	**(4,395)**
Net impact on (surplus)/deficit on provision of services	3,594	0	(6,324)	(246)	(2,976)	(2,167)
Net (Gain)/Loss for the Year	**3,594**	**0**	**(6,324)**	**(246)**	**(2,976)**	**(2,167)**

Financial Instruments - Fair Value – Liabilities

Balance Sheet	Fair Value			Balance Sheet	Fair Value
31-Mar-22	**31-Mar-22**			**31-Mar-23**	**31-Mar-23**
£'000	**£'000**		**Fair value Level**	**£'000**	**£'000**
		Financial liabilities held at amortised cost:			
(112,000)	(104,656)	Long-term loans	2	(166,000)	(136,682)
(87,605)	(86,868)	Short-term loans	2	(22,901)	(22,901)
(1,570)	(4,419)	Lease payables and PFI liabilities	2	(1,562)	(3,008)
(201,175)	**(195,943)**	**Total**		**(190,463)**	**(162,591)**
(9,082)		Liabilities for which fair value is not disclosed		(6,908)	
(210,257)		**Total Financial Liabilities**		**(197,371)**	**(162,591)**
		Recorded on balance sheet as:			
(8,079)		Short-term creditors		(6,392)	
(87,605)		Short-term borrowing		(22,901)	
(1,562)		Long-term creditors		(1,567)	
(112,000)		Long-term borrowing		(166,000)	
(1,011)		Cash and Cash Equivalents		(511)	
(210,257)		**Total Financial Liabilities**		**(197,371)**	

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 lower 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	Fair Value			Balance Sheet	Fair Value
31-Mar-22	**31-Mar-22**			**31-Mar-23**	**31-Mar-23**
£'000	**£'000**		**Fair Value Level**	**£'000**	**£'000**
		Financial assets held at fair value:			
5,916	5,916	Money market funds	1	8,563	8,563
35,649	35,649	Shares in unlisted companies	3	35,649	35,649
		Financial assets held at amortised cost:			
46,254	46,254	Bank deposits & repos	2	35,101	34,591
71,053	71,053	Loans to companies	3	71,210	71,210
158,872	**158,872**	**Total**		**150,523**	**150,013**
9,386		Assets for which fair value is not disclosed		7,356	
168,258		Total Financial Assets		**157,879**	**150,013**
		Recorded on balance sheet as:			
64,641		Long-term debtors		64,814	
35,649		Long-term investments		35,649	
15,798		Short-term debtors		13,752	
46,254		Short-term investments		35,101	
5,916		Cash and cash equivalents		8,563	
168,258		Total Financial Assets		**157,880**	

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 Treasury Management Strategy 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	
31-Mar-22 £'000	**(Fitch)**	**31-Mar-23 £'000**
0	AA	3,016
46,254	AA-	26,051
	A+	6,034
46,254		35,101

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-22	Credit Risk: Debtors	31-Mar-23
£'000	**Duration outstanding**	**£'000**
2,927	One months	444
154	Two months	154
83	Three months	48
1,328	More than three months	1,056
4,491		1,703

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:

Organisation	Total facility	Balance 31 March 2023
Graven Hill Village Development Co Ltd	£69.6m	£58.7m

The Council has also provided financial guarantees and bonds to the total value of £27.9m for Graven Hill. The guarantee for £3.7m is payable if the sale falls through and Graven Hill are unable to return the deposit to the purchaser. The guarantees will expire on either the completion of the sale or the return of the deposit. Two bonds have been issued to the value of £24.1m in the event that Graven Hill cannot fulfill its Section 106 and Section 278 commitments to Oxfordshire County Council. The bonds will expire on the completion of the infrastructure work.

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):

31-Mar-22	Liquidity Risk	31-Mar-23
£'000	**Time to maturity**	**£'000**
(87,093)	Less than 1 year	(22,074)
(12,013)	1 – 2 years	(21,173)
(33,176)	2 – 5 years	(22,050)
(22,074)	5-10 years	(78,355)
(15,044)	10-20 years	(15,044)
(30,205)	20-30 years	(30,205)
(199,605)		**(188,901)**

Market Risk: Interest Rates

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

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's borrowing is at relatively low interest rates currently, it is exposed to the risk that it will 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-Mar-22 £'000	Inventories	31-Mar-23 £'000
224	Opening Balance	253
780	Purchases	1,086
(751)	Recognised as an expense in the year	(982)
253	**Closing Balance**	**357**

Note 19a – Short Term Debtors

An analysis of the debtor's balance is shown below

31-Mar-22 £'000	Short Term Debtors	31-Mar-23 £'000
4,192	Trade Receivables	2,029
264	Pre-Payments	943
14,618	Other Receivable Amounts	14,588
19,074	**Total Debtors**	**17,561**

Note 19b Short Term 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-22 £'000	**Short Term Debtors for Local Taxation**	**31-Mar-23** £'000
0	Less than three months	0
0	Three to six months	0
475	Six months to one year	452
521	More than one year	611
996	**Total Debtors**	**1,063**

Note 20 – Cash and Cash Equivalents

Cash and cash equivalents include cash at bank, short-term bank deposits and money market investments and are highly liquid.

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

31-Mar-22 £'000	**Cash and Cash Equivalents**	**31-Mar-23 £'000**
(1,011)	Bank Balances/(Overdraft)	(511)
5,916	Short Term Investments	8,563
4,905	**Total Cash and Cash Equivalents**	**8,053**

Note 21– Assets Held for Sale

31-Mar-22 £'000	**Assets held for Sale**	**31-Mar-23 £'000**
0	Balance at start of year	0
	Assets Sold:	
0	Property Plant and Equipment	0
0	**Balance at year end**	**0**

Note 22 – Short Term Creditors

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

31-Mar-22 £'000	Short Term Creditors	31-Mar-23 £'000
(5,909)	Trade Payables	(3,608)
(26,688)	Other Payable Amounts	(43,442)
(32,597)	**Total Creditors**	**(47,050)**

Note 23 – Provisions

The main provisions during 2022/23 are for NNDR appeals. The council is required to set up a provision for the potential cost of successful appeals with the Valuation Office.

Current Provisions

31-Mar-23	Health Walks Training Provision £'000	Graven Hill Deposit Guarantee £'000	NNDR Appeals Provision £'000	Total £'000
Opening Balance	(4)	(37)	(272)	(314)
Increase in provision during year	0	0	0	0
Utilised during the year	0	0	202	202
Closing Balance	**(4)**	**(37)**	**(71)**	**(112)**
31-Mar-22 £'000	**Health Walks Training Provision £'000**	**Graven Hill Deposit Guarantee £'000**	**NNDR Appeals Provision £'000**	**Total £'000**
Opening Balance	(4)	(37)	(1,427)	(1,469)
Increase in provision during year	0	0	0	0
Utilised during the year	0	0	1,155	1,155
Closing Balance	**(4)**	**(37)**	**(272)**	**(314)**

Long Term Provisions

31-Mar-23	NNDR Appeals £'000	Landlord Rent Guarantee £'000	Landlord Rent Ex-Charter £'000	Banbury Bowls Club £'000	58 Bridge Street - Repair & Renewals £'000	Total £'000
Opening Balance	(8,151)	(89)	(18)	(47)	(103)	(8,409)
Increase in provision during year	(1,864)	0	0	0	0	(1,864)
Utilised during year	2,268	14	0	0	0	2,282
Closing Balance	**(7,748)**	**(75)**	**(18)**	**(47)**	**(103)**	**(7,991)**
31-Mar-22	**NNDR Appeals £'000**	**Landlord Rent Guarantee £'000**	**Landlord Rent Ex-Charter £'000**	**Banbury Bowls Club £'000**	**58 Bridge Street - Repair & Renewals £'000**	**Total £'000**
Opening Balance	(6,996)	(96)	(18)	(47)	(93)	(7,250)
Increase in provision during year	(1,999)	0	0	0	(10)	(2,009)
Utilised during year	843	7	0	0	0	850
Closing Balance	**(8,151)**	**(89)**	**(18)**	**(47)**	**(103)**	**(8,409)**

Total Provisions

31-Mar-22 £'000	Provisions Summary	31-Mar-23 £'000
(8,718)	Opening Balance	**(8,723)**
(2,009)	Increase in provision during year	**(1,864)**
2,005	Utilised during year	**2,484**
(8,723)	**Closing Balance**	**(8,103)**

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.

31-Mar-22 £'000	Useable Reserves Summary	31-Mar-23 £'000
(5,951)	General Fund	(6,152)
(32,138)	Earmarked Reserves	(23,670)
(100)	Capital Receipts Reserve	0
(7,949)	Capital Grants Unapplied Reserve	(5,849)
(46,137)	**Total**	**(35,671)**

General Fund Reserve

This reserve is held to mitigate the financial risks facing the Council. The prudent level of general fund reserves to be held are set annually as part of the Council's budget report.

31-Mar-22 £'000	General Fund Reserve	31-Mar-23 £'000
(5,520)	Opening Balance	(5,951)
(431)	Transfers to general reserves	(201)
0	Use of general reserves in year	0
(5,951)	**Closing Balance**	**(6,152)**

Earmarked Reserves

These are reserves that have been set aside for specific purposes. This could be for a particular project; for example, a ringfenced grant on which there remains an unspent balance at the year end or amounts which have been set aside for future use. They are analysed in detail in Note 9.

The large decrease in 2021/22 and 2022/23 relate primarily to Business Rates Section 31 grants which were received in 2020/21 but which have been used to finance the Business Rates Collection Fund deficit in 2021/22 and 2022/23.

31-Mar-22 £'000	Earmarked Reserves	31-Mar-23 £'000
(47,539)	Opening Balance	(32,138)
(15,280)	Transfers to reserves	(10,238)
30,681	Use of reserves in year	18,706
(32,138)	**Closing Balance**	**(23,670)**

Capital Receipts Reserve

These are capital receipts which have been received during the year and which have then been used to finance capital expenditure. The remaining balance is available for future capital financing.

31-Mar-22 £'000	Capital Receipts Reserve	31-Mar-23 £'000
(80)	Opening Balance	(100)
(1,338)	Receipts from disposal of an interest in a capital asset	(1,718)
0	Receipts from repayments of capital loans made by the council	(6,034)
1,317	Capital Receipts used for financing	7,852
(100)	**Closing Balance**	**0**

Capital Grants Unapplied

These are capital receipts which have been recognised in the Comprehensive Income and Expenditure Statement which are available for future capital financing.

31-Mar-22 £'000	Capital Grants Unapplied	31-Mar-23 £'000
(676)	Opening Balance	(7,949)
(7,432)	Capital grants recognised in year	(1,134)
160	Capital grants and contributions applied	3,233
(7,949)	**Closing Balance**	**(5,849)**

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 table below. The purpose of each unusable reserve is detailed in the relevant section below.

31-Mar-22 £'000	Unusable Reserves Summary	31-Mar-23 £'000
(40,218)	Revaluation Reserve	(42,084)
1,495	Capital Adjustment Account	316
82,138	Pension Reserve	31,309
(529)	Deferred Capital Receipts Reserve	(522)
7,955	Collection Fund Adjustment Account	(5,314)
269	Accumulated Absences Account	270
51,110	**Total**	**(16,026)**

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-22 £'000	Revaluation Reserve	31-Mar-23 £'000
	Opening Balance	
(30,535)	**Opening balance as restated**	**(40,218)**
(12,996)	Upward revaluation of assets	(7,609)
2,152	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	4,791
(10,844)	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**(2,818)**
728	Difference between fair value depreciation and historical cost depreciation	863
215	Accumulated gains on assets sold or scrapped	89
218	Accumulated gains on Property transferred to Investment Property	0
1,161	**Amount written off to the Capital Adjustment Account**	**952**
(40,218)	**Closing Balance**	**(42,084)**

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 14 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-22	Capital Adjustment Account	31-Mar-23
£'000		**£'000**
	Opening balance	
(35,402)	**Opening balance as restated**	**1,495**
3,932	Charges for depreciation and impairment of non-current assets	4,783
44,138	Revaluation losses on non-current assets	4,651
498	Amortisation of intangible assets	606
9,390	Revenue expenditure funded from capital under statute	2,125
558	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	499
58,516	**Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement**	**12,663**
(1,161)	Adjusting Amounts written out of the Revaluation Reserve	(952)
57,355	**Net written out amount of the cost of non-current assets consumed in the year**	**11,712**
(1,317)	Use of Capital Receipts Reserve to finance new capital expenditure	(7,852)
(11,682)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(6,393)
(4,132)	Statutory provision for the financing of capital investment charged against the General Fund	(4,869)
(124)	Increase in expected credit losses provision for long-term loans receivable	392
(3,000)	Direct Revenue contributions	0
(20,255)	**Capital financing applied in year:**	**(18,721)**
0	Write down of Capital Loans repaid to the Council	6,034
(202)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(205)
1,495	**Closing Balance**	**316**

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-22 £'000	Pension Reserve	31-Mar-23 £'000
95,654	Opening Balance	82,138
(21,388)	Remeasurements of the net defined benefit (liability)/asset	(58,146)
10,725	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	10,182
(2,853)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,865)
82,138	**Closing Balance**	**31,309**

Deferred Capital Receipts Reserve

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

31-Mar-22 £'000	Deferred Capital Receipts reserve	31-Mar-23 £'000
(475)	Opening Balance	(529)
(304)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure statement	(296)
250	Transfer to the capital receipts reserve upon receipt of cash	303
(529)	**Closing Balance**	**(522)**

Collection Fund Adjustment Account

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

31-Mar-22 £'000	Collection Fund Adjustment Account	Business Rates £'000	Council Tax £'000	31-Mar-23 Total £'000
23,420	Opening Balance	8,550	(595)	7,955
(15,465)	Amount by which income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	(13,135)	(104)	(13,239)
0	Other transfers to/(from) the General Fund in accordance with non-domestic rates regulations	(30)	0	(30)
7,955	**Closing Balance**	**(4,615)**	**(699)**	**(5,314)**

Accumulated Absences Account

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

31-Mar-22 £'000	Accumulated Absences Account	31-Mar-23 £'000
207	Opening Balance	269
(207)	Settlement or cancellation of the accrual made at the end of the preceding year	(269)
269	Amounts accrued at the end of the year	270
269	**Closing Balance**	**270**

Note 26 - Members' Allowances

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 2022/23 were as follows:

31-Mar-22 £'000		31-Mar-23 £'000
328	Allowances	345
2	Expenses	4
330	**Total Members' Allowances**	**349**

Note 27 - 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.

31-Mar-22	Officers' Remuneration	31-Mar-23
Number of employees	**Remuneration Band**	**Number of employees**
15	£50,001 to £55,000	16
5	£55,001 to £60,000	10
1	£60,001 to £65,000	6
0	£65,001 to £70,000	1
0	£70,001 to £75,000	1
21	**Total**	**34**

Note 27 Continued… **The Remuneration paid to senior employees in Cherwell District Council 2022/23 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 County Council	Cost to Cherwell District Council (	Date in post 2022/23
Chief Executive - Yvonne Rees	172,108	266	-	**172,373**	26,830	**199,203**	-	**199,203**	
Corporate Director of Resources	76,939	691	-	**77,630**	12,233	**89,864**	-	**89,864**	*From July 2022*
Corporate Director of Communities	83,192	-	-	**83,192**	1,323	**84,515**	-	**84,515**	*From July 2022*
Corporate Director of Customers, Organisation Development and Resources**	2,473	-	-	**2,473**	1,101	**3,574**	-	**3,574**	*Until June 2022*
Director of Customers and Cultural Services**	8,503	285	-	**8,788**	4,507	**13,295**	-	**13,295**	*Until July 2022*
Assistant Director Customer Focus	36,942	-	-	**36,942**	5,874	**42,816**	-	**42,816**	*From October 2022*
Assistant Director Customer Focus Interim	35,945	-	-	**35,945**	5,689	**41,634**	-	**41,634**	*May to October 2022*
Assistant Director of Environmental Services	85,894	1,069	-	**86,963**	13,581	**100,544**	-	**100,544**	
Assistant Director of Planning and Development	84,585	404	-	**84,989**	13,399	98,388	-	**98,388**	
Assistant Director of Growth and Economy	84,269	-	-	**84,269**	13,399	97,668	-	**97,668**	
Assistant Director of Finance S151	94,328	375	-	**94,703**	14,943	109,646	-	**109,646**	
Assistant Director of Wellbeing	80,743	-	-	**80,743**	12,793	93,535	-	**93,535**	
Assistant Director of Human Resources	72,409	583	-	**72,992**	11,444	84,435	-	**84,435**	Interim Apr - October 2022, permanent thereafter
Head of Finance (Deputy S151)	1,508	-	-	**1,508**	439	1,946	-	**1,946**	From 20th March 2023

Table continued on next page…

Note 27 Continued…

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 2022/23
Corporate Director of Public Health & Wellbeing*	-	-	-	**-**	-	-	1,647	**1,647**	Until May 2022
Corporate Director of Commercial Development, Assets and Investment Monitoring*	-	-	-	**-**	-	-	17,703	**17,703**	Until July 2022
Director of Communications, Strategy and Insight*	-	-	-	**-**	-	-	5,628	**5,628**	Until July 2022
Director of Property Investment and Facilities Management*	-	-	-	**-**	-	-	5,032	**5,032**	Until July 2022
Assistant Director of Regulatory Services*	-	-	-	**-**	-	-	68,785	**68,785**	
Assistant Director Housing and Social Care Commissioning*	-	-	-	**-**	-	-	18,192	**18,192**	Until July 2022
Assistant Director of Healthy Place Shaping*	-	-	-	**-**	-	-	2,563	**2,563**	Until May 2022
Assistant Director of Procurement and Contract Management*	-	-	-	**-**	-	-	10,203	**10,203**	Until Sept 2022
Licensing Manager*	-	-	-	**-**	-	-	31,853	**31,853**	
Total	**919,837**	**3,673**	**-**	**923,510**	**137,553**	**1,061,063**	**161,604**	**1,222,667**	

Cherwell District Council had 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

Note 27 Continued…

The remuneration paid to senior employees in Cherwell District Council for 2021/22 is as follows:

Post Title	*Salary (Including Fees & Allowances)*	*Expense Allowances and Other Emoluments*	*Compensations for Loss of Employment*	*Total Remuneration Excluding Pension*	*Pension Contribution*	*Total Remuneration Including Pension Contribution*	*Contribution to Oxfordshire County Council*	*Cost to Cherwell District Council*	*Date in post 2021/22*
*Chief Executive***	113,974	0	0	**113,974**	16,706	130,680	0	130,680	Joint CDC/OCC until Feb 2022
*Corporate Director of Customers, Organisational Development and Resources***	41,238	43	0	**41,280**	6,502	47,782	0	47,782	
*Assistant Director of Housing and Social Care Commissioning***	13,518	109	0	**13,628**	2,121	15,748	0	15,748	Until July 2021
*Director of HR***	21,878	284	0	**22,162**	3,469	25,631	0	25,631	
*Director of Customers and Cultural Services***	11,141	232	0	**11,373**	1,766	13,139	0	13,139	
Assistant Director of Healthy Place Shaping									Until 31 Dec 2020
Programme Director: Growth and Commercial	22,018	0	0	**22,018**	3,368	25,386	0	25,386	Until Sept 2021
Assistant Director: Property, investment, Contract Management	39,907	140	0	**40,047**	6,007	46,054	0	46,054	Until Dec 2021
Assistant Director: Environmental Services	84,270	424	0	**84,694**	13,275	97,969	0	97,969	
Assistant Director: Growth and Economy	81,201	0	0	**81,201**	12,911	94,111	0	94,111	
Assistant Director: Planning and Development									
Assistand Director: Wellbeing	74,002	303	0	74,305	11,638	85,943	0	85,943	

Table continued on next page

Note 27 Continued…

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 2021/22*
Assistant Director: Finance (Section 151)	81,141	766	0	81,907	12,825	94,732	0	94,732	S151 Officer from Feb 2022
*Corporate Director - Commercial Development, Assets and Investments**							61,520	61,520	
*Corporate Director - Adult Social Care & Housing**							15,610	15,610	
*Corporate Director of Public Health**							17,116	17,116	
*Director of Finance Section 151**							45,389	45,389	Joint CDC/OCC & S151 until Feb 2022
*Head of Legal and Deputy Monitoring Officer**							35,808	35,808	
*Director - IT, Digital and Transformation**							14,731	14,731	
*Director of Law and Governance (new post)**							33,962	33,962	Joint CDC/OCC until Feb 2022
*Head of Procurement & Contract Management**							24,483	24,483	
*Assistant Director of Healthy Place Shaping**							28,882	28,882	
*Licensing Manager**							20,000	20,000	
Total	**584,288**	**2,301**	**0**	**586,589**	**90,588**	**677,175**	**297,501**	**974,676**	

Cherwell District Council had 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. Salary costs are shown net of recharge.

Note 28 - 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.

The final fees payable in 2021-22 and 2022-23 are still subject to approval by the PSAA.

31-Mar-22 £'000s	Fees	31-Mar-23 £'000s
127	Fees payable with regard to external audit services carried out by the appointed auditor	143
24	Fees payable for the certification of grant claims and returns	38
151	**Total**	**181**

Note 29 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23;

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

31-Mar-22 £'000	Grant Income Credited to Taxation	31-Mar-23 £'000
	Revenue Grants and Contributions	
(117)	Revenue Support Grant	(121)
(11,874)	Non-Domestic Rates (incl. Section 31 grant)	(13,334)
(4,423)	New Homes Bonus	(3,462)
(1,204)	Covid-19 grants	0
(897)	Lower Tier Services Grant	(995)
0	Services Grant	(241)
(353)	Other Revenue Grants and Contributions	(551)
	Capital Grants and Contributions	
(1,270)	Disabled Facilities Grant	0
(5,183)	Decarbonisation Grant	0
(2,269)	Growth Deal Funding	(105)
(4,550)	Garden Town Capital Grant	0
(4,250)	NW Bicester Bridge	0
0	Local Authority Household Fund	(517)
0	Eco Town Grant	(422)
(1,309)	S106 Capital Contributions	(1,476)
(122)	Other Capital Grants and Contributions	(533)
(37,822)	**Total**	**(21,758)**

Grant Income Credited to Services

31-Mar-22 £'000	Grant Income Credited to Services	31-Mar-23 £'000
(22,207)	Rent Allowances Subsidy Grant	(21,617)
(291)	Housing Benefit Administration Subsidy Grant	(289)
(235)	NDR Cost of Collection Grant	(238)
(624)	Homeless Support Grants	(608)
(340)	Rough Sleeper Initiative	0
(304)	Section 106 Developer contributions	(619)
(60)	New Burdens	(102)
(250)	Discretionary Housing Payments	(186)
(633)	Other Grants & Contributions	(536)
0	Disabled Facilities Grant*	(1,240)
(2,504)	Contributions from other Local Authorities	(1,707)
(251)	Home Office – Housing Refugees	(548)
(2,265)	Covid-19 related grants	(102)
0	Council Tax Rebate – Discretionary Scheme	(221)
(29,964)	**Total**	**(28,013)**

*Disabled Facilities Grant is a Capital grant, however as this is being used to fund Revenue Expenditure Funded by Capital Under Statute (REFCUS), the grant should be accounted for as a revenue grant in the CIES and credited to services.

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 could require the monies or property to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

Grants Receipts in Advance (Revenue Grants) - Current Liabilities

31-Mar-22 £'000		31-Mar-23 £'000
(290)	Section 106 developer contributions	(829)
(2,747)	COVID-19 Grant - Closed Business Lockdown Payment Grant	0
(3,891)	COVID-19 Grant - LRSG Closed Addendum	(27)
(124)	COVID-19 Grant - LRSG Open	(2)
(10)	COVID-19 Grant - Small Business Grant	0
(3,988)	COVID-19 Grant – Covid Additional Relief Fund	0
(387)	COVID-19 Grant – Omicron HL Grant	0
(7,923)	Council Tax Rebate Grant	(72)
0	Afghan Refugee Accomodation Programme	(276)
0	Homes for Ukraine	(367)
0	Energy Bills Support Scheme Alternative Funding	(175)
0	Alternative Fuel Payment Scheme Alternative Fund	(567)
(245)	Other Grants and contributions	(464)
(19,606)	**Total**	**(2,780)**

Grants Receipts in Advance (Capital Grants) - Current Liabilities

31-Mar-22 £'000		31-Mar-23 £'000
(681)	Section 106 developer contributions	(3,005)
(803)	Decarbonisation Grant	0
0	Other Grants and Contributions	(165)
(1,485)	**Total**	**(3,170)**

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

31-Mar-22 £'000		31-Mar-23 £'000
(4,952)	Section 106 Developer Contributions - Capital	(5,381)
(5)	Community Build Banbury	(5)
(4,958)	**Total**	**(5,386)**

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

31-Mar-22 £'000		31-Mar-23 £'000
(8,753)	Section 106 Developer Contributions - Capital	(6,370)
(283)	Other Contributions	0
(3,906)	Eco Town Grant	(3,484)
(12,941)	**Total**	**(9,853)**

Note 30 – 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 limited another party's ability to operate independently or 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,
- Providing 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, non-domestic rates and housing benefits).

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

Related Party Transaction Summary			
Declarations Made By	Details of Related Party	Transaction Values 2022 £000s	Transaction Values 2023 £000s
Councillor x 1 CDC Asst Directors x 1	Crown House Banbury Ltd - a wholly owned Council subsidiary for the purpose of management of rented council accommodation - details of appointed directors are listed below - transactions relate to intercompany loans	539	12,148
Councillor x1	OneBicester is a local not for profit organisation that promotes skills training for local people in the Bicester area – very few transactions	<1	<1
Councillors x 3	Graven Hill Village Holdings Ltd - a wholly owned council subsidiary for the purpose of Eco developments in the district - details of appointed directors are listed below - transactions include intercompany loans and capital investments	12,327	8,727
CDC Director x1 Councillors x 2	CSN Resources Ltd - a jointly owned company with West Northamptonshire which acts as a collection agent for various council debtors - details of appointed directors are listed below. Due to the separation of services between the 2 councils this company ceased trading in November 2021	350	0
Councillors x2	Bicester Vision CIC is a local not for profit organisation to support and bring together local businesses and projects for the benefit of the Bicester area. There are some invoices and a modest annual grant	15	0
	Total	**13,231**	**20,875**

Officers

- During 2022-23 Senior Officers of the Council made disclosures of £12.148m (2021/22 £0.889m) relating to their directorships of the Council's wholly owned companies as listed below. All transactions are fully compliant with the CIPFA Code and documented in the Group Accounts.

Members

Members of the Council have direct control over the Council's financial and operating policies.

- During 2022/23 payments for works and services to the value of £20.875million (2021/22 £13.231million) were made to parties where Members had declared an interest.
- The £20.875m transactions relating to their directorships with the Council's wholly owned companies as listed below. These transactions are fully documented in the Group Accounts.
- 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.

Subsidiaries and Joint Operations

Senior council officials and elected members appointed as directors of Council subsidiaries and joint operations are listed in the section below.

Crown House Banbury Ltd:

Councillor Simon Holland	Appointed Oct 2017
CDC Official Nicola Riley	Appointed Aug 2021

Crown Apartments Banbury Ltd:

Councillor Simon Holland	Appointed Jun 2018
CDC Official Nicola Riley	Appointed Aug 2021

Graven Hill Village Holdings Ltd:

Councillor Simon Holland	Appointed March 2023
Councillor Dan Sames	Resigned Nov 2022
Councillor Ian Corkin	Resigned May 2023

Graven Hill Village Development Company Ltd:

Councillor Simon Holland	Appointed March 2023
Councillor Dan Sames	Resigned Nov 2022
Councillor Ian Corkin	Resigned May 2023

Entities Controlled or Significantly Influenced by the Authority

During 2022/23 grant funding payments of £379,900(2021/22 £387,100) were made to the Banbury Museum Trust. This represents a significant part of the funding for this organisation.

Note 31 – 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 below.

Capital Expenditure and Capital Financing

31-Mar-22 £'000		31-Mar-23 £'000
224,909	**Opening Capital Financing Requirement**	**242,283**
	Capital Investment:	
15,107	Property Plant and Equipment	7,073
0	Investment Property	0
647	Intangible Assets	257
9,390	Revenue Expenditure Funded from Capital Under Statute	2,125
2,596	Long Term Investments	0
9,766	Debtors	6,000
37,506	**Total Capital Spending**	**15,455**
	Sources of Finance:	
(1,317)	Capital receipts	(7,852)
(11,682)	Government Grants and other contributions	(6,393)
	Sums set aside from revenue:	
(3,000)	- Direct revenue contributions	0
	Debt Repayment:	
(4,132)	Minimum revenue Provision	(4,869)
(20,131)	**Total Sources of Finance**	**(19,114)**
242,283	**Closing Capital Financing Requirement**	**238,625**

31-Mar-22 £'000		31-Mar-23 £'000
21,507	Increase in underlying need to borrow (unsupported by government financial assistance)	1,210
(4,132)	Statutory provision for repayment of debt (minimum Revenue Provision)	(4,869)
17,375	**Increase/(decrease) in Capital Financing Requirement**	**(3,659)**

Note 32 – Leases

32.1 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-22 £'000		31-Mar-23 £'000
2,256	Other Land and Buildings	2,332
0	Vehicles, Plant, Furniture, Equipment and Other	0
2,256	**Total**	**2,332**

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

31-Mar-22 £'000		31-Mar-23 £'000
	Finance lease liabilities (net present value of minimum lease payments):	
8	- current	8
1,562	- non-current	1,554
0	Finance costs payable in future years	0
1,570	**Minimum lease payments**	**1,562**

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

Minimum Lease payments			Finance Lease Liabilities	
31-Mar-22 £'000	**31-Mar-23 £'000**		**31-Mar-22 £'000**	**31-Mar-23 £'000**
8	8	Not later than one year	211	231
40	45	Later than one year and not later than five years	843	922
1,522	1,509	Later than five years	5,352	5,626
1,570	**1,562**	**Total**	**6,405**	**6,779**

32.2 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-22 £'000		31-Mar-23 £'000
31	Not later than one year	55
81	Later than one year and not later than five years	76
34	Later than five years	24
146	**Total**	**155**

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

31-Mar-22 £'000		31-Mar-23 £'000
41	Minimum lease payments	51
41	**Total**	**51**

32.3 Authority as Lessor - Finance Leases

31-Mar-22 £'000		31-Mar-23 £'000
	Finance lease debtor (net present value of minimum lease payments):	
225	- current	0
0	- non-current	0
0	Unearned finance income	0
0	Unguaranteed residual value of property	0
225	**Gross investment in the lease**	**0**

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

Gross Investment in the Lease			Minimum Lease Payments	
31-Mar-22 £'000	**31-Mar-23** £'000		**31-Mar-22** £'000	**31-Mar-23** £'000
225	0	Not later than one year	225	0
0	0	Later than one year and not later than five years	0	0
0	0	Later than five years	0	0
225	**0**	**Total**	**225**	**0**

32.4 Authority as Lessor - Operating Leases

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

31-Mar-22 £'000		**31-Mar-23** £'000
5,217	Not later than one year	5,496
15,559	Later than one year and not later than five years	16,160
62,186	Later than five years	74,777
82,962	**Total**	**96,433**

Note 33 - 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.

During the year under review a number of assets have been professionally valued by external valuers as part of the Council's rolling five-year rolling programme of asset valuations. A review is also carried out by the Council to determine whether there are any indications of impairments or revaluation losses with regard to assets not subject to revaluations in the current year.

There are no impairment losses or any impairment reversals in 2022/23.

Note 34 - Termination Benefits

The authority terminated the contracts of eight employees which resulted in termination benefits of £22k in 2022/23. The Figure in the financial year of 2021/22 was £220k.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
£0-£20,000	2	5	1	0	3	5	£21,709	£23,055
£20,001-£100,000	0	2	0	1	0	3	£0	£196,497
Total	**2**	**7**	**1**	**1**	**3**	**8**	**£21,709**	**£219,552**

Note 35 - Defined Benefit Pension Scheme

35.1 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.

35.2 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-22		31-Mar-23
£'000	**Comprehensive (Income) and Expenditure Statement**	**£'000**
	Cost of Services:	
8,557	Current Service Cost	7,783
120	Past Service Cost/(Gain) – Including Curtailments	0
78	Administration Expense	116
	Financing and Investment (Income) and Expenditure:	
1,970	Net Interest Expense	2,283
10,725	**Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services**	**10,182**
	Other Comprehensive (Income) and Expenditure:	
(10,869)	Return on Plan Assets (excluding amounts included in net interest expense)	8,885
(1,003)	Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	(1,346)
(13,663)	Actuarial (Gains) & Losses Arising on Changes in Financial Assumptions	(78,439)
2,028	Experience (Gain)/loss on defined benefit obligation	12,754
2,119	Other actuarial (Gains) & Losses on assets	0
(21,388)	**Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	(58,146)
	Movement in Reserves Statement	
(10,725)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(10,182)
2,853	Employer's Contributions Payable to the Pension Scheme	2865
(7,872)	**Total**	**(7,317)**

35.3 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-22 £'000	Pension Assets and Liabilities Recognised in the Balance Sheet	31-Mar-23 £'000
(221,696)	Present value of the defined benefit obligation	(163,942)
139,558	Fair value of plan assets	132,633
(82,138)	**Net liability arising from defined benefit obligation**	**(31,309)**

35.4 Assets and Liabilities in relation to Retirement Benefits

31-Mar-22 £'000	Reconciliation of Present Value of Scheme Liabilities	31-Mar-23 £'000
(225,598)	Liabilities as of the Beginning of the Period	(221,696)
(8,635)	Current Service Cost	(7,899)
(4,550)	Interest Cost	(6,025)
(1,066)	Contributions by Scheme Participants	(1,136)
13,663	Change in financial assumptions	78,439
1,003	Change in demographic assumptions	1,346
(2,028)	Experience (Losses)/Gains on defined benefit obligation	(12,754)
0	Losses on Curtailments	
5,635	Benefits Paid	5,783
(120)	Past Service Costs	0
(221,696)	**Liabilities as of the End of the Period**	**(163,942)**
	Reconciliation of Fair Value of Scheme Assets	
129,944	Assets as of the Beginning of the Period	139,558
2,580	Interest on Assets	3,742
10,869	Return on assets less interest	(8,885)
(2,119)	Other Experience (Losses)/Gains	0
2,853	Employer Contributions	2865
1,066	Contributions by Scheme Participants	1136
(5,635)	Benefits Paid	(5,783)
139,558	**Assets as of the End of the Period**	**132,633**

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 £164m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance relating to pensions of £31m (see Note 25: Pension Reserve).

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 2024 is £4.703m.

The weighted average time until payment of all expected future cashflows is 17 years.

Sensitivity Analysis

Funding levels are monitored on an annual basis, with the last triennial review and valuation completed at 31 March 2022. 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 2023 as follows:

31-Mar-22 £'000	Sensitivity analysis	31-Mar-23 £'000
3,866	0.1% per cent decrease in the real discount rate	2,703
416	0.1% per cent increase in the salary increase rate	254
3,424	0.1% per cent increase in the pension increase rate	2,490
8,868	1-year increase in member life expectancy	6,558

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.

35.5 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 2022.

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

31-Mar-22 per cent	Principal Assumptions	31-Mar-23 per cent
3.65	Rate of inflation: RPI	3.30
3.20	Rate of inflation: CPI	3.00
3.20	Rate of increase in salaries	3.00
3.20	Rate of increase in pensions	3.00
2.70	**Rate of discounting scheme liabilities**	4.75

These assumptions are set with reference to market conditions as at 31 March 2023. The estimated duration of Employer's pension liabilities to employees is 17 years.

The discount rate is the annualised yield at the 17-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 17 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 only.

31-Mar-22		31-Mar-23
Years	**Mortality Assumptions**	**Years**
	Longevity at 65 for current pensioners	
22.3	Men	22.2
24.9	Women	24.8
	Longevity at 65 for future pensioners	
23.0	Men	22.4
26.3	Women	26.1

The following assumptions have been made:

Members will elect to take 50 per cent 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:

31-Mar-22 per cent	Estimated Asset Allocation	31-Mar-23 per cent
0	Equity Securities	0
3	Debt Securities	2
5	Private Equity	5
0	Real Estate	0
90	Investment Funds and Unit Trusts	91
0	Derivatives	0
2	Cash & Cash Equivalents	2
100	**Total**	**100**

35.6 Other factors arising from recent court cases

Guaranteed Minimum Pension (GMP) Indexation
The 2022 formal funding valuation included an allowance for full GMP equalisation / indexation within the LGPS. The rolled forward position to 31 March 2023 therefore includes this allowance.
The further ruling in respect of historical transfers is unlikely to be significant in terms of impact on the pension obligations of a typical Employer, and as a result no allowance has been made for this

McCloud - An allowance was added to the 2022 valuation results, so the impact is continued to be included within the balance sheet at 31 March 2023

Goodwin - Whilst there is still uncertainty surrounding the potential remedy to this judgement, the actuary has carried out some approximate analysis across their LGPS clients to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The approximate impact of this is very small for a typical Fund (c. 0.1 - 0.2 per cent of obligations), and therefore there are not sufficient grounds to apply an additional adjustment to account for this.

Note 36 - Contingent Liabilities

Oxfordshire County Council Bond

Cherwell District Council issued a Bond to the sum of £22m 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 Section 106 Agreement for payment of contributions and direct delivery of a primary school.

In March 2021 Cherwell District Council issued a Bond for a Land sale deposit to the value of £3.73m starting in March 2021 with a full release in September 2022. And in August 2021 another Bond was issued under the Section 278 Agreement for the A41 roundabout for the sum of £2.12m.

The total Bond sum Cherwell District Council has issued to Oxfordshire County Council on behalf of its wholly owned subsidiary, Graven Hill Village Development Company Ltd (GHVDC), relating to GHVDC’s obligations is £27.85m.

Note 37 - Contingent Assets

The Council has no contingent asssets at 31 March 2023.

Collection Fund Accounts

31-Mar-2022				31-Mar-2023		
Business Rates	**Council Tax**	**Total**	**Collection Fund**	**Business Rates**	**Council Tax**	**Total**
£'000	**£'000**	**£'000**	**Income:**	**£'000**	**£'000**	**£'000**
	(117,468)	(117,468)	Council Tax Receivable		(125,430)	(125,430)
(75,829)		(75,829)	Business Rates Receivable	(93,244)		93,244)
(188)		(188)	Transitional Protection Payments Receivable			
(76,017)	**(117,468)**	**(193,485)**	**Total Income**	**(93,244)**	**(125,430)**	**(218,674)**
			Expenditure:			
			Contribution to Previous Year's estimated Surplus/Deficit:			
(29,009)		(29,009)	Central Government	(13,098)		(13,098)
(23,207)	12	(23,195)	Cherwell District Council	(10,479)	360	(10,119)
(5,802)	81	(5,721)	Oxfordshire County Council	(2,620)	2,393	(227)
	11	11	Thames Valley Police and Crime Commissioner		352	352
			Precepts, demands and shares:			
47,371		47,371	Central Government	43,093		43,093
37,897	13,154	51,051	Cherwell District Council	34,474	13,914	48,388
9,474	87,490	96,964	Oxfordshire County Council	8,619	93,814	102,433
0	12,863	12,863	Thames Valley Police and Crime Commissioner	0	13,705	13,705
			Charges to Collection Fund:			
			Transitional Protection Payments Payable	687		687
239	13	252	Write-offs of uncollectable amounts	0	16	16
797	(87)	710	Increase/(decrease) in allowance for impairment	480	(73)	406
4		4	Increase/(decrease) in allowance for appeals	(1,515)		(1,515)
235		235	Charge to General Fund for allowable collection costs for non-domestic rates	238		238
			Other transfers to General Fund in accordance with non-domestic rates regulations			
495		495	Renewable Energy	518		518
38,494	**113,537**	**152,031**	**Total Expenditure**	**60,397**	**124,480**	**184,876**
(37,523)	**(3,931)**	**(41,454)**	Movement on Fund Balance	**(32,848)**	**(950)**	**(33,798)**
58,907	(1,233)	57,674	Balance at the beginning of the Year	21,384	(5,164)	16,220
21,384	**(5,164)**	**16,220**	**Balance at the end of the Year**	**(11,464)**	**(6,114)**	**(17,578)**
			Shares of Balance			
10,692		10,692	Central Government	5,732		5,732
8,553	(595)	7,958	Cherwell District Council	4,586	(699)	3,886
2,138	(3,984)	(1,845)	Oxfordshire County Council	1,146	(4,723)	(3,577)
0	(585)	(585)	Thames Valley Police and Crime Commissioner	0	(692)	(692)
21,384	**(5,164)**	**16,220**	**Total**	**11,464**	**(6,114)**	**5,350**

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.

In 2013/14 there was a change to the method for distributing and accounting for business rates income. Prior to 1 April 2013 Non-Domestic Rates were collected by the Council and then completely paid over to the Government, who then redistributed these sums across the country in the form of the Non-Domestic rates grant.

From 1 April 2013 Business Rates Retention applies, whereby local authorities Cherwell District Council (40 per cent) and Oxfordshire County Council (10 per cent) retain 50 per cent of the business rates collected for the area and pay the remaining 50 per cent 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 per ent 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 per cent 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 (51.2p in 2022/23; 49.9p 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.

NNDR income was £93.2m in 2022/23. The rateable value for the Council’s area was £236.5 m at 31 March 2021 VOA valuation (2021/22: £234.9m).

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 2022/23 the accumulated provision for bad debts stood at £4.345m (£3.938m for 2021/22) made up as follows:

31-Mar-22 £'000	Provision for Uncollectable Amounts	31-Mar-23 £'000
1,781	Non-Domestic Rates	2,261
2,157	Council Tax	2,084
3,938	**Total Provision**	**4,345**

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 2022/23 are:

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A	3,962	6/9ths	2,641
B	12,431	7/9ths	9,669
C	15,965	8/9ths	14,191
D	10,760	9/9ths	10,760
E	8,081	11/9ths	9,877
F	3,979	13/9ths	5,747
G	2,622	15/9ths	4,371
H	232	18/9ths	464
Totals	**58,032**		**57,719**
Adjustment for non- collection (-2.0 per cent)			(1,154)
Contribution from MOD Properties			237
Council Tax Base 2022/23			**56,802**

Council Tax Base 2021/22	55,616

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	163.30	1,101.07	160.85	1,425.22
B	7/9ths	190.52	1,284.59	187.66	1,662.77
C	8/9ths	217.73	1,468.10	214.47	1,900.30
D	9/9ths	244.95	1,651.61	241.28	2,137.84
E	11/9ths	299.38	2,018.63	294.90	2,612.91
F	13/9ths	353.82	2,385.66	348.52	3,088.00
G	15/9ths	408.25	2,752.68	402.13	3,563.06
H	18/9ths	489.90	3,303.22	482.56	4,275.68

Group Accounts and Explanatory Notes

Introduction

The purpose of the Group Accounts is to provide a picture of Cherwell District Council's 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 the 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 accruals 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.

During 2021/22 CSN Resources Ltd., which had previously been consolidated in the group accounts, entered voluntary liquidation. As a result, the company has not been consolidated in the 21/22 or 22/23 group accounts as the company's accounts made up to the liquidation date are not material to the group. As at the publication date, the company is still going through the liquidation process.

Graven Hill Village Holdings Ltd

The company is a holding company, of which the council holds 100 per cent 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 from the Council and onward lends funds to its subsidiary company, Graven Hill Village Development Company Ltd.

For 2022/23, the company's results showed a loss of £0.027m (£0.026m loss in 2021/22), and net assets of £34.311m (2021/22: £34.338m). Loans outstanding owed to the group total £12.234m (2021/22: £12.234m).

A full copy of the company's accounts can be obtained from the Directors, Graven Hill Village Holding Company Ltd, Graven Hill Site Office, Building E25, Graven Hill Road, Bicester, OX25 2BF.

Graven Hill Village Development Company Ltd

The company is a subsidiary of Graven Hill Village Holdings Ltd. The holding company holds 99 per cent of the shares and the council holds 1 per cent. The council has dominant control of the company by virtue of its control of the holding company. The board consists of the Councillors, Officers and appropriately experienced non-executive directors. 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 residents' property management.

For 2022/23, the company's results showed a surplus of £4.067m (2021/22: £2.944m), and net assets of £41.068m (2021/22: £36.999m). Loans outstanding from the group to the company total £58.851m (2021/22: £58.685m).

A full copy of the company's accounts can be obtained from the Directors, Graven Hill Village Development Company Ltd, Graven Hill Site Office, Building E25, Graven Hill Road, Bicester, OX25 2BF.

Graven Hill Management Company Ltd

Graven Hill Village Management Company Ltd is a subsidiary of Graven Hill Village Development Company which manages the property retained within the group. There was no activity for the company in this financial year.

Graven Hill Management Company Block E Ltd

Graven Hill Village Management Company Block E is a subsidiary of Graven Hill Village Development Company which manages the property at the Block E apartments. The only activity for the company in this financial year relates to administrative expenses resulting in a loss for the year of £0.057m (2021/22: £0.047m) and net liability of £0.133m (2021/22: £0.076m).

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 per cent 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 Councillors and Officers who are appointed by the council.

For 2022/23, the company's results showed a loss of £0.370m (2021/22: £0.365m), and net liabilities of £4.256m (2021/22: £3.886m). The value of loans outstanding from the council calculated using the Effective Interest Rate method total £12.331m (2021/22: £11.744m).

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.

Crown Apartments Banbury Ltd

The company is a subsidiary of Crown House Banbury Ltd which manages the residential property. For 2022/23, the company's results showed a profit of £0.032m (2021/22 loss of £0.011m) and net liabilities of £0.004m (2021/22 £0.035m).

Summary of Group

Company Name	Date of Incorporation / Acquisition
Graven Hill Village Holdings Ltd	25 Jun 2014
Graven Hill Village Development Company Ltd	25 Jun 2014
Crown House Banbury Ltd	4 Aug 2017
Graven Hill Village Management Company Ltd	26 Feb 2018
Crown Apartments Banbury Ltd	7 Jun 2018
Graven Hill Village Management Company Block E	3 Oct 2018

Group Comprehensive Income and Expenditure Statement

Group Year Ending 31-Mar-22 £000		Group Year Ending 31-Mar-23 £000
8,602	Chief Executive	3,315
16,317	Communities	13,154
53,697	Resources	14,928
78,616	**Cost of Services**	**31,398**
6,362	Other Operating Expenditure	4,551
3,676	Financing and Investment Income and Expenditure	3,697
(50,747)	Taxation and Non-Specific Grant Income	(36,135)
37,908	**(Surplus) or Deficit on Provision of Services**	**3,510**
(10,844)	Surplus or deficit on revaluation of property, Plant and Equipment	(2,818)
(21,388)	Remeasurement of the net defined benefit liability / asset	(58,146)
(32,232)	**Other Comprehensive Income and Expenditure**	**(60,964)**
5,676	**Total Comprehensive Income and Expenditure**	**(57,454)**

Group Movement in Reserves Statement

22/23	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Receipts Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Opening Balance at 1 April 2022	**6,518**	**(32,139)**	**(100)**	**(7,948)**	**(33,669)**	**50,212**	**16,543**
Movement in Reserves during 2022/23							
Surplus or deficit on the provision of services	3,510	0	0	0	**3,510**	0	**3,510**
Other Comprehensive Income / Expenditure	0	0	0	0	**0**	(60,964)	**(60,964)**
Total Comprehensive Income and Expenditure	**3,510**	**0**	**0**	**0**	**3,510**	**(60,964)**	**(57,454)**
Adjustments between accounting basis and funding basis under regulations	4,002	0	100	2,439	**6,541**	(6,541)	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**7,512**	**0**	**100**	**2,439**	**10,051**	**(67,505)**	**(57,454)**
Transfers to / from Earmarked Reserves	(8,734)	8,734	0	0	**0**	0	**0**
(Increase) or Decrease in 2022/23	**(1,222)**	**8,734**	**100**	**2,439**	**10,051**	**(67,505)**	**(57,454)**
Closing Balance at 31 March 2023	**5,296**	**(23,405)**	**0**	**(5,509)**	**(23,618)**	**(17,292)**	**(40,910)**

21/22	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Receipts Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Opening Balance at 1 April 2021	**7,270**	**(47,541)**	**(79)**	**(676)**	**(41,026)**	**51,893**	**10,867**
Movement in Reserves during 2021/22							
Surplus or deficit on the provision of services	37,908	0	0	0	**37,908**	**0**	**37,908**
Other Comprehensive Income / Expenditure	0	0	0	0	**0**	(32,232)	**(32,232)**
Total Comprehensive Income and Expenditure	**37,908**	**0**	**0**	**0**	**37,908**	**(32,232)**	**5,676**
Adjustments between accounting basis and funding basis under regulations	(23,259)	0	(21)	(7,272)	**(30,552)**	30,552	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**14,649**	**0**	**(21)**	**(7,272)**	**7,356**	**(1,680)**	**5,676**
Transfers to / from Earmarked Reserves	(15,401)	15,401	0	0	0	0	0
(Increase) or Decrease in 2021/22	**(752)**	**15,401**	**(21)**	**(7,272)**	**7,356**	**(1,680)**	**5,676**
Closing Balance at 31 March 2021	**6,518**	**(32,139)**	**(100)**	**(7,948)**	**(33,669)**	**50,212**	**16,543**

Group Balance Sheet

31 March 2022 £000		31 March 2023 £000
183,873	Property, Plant & Equipment	183,763
4,435	Investment Property	4,640
2,431	Intangible Assets	1,965
0	Assets held for sale	0
1,110	Long Term Investments	1,110
5,945	Long Term Debtors	6,473
197,794	**Long Term Assets**	**197,951**
46,254	Short Term Investments	35,101
71,872	Inventories	90,762
14,632	Short Term Debtors	12,781
32,833	Cash and Cash Equivalents	16,195
165,591	**Current Assets**	**154,839**
(87,605)	Short Term Borrowing	(22,901)
(47,902)	Short Term Creditors	(59,203)
(277)	Provisions	(75)
(19,606)	Grants Receipts in Advance - Revenue	(2,776)
(1,485)	Grants Receipts in Advance - Capital	(3,170)
(1,011)	Cash and Cash Equivalents	(511)
(157,886)	**Current Liabilities**	**(88,635)**
(8,409)	Provisions	(7,991)
(112,000)	Long Term Borrowing	(166,000)
(82,138)	Pension Liability	(31,309)
(1,599)	Long Term Creditors	(2,707)
(4,958)	Grants Receipts in Advance - Revenue	(5,386)
(12,941)	Grants Receipts in Advance - Capital	(9,853)
(222,045)	**Long Term Liabilities**	**(223,246)**
(16,545)	**Net Assets / (Liabilities)**	**40,910**
(33,667)	Useable Reserves	(23,619)
50,212	Unusable Reserves	(17,292)
16,545	**Total Reserves**	**(40,910)**

Group Cash Flow Statement

2021/22 £'000		Note(s)	2022/23 £'000
	Cash Flows from Operating Activities		
35,610	**Net (Surplus)/Deficit on Provision of Services**		**675**
(3,942)	Depreciation & Impairment	14	(4,789)
(44,137)	Changes in Market Value of Property, Plant & Equipment	14	(4,651)
(498)	Amortisation of Intangible Assets	16	(606)
202	Changes in Fair Value of Investment Properties	15	205
(558)	Disposal of Assets	14, 15 & 16	(679)
724	Changes in Inventory	18	22,084
(29,045)	Changes in Short Term Debtors (decrease)	19	(1,525)
17,410	Changes in Short Term Creditors (increase)	22	(11,639)
(4)	Changes in Provisions (increase)	23	620
13,516	Changes in Net Pension Liability (decrease)	37	50,829
(21,388)	Remeasurement of Net Defined Benefit Liability	37	(58,146)
(707)	Changes in Long Term Creditors (increase)	17	(1,694)
9,309	Changes in Long Term Debtors (decrease)	17	774
18,954	Capital Grants Recognised	31	4,293
1,338	Proceeds on Disposal of Property, Plant & Equipment	24	1,717
(3,215)	**Net Cash Flows from Operating Activities**		**(2,533)**
	Cash Flows from Investing Activities		
15,107	Purchase of Property, Plant & Equipment	14	7,073
0	Purchase of Investment Property	15	0
647	Purchase of Intangible Assets	16	257
(1,338)	Proceeds from the Disposal of Property, Plant and Equipment	24	(1,717)
20,419	Net Changes in Short Term and Long Term Investments (decrease)	17	(11,153)
34,835	**Net Cash Flows from Investing Activities**		**(5,540)**
	Cash Flows from Financing Activities		
(2,872)	Changes in Grants and Contributions	29	17,801
(5,192)	Issued share capital		0
(18,954)	Capital Grants and Contributions Recognised	29	(4,293)
(15,021)	Cash Receipts of Short Term and Long Term Borrowing	17	10,704
(42,039)	**Net Cash Flows from Financing Activities**		**24,212**
(10,419)	Net (Increase)/Decrease in Cash and Cash Equivalents in the Period		16,139
21,404	**Cash and Cash Equivalents at the Beginning of the Period**		**31,824**
31,823	**Cash and Cash Equivalents at the End of the Period**		**15,685**

Notes to the Group Accounts

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 2022/23, 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.

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 2023	Land and Buildings Revised	Vehicles Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction Revised	Total Property, Plant and Equipment Revised
Cost or Valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Opening Balance at 1 April 2022	**165,425**	**18,269**	**5,556**	**99**	**15**	**11,162**	**200,528**
Additions	2,974	3,566	9	86	0	437	7,073
Acc Dep & Imp WO to GCA	(3,212)	0	0	0	0	0	(3,212)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,892	0	0	0	2	(75)	2,818
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,651)	0	0	0	0	0	(4,651)
Derecognition – disposals	(594)	(337)	0	0	0	0	(931)
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in cost or valuation	8,619	0	0	0	0	(8,619)	0
Closing Balance at 31 March 2023	**171,452**	**21,498**	**5,565**	**185**	**17**	**2,905**	**201,624**
Accumulated Depreciation and Impairment							
Balance brought forward	**(2,890)**	**(10,664)**	**(3,101)**	**0**	**0**	**0**	**(16,655)**
Depreciation charge	(3,401)	(1,214)	(175)	0	0	0	(4,789)
Acc. Depreciation WO to GCA	3,212	0	0	0	0	0	3,212
Impairment losses/(Reversals) recognised in the Revaluation Res	0	0	0	0	0	0	0
Derecognition – disposals	33	337	0	0	0	0	370
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0
Closing Balance at 31 March 2023	**(3,045)**	**(11,541)**	**(3,276)**	**0**	**0**	**0**	**(17,862)**
Net Book Value							
at 31 March 2023	**168,408**	**9,957**	**2,289**	**185**	**17**	**2,905**	**183,763**
at 31 March 2022	**162,536**	**7,606**	**2,455**	**99**	**15**	**11,162**	**183,873**

Property, plant and equipment within the Group is measured at current value and revalued at least every five years by qualified valuers. 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

31-Mar-22 £'000	Inventory	31-Mar-23 £'000
24,502	Land	23,339
47,117	Development Costs	67,066
253	Stock	357
71,872	**Total Inventories**	**90,762**

Annual Governance Statement 2022/23

Shiraz Sheikh
Monitoring Officer
July 2023

Contents

SCOPE OF RESPONSIBILITY

Cherwell District Council is responsible for ensuring that:

- its business is **conducted** in accordance with the **law and proper** standards
- public money is safeguarded and properly **accounted** for, and
- **resources** are used **economically, efficiently and effectively**.

The Council also has a **duty** to:

- make arrangements to **secure continuous improvement** in the way in which its functions are exercised
- put in place **proper arrangements for the governance of its affairs**, and
- implement and maintain effective processes of **internal control**, including appropriate arrangements to manage risk.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, cultures and values which underpin how the Council is controlled and managed internally, and how it engages with taxpayers, service users and the wider community. The governance framework enables the Council to monitor delivery of its strategic objectives and assess whether those objectives are securing service improvements and value for money. Systems of internal control and risk management are a significant part of the governance framework and are designed to manage risk down to a reasonable level. Some risks can never be eliminated entirely, however, and these processes provide only reasonable and not absolute assurance of effectiveness.

THE GOVERNANCE FRAMEWORK AT CHERWELL DISTRICT COUNCIL

The Council operates an executive based system of governance with a Leader. The Executive takes strategic key decisions with officers responsible for day to day decisions. The Executive is made up of a Leader and 9 other councillors. The leader then appoints individual councillors (portfolio holders) to other positions in the Executive. Their remit includes obtaining assurance that Annual Delivery Plan priorities, and the Budget and Policy Framework approved by Council each year, are delivered in their relevant areas.

The Council has a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people.

We have various layers of management within the organisation and our management teams each play an important role in the governance framework.

Our corporate leadership team (CLT), compromises the Head of Paid Service, Corporate Directors, Monitoring Officer and S151 Officer. CLT meets on a weekly basis. Our extended leadership team (ELT) comprises the CLT and Assistant Directors. ELT meets on a monthly basis and are programmed as a series of sessions to focus on strategic issues, projects and programmes and health of the organisation.

The council has two wholly owned companies – Graven Hill and Crown House.

Graven Hill Village Developments was established in 2014. It is an ambitious project aimed at disrupting the market and creating innovative solutions to housing supply issues. The aim of Graven Hill is a large scale self-build community within a development of up to 1,900 new homes. It will also provide commercial space, a nursery, a primary school and health hub, continuing to create new jobs in the locality.

The Crown House apartments project was initiated to drive economic and social regeneration. The initiative has improved community safety, and provided housing in Banbury town centre, comprising 50 apartments and one commercial unit.

The Council commissioned an independent review of the governance arrangements for Graven Hill, and recommendations arising from it were reported to the Shareholder Committee in July. .

ANNUAL DELIVERY PLAN PRIORTIES

Before the start of each financial year the council agrees its priorities for the next 12 months through its Outcomes Framework. This sets out the key deliverables required for the year ahead to support the council in achieving its overarching priorities, set out in its Business Plan and are as follows: :

Housing that meets your needs

Supporting environment sustainability

An enterprising economy with strong and vibrant local centres

Healthy, resilient and engaged communities.

The framework also sets out the council's golden thread – how its annual priorities are cascaded down through the organisation to individual work plans . Progress towards these priorities is regularly reviewed by the Executive and Overview and Scrutiny

LOCAL GOVERNMENT ASSOCIATION (LGA) – CORPORATE PEER CHALLENGE

This programme organised by the LGA, also known as "Peer Review" involves peer teams of councillors and officers from other councils spending time within a council to identify and address issues and challenge progress across various themes. The core review for all Councils includes local priorities and outcomes, organisational and place leadership, governance and culture, financial planning and management and capacity for improvement. In addition two additional themes are included, namely, Growth & Infrastructure and Decoupling of the Strategic Partnership with Oxfordshire County Council. In November 2022, the Council invited the LGA to undertake such a Peer Review of how effectively we work as a Council. The reviewers spoke to 145 people (members of staff, partners and councillors) about leadership and culture, place shaping, decision making and much more. A formal report was received by the Council and was reported to the Council meeting together with the Council's action plan.

The overriding messages and observations from the Corporate Peer Challenge were:

- The council has ambitious plans and has a proven track record of delivery.
- There is a recognised need for a compelling vision for the council now that it is a standalone authority.
- The council needs to face the future financial challenges head-on.
- Transformation is fundamental to achieving the council's corporate priorities and the MTFS.
- Continue to work with your regional partners to meet the infrastructure gap.
- Be clear about your plans for regeneration and communicate this widely.
- You've stabilised the organisation following a tough decoupling exercise you now need to refocus your relationships.

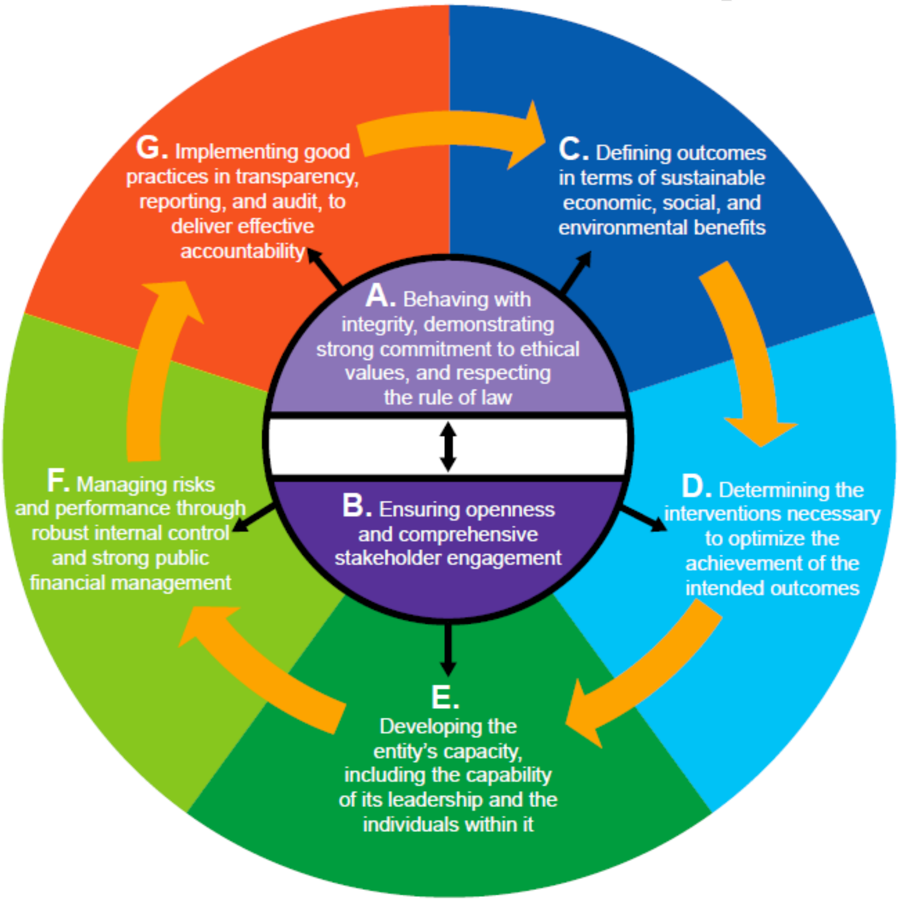
FINANCE

A new Medium-Term Financial Strategy was approved by Council in February 2023. to cover the five years 2023/24 – 2027/28. Councillors received updates throughout 2022/23 to advise on the continuing financial effects of the pandemic to council services. Income was still noted to be affected as some Council services struggled to return to levels of activity and income generation at pre-March 2020 levels. These ongoing impacts were addressed as part of the 2023/24 budget. The purpose of the Medium-Term Financial Strategy is to deliver a balanced and affordable 2023/24 budget and ensure that the Council's finances are robust and sustainable over the medium term or act as an early warning system of a gap in future years between forecast expenditure and resources which the Council mut address, and that in the longer term, the Council's finances are not reliant on the unsustainable use of one-off reserves or funding.

The Council has a robust approach to the use of reserves with any changes in uses of reserves from budgeted levels requiring approval in line with the Council's reserves policy. The S151 Officer carries out a risk assessment of general balances as part of the budget setting process and issues an overall opinion on the level of reserves via their S25 statement.

ARRANGEMENTS FOR GOVERNANCE

The Council has approved and adopted a [Local Code of Corporate Governance](), which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016.



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

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

The Council has adopted codes of conduct for both Officers and Members which facilitates the promotion, communication and embedding of proper standards of behaviour. The Council's Chief Finance Officer and Monitoring Officer have specific statutory responsibilities to ensure that decisions taken by the Council are lawful and in line with constitutional requirements.

The Council's Constitution explains existing policy making and delegation procedures and the matters which must be dealt with by the full Council. It documents the role and responsibilities of the Executive, portfolio holders, each committee and Members and officers. The Council has approved a protocol governing relationships between Members and Officers as part of its Constitution Officers have job descriptions and there are clearly defined schemes of delegation, all of which are reviewed from time to time.

B. Ensuring openness and comprehensive stakeholder engagement;

The Council consults regularly with stakeholders, taxpayers and service users. The letstalk.cherwell.gov.uk is the consultation website and enables local people to find, participate in, and view outcomes from, any consultation activities that interest them. It also provides feedback opportunity for stakeholders, tax payers and service users. In addition, a number of different groups and forums are in place to represent local views on a range of subjects including health and wellbeing and community safety.

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

The Delivery Plan sets out how the Council aims to work in partnership to achieve its agreed objectives. These key objectives are designed to be both financially and environmentally sustainable and have been developed in consultation with partners. The Medium-Term Financial Strategy makes a realistic assessment of financial resources available, and the Budget and Policy Framework approved by Council each year sets out revenue and capital spending limits, savings and efficiency targets as well as key improvement priorities for the forthcoming year.

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

The Executive is responsible for ensuring that actions approved as part of the Budget and Policy Framework are delivered in each service area. The Projected Outturn, leadership risk register and performance against agreed key performance indicators (KPIs) reports to the Executive summarise the forecast financial outturn position each month against budget and delivery of agreed savings targets. These are also considered by CLT each month. These elements of the report are reviewed quarterly by the Budget Planning Committee and Accounts Audit and Risk Committee and the Overview and Scrutiny Committee respectively.

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

Maximising capacity by working collaboratively is a key component of the Annual Delivery Plan and a number of longstanding partnership working arrangements are in place. The Constitution sets out how the governance aspects of these arrangements should operate in practice. The Human Resources and Development team has a specific role and remit to improve the capability and capacity of Council officers by offering a range of skills and qualification-based training opportunities.

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

The Leadership Risk Register provide a high-level overview of key risks which are reported to CLT and Executive on a monthly basis and AARC on a quarterly meeting. Financial Procedure Rules, Contracts Procedure Rules and Employment Procedure Rules, set out the framework of internal controls. Internal Audit have a programme of work designed to assess how this framework operates in practice and report to the Accounts, Audit and Risk Committee.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

All Council meetings are held in public and minutes of meetings and webcasts are available on the Council's website. Public questions are allowed at Executive, Committees and Council meetings.

The Council publishes an Annual Financial Report (the Statement of Accounts) annually within the statutory timescales. The Annual Financial Report incorporates the full requirements of best practice guidance in relation to corporate governance, risk management and internal control.

The Council is subject to independent audit by Ernst and Young and receives an Annual Audit Letter reporting on findings. The Council supplements this work with its own internal audit function and ad hoc external peer reviews. The Accounts Audit and Risk Committee undertakes the core functions as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities.*

REVIEW OF EFFECTIVENESS

Internal Audit

The Council uses several ways to review the effectiveness of governance arrangements. One of the key assurance statements is the annual report and opinion of the Chief Internal Auditor. The role of the Internal Audit Service is to provide assurance to management and those charged with governance about the quality and effectiveness of the governance framework and systems of internal control. The internal audit team have completed eight internal audits and five grant certifications, the outcomes have been reported to the Accounts, Audit & Risk Committee. (One report, from the eight, is not yet finalised but it should be by the end of May).

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 as follows:

- 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.

The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The self-assessment against the standards is completed on an annual basis and reported to the Accounts, Audit & Risk Committee. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. The next external assessment was due in 2022/23 however was delayed due to recruitment/staffing issues within the team. This is now booked for October 2023, the results will be reported to the January Accounts, Audit & Risk Committee.

The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2023, there is **satisfactory** assurance regarding Cherwell District Council's overall control environment and the arrangements for governance, risk management and control. Where weaknesses have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement.

Where Internal Audit identifies areas for improvement, management action plans are in place and are routinely monitored by the Internal Audit team and reported to the Accounts, Audit & Risk Committee. 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.

The Council agrees an Annual Plan for the Counter-Fraud Service each year. This is presented to the July meeting of the Accounts, Audit and Risk Committee, supporting the Council’s Anti-Fraud and Corruption Strategy with updates taken throughout the year. The Counter-Fraud team’s purpose is to adhere and to promote the zero-tolerance approach to fraud detailed in the Council’s Fraud Strategy, by thoroughly investigating any instances of fraud; applying the appropriate sanctions; undertaking proactive and preventive work to prevent and detect fraud through training, awareness raising, data matching and proactive reviews.

The key objectives of the Counter-Fraud Strategy for 2022/23 were:

- Strategic: Continue to build the Counter Fraud team to support the Council to prevent and detect fraud and irregularity.
- Proactive: Undertake proactive counter fraud activities to reduce the risk of fraud in the Council.
- Reactive: Manage fraud referrals and investigations
- Data: Use data to detect and prevent fraud

For the period April 2022 – February 2023, 75 fraud cases were identified which relate . Of these, 23 cases were not prove, 18 resulted in changes to council tax support calculations, removals of single persons discounts, removal of small business rates reliefs and recovery of council housing and the remaining 34 cases were open.

Partnership decoupling

Following the decisions at the respective Cherwell District Council and Oxfordshire County Council Full Council meetings in February 2022 to terminate the s.113 Agreement between the councils, the Joint Shared Services and Personnel Committee (JSSP) concluded its work and accordingly, at its 4 July 2022 meeting, JSSP recommended to Council to agree to disband the Committee as from 31 August 2022. There are no longer shared Chief or Statutory Officers..

There are service level agreements in place, reviewed annually by the directors, for services that provided by Oxfordshire County Council post decoupling.

The Council continues to make steady progress towards establishing services/ teams including an in house operating model for services that had previously been provided on a joint basis including legal, procurement, property and information management teams.

Financial Management Code

A key goal of the Financial Management Code of Practice (launched by CIPFA in November 2019) (FM Code) is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Since April 2021 authorities have been expected to work towards full compliance of the FM Code. There are clear links between the FM Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes. As such, Annex 1 sets out the outcomes of the Council’s latest self- assessment of compliance with the FM Code. The picture is positive, with the RAG (Red-Amber-Green) rating of compliance showing as Green for all of the 19 standards. A column showing ‘Further Work’ gives an indication of improvements that can be made over the current year.

Actions

Significant actions identified in the preceding years AGS have now been completed with the update on the decoupling as provided above. The Constitution has also been reviewed to the extent necessary to reflect termination of the joint arrangements with scheme of delegation and contract and financial procedures rules updated.

The Council's Monitoring Officer has formed the Corporate Oversight and Governance Group (COGG). The primary purpose of the COGG is to ensure good governance and decision-making processes, effective risk management, ensuring and improving value for money, effective internal controls and ensuring transparency and accountability.

The COGG is an internal officer group consisting of the Corporate Director (Resources) as the responsible chair, Monitoring Officer, the S151 Officer, Chief Internal Auditor, Deputy S151 Officer, Head of Legal & Democratic/ Deputy Monitoring Officer (when in post) and Assistant Director Customer Focus.

GOVERNANCE SELF ASSESSMENT

Annual Assurance Statements from Assistant Directors have been received and have highlighted the following main issues:

- Recruitment and skills gap
- Officer understanding of their role in delivering the Strategic Priorities
- Arrangements for the Identification of risks
- Clarity on governance
- Consistent compliance with the Transparency Code on procurement matters

These reviews identified improvement which are contained in the action plan.

ACTIONS FOR 2023/2024

	Responsible Person	Date
Ensure that the Council has sufficient and appropriately qualified staff to deliver its programme of work and projects.	Assistant Directors / Human Resources	In progress and ongoing
Increase awareness of all officers to Council's policies and procedures via training and workshops.	Assistant Director of Human Resources	In progress and ongoing
Implement Procurement Strategy for the Council with procurement strategy acting as a lever for cascading corporate priorities down to services and capital	Assistant Director of Law & Governance /	October 2023

projects delivered through commercial partners with alignment between the two.	Procurement Manager	
Ensure value is delivered through contract management and afforded time, technical expertise and people to discharge them.	Assistant Directors / Procurement Manager	December 2023
Ensure Procurement and Contracts guidance is in place and embed a culture of compliance.	Procurement Manager	September 2023
Ensure contracts and procurement are procured in accordance with the contract tailored procurement and contract strategies with strong internal control.	Assistant Directors	August 2023
Ensure Health and Safety processes and guidance are in place and understood.	Assistant Director of Human Resources	March 2024
Ensure Business Continuity Plans are reviewed and updated annually.	Corporate Director of Communities	December 2023
Develop and implement Asset Management Strategy which provides an overview of our land and property assets, ensuring focus is maintained on our main priorities for managing, maintaining and developing our assets over the next five years. The strategy should inform policies enabling us to develop action plans, agree priorities and make decisions to meet our longer-term objectives.	Corporate Director of Resources	December 2023

Other governance outcomes are shown below:

- Nil reports issued by the S151 Officer or the Monitoring Officer.

- The MO received eight complaints about member conduct in 2022/ 2023. Seven were dismissed at initial stage with one offered an informal resolution.
- The Local Government and Social Care Ombudsman upheld 1 complaint out of total 12 received.

STATEMENT OF OPINION

It is our opinion that the Council's governance arrangements in 2022/23 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2023/24. It is our opinion that our ability to maintain sound governance during the past year, has been effective.

Yvonne Rees

Chief Executive

Cllr

Leader of the Council

Dated: 12/09/2023

Annex 1 – Summary Financial Management Code Assessment

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
1.	**Responsibilities of the CFO and Leadership Team**			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	All services reviewed to ensure being delivered efficiently and appropriate savings identified. All tenders consider VfM by considering the quality of service and not just price.	Develop a statement of how proposals in Executive Reports will deliver value for money where appropriate	
B	The authority complies with the CIPFA "Statement of the Role of the CFO in Local Government"	The CFO is a qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of CLT (Corporate Leadership Team) and has an influential role with members of the Executive, Accounts, Audit & Risk Committee and lead opposition members.	Review annually the statement of roles and responsibilities of CFO, CLT and the Exec.	
2.	**Governance and Financial Management Style**			
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	While operating in partnership with Oxfordshire County Council, a Corporate Governance and Assurance Group (CGAG) was set up to ensure good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Professional Lead Statements and engagement with Corporate Directors.	The AGS process previously led by CGAG will be incorporated into COKGG.	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
		Following decoupling from OCC this function will sit with Corporate Oversight and Knowledge Governance Group (COKGG) so that the AGS process will be owned by the most senior officers in the Council with a CDC-specific process.		
D	The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"	Annual Governance Statement includes audit opinion on effectiveness of internal control environment and systems of internal control.	Continue to enhance and develop the AGS through COKGG. Reporting to AARC has been enhanced to include regular reports on FOI, data subject access requests, EIR requests and RIPA approvals, to give visibility and assurance on regulatory compliance.	
E	The Financial Management style of the authority supports financial sustainability	The Council has adopted a Business Partnering model that supports managers to deliver financially sustainable services by providing strategic advice and support. This is underpinned by a Corporate Function that manages the strategic financing issues and provides the budget setting and accounting framework for the organisation.	Continue to develop the skills of managers to ensure that they have access to performance and financial information that enables them to deliver services that are financially sustainable.	
3.	**Long to Medium-Term Financial Management**			
F	The authority has carried out a credible and transparent financial resilience assessment	A Financial Resilience assessment is included within the Budget Documents. The assessment is consistent with the		

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
		Medium-Term Financial Strategy (MTFS) assumptions.		
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	MTFS far more transparent than in previous years clearly outlining the financial challenges facing CDC in the Budget and Business Planning Process 2022/23 – 2026/27 Report	Continue to update CLT and the Executive throughout year and within Budget/MTFS documents	
H	The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”	Capital Strategy is produced. Quarterly Treasury Management monitoring considered at the Accounts, Audit and Risk Committee. a profiled five-year capital programme was approved by Council in Feb 2022.	. Provide quarterly TM and Prudential Indicator updates as part of monitoring reports.	
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	CDC has an Integrated Business Planning and Budget Process with a five-year MTFS.	Continue to ensure services are aware of future savings plans committed to and savings are implemented. Encourage ‘early alert’ if future savings are at risk.	
4.	**The Annual Budget**			
J	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces its annual balanced budget and supporting documentation.		
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	S25 report accompanies the suite of Budget documents. Enhanced by including an assessment of readiness for implementing the FM Code		
5.	**Stakeholder Engagement and Business Plans**			

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	Significant consultation on the budget proposals as well as ensuring carry out the statutory business rate payers' consultation.	Continue with corporate and directorate consultation where appropriate.	
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	A business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits of progressing with the scheme. All tenders consider VfM by considering the quality of service and not just price – the appraisal process is documented. The Strategic Place Shaping Programme Board implemented a Gateway process for evaluation of projects which considers factors such as vfm, business need.	Agree consistent business case templates from outline through to full for both revenue and capital schemes for all strategic boards.	
6.	**Monitoring Financial Performance**			
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The monthly Performance, Risk and Financial Monitoring Report to Executive enables CLT and Executive to respond to emerging risks – the effectiveness was evidenced during 2020/21 as the Council agreed an in-year budget to respond to the financial impact of COVID-19. Enhancements to capital reporting have been introduced to now include analysis of variances to the total cost of the scheme rather than comparison to in-year profiled budget.	The Capital Programme monitoring element requires enhancement to: • better reflect performance and the delivery of outcomes linked to the completion of capital schemes. • Ensure all capital schemes are monitored by a strategic board or specific DLT where a strategic board doesn't	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
			exist to that type of scheme.	
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	Reserves and balances are monitored monthly and changes in budgeted use require appropriate approvals before they can be assumed. Debtor monitoring takes place quarterly identifying aged debt of Council debt. Aged debt was recently reviewed en masse which resulted in significant debt being written off.	Continue to review aged debt to consider the collectability of this. Take proposed write-offs to Exec regularly.	
7.	**External Financial Reporting**			
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom"	The annual accounts are produced in compliance with the CIPFA Code.		
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	CLT and Executive consider outturn report and year end variances enabling strategic financial decisions to be made as necessary.		

Glossary of Terms

Accruals

Cost of goods and services received in the financial year but not yet paid for.

Actuarial Gain (Loss)

The changes in the valuation of the net pension liability that arise because of:

a) Events have not coincided with the assumption used by the actuary when carrying out the previous triennial (three-yearly) valuation of the fund or

b) The actuary changing the assumptions used in the current valuation from those used previously.

Amortisation

The decrease in the value of intangible capital assets over their useful life as they become out of date or are used up.

Assets

A resource with positive economic value that is owned or controlled by the Council e.g. cash, property

Band D Equivalent

Council tax is a tax on domestic properties. Each domestic property is placed in a 'Band' from A to H, based on the capital value of that property in April 1991. Band D is the middle band and the other bands are weighted in relation to Band D (e.g. Band A is weighted 6/9ths of Band D and Band H is 18/9ths of Band D). Using the weighted number of the domestic properties in the area produces the 'Band D Equivalent' number of properties.

Best Value

Under the Local Government Act 1999, local authorities must constantly aim to improve their services. Best Value is the approach introduced that gives local authorities a duty to provide local people with high-quality and efficient services.

Billing Authority

This is the local authority which collects the council tax and business rates for its area. In shire counties the district or borough councils are the billing authorities. Cherwell District Council is the billing authority for Cherwell District.

Bond / Guarantee

Where the Council has agreed to stand surety for a bond sum or to make payment if the Owner fails to pay any part of the County Contributions due under provision of an agreement.

Bond Fund

A fund primarily invested in government and corporate bonds. The value of the investment changes as the market value of assets held by the fund changes.

Budget

A statement of our spending plans for a financial year, which starts on 1 April and ends on 31 March.

Business Rates (Non-Domestic Rates – NDR)

Non-domestic rates, or business rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1 April 2013, authorities keep a proportion of the business rates paid locally. The amount charged is based on multiplying the rateable value of each business property by the appropriate non-domestic multiplier. The Government sets a standard multiplier and small business multiplier for each financial year. .

Business Rate Retention Scheme

Council's are able to keep a proportion of the business rates revenue, as well as growth on the revenue that is generated in their local area. The remainder is retained centrally by the government and used to provide grant funding to local authorities. It provides a direct link between business rates growth and the amount of money council's will have to spend on local people and local services.

Call Account

A call account is a deposit account with a financial institution without a fixed maturity date.

Capital Adjustment Account

The Capital Adjustment Account is an unusable reserve that absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

Capital Financing Requirement

A measure of the capital expenditure incurred historically by the council that has yet to be financed. This measure also shows the underlying need to borrow for a capital purpose, although this borrowing may not necessarily take place externally.

Capital Programme

Our plan of future spending on capital projects such as buying land, buildings, vehicles, and equipment.

Capital Receipt

Cash received from selling non-current assets. Capital receipts can be used to finance new capital expenditure or repay long term debt within rules set by central Government, but they cannot be used to finance day-to-day revenue spending.

Capital Spending

Spending on non-current assets that have long-term service and/or economic benefits for example, land, buildings and large items of equipment such as vehicles.

Cash Equivalent

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash-flow Statement

Summarises cash paid to and received from other organisations and individuals for capital and revenue purposes.

CIPFA

Chartered Institute of Public Finance and Accountancy. One of the major accountancy institutes that specialises in the public sector.

Collection Fund

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council in relation to the collection of business rates income and council tax income from taxpayers and its distribution to the County Council, Police Authority, and the Government.

Counterparties

The opposite party in a contract or financial transaction. This may include the Central Government, Local Authorities, Banks and Building societies to name a few.

Community Assets

The class of fixed assets held by an authority in perpetuity that have no determinable useful life and may have restriction on their disposal, such as parks and open spaces, historical buildings, works of art, etc.

Component Depreciation

Is a procedure in which the cost of a large item of property, plant and equipment is split up into different components which have different useful lives, and each component is depreciated separately. This procedure is also referred to as componentisation.

Contingent Asset

An asset arising from past events, whereby its existence can only be confirmed by one or more uncertain future events not wholly within the control of the Council.

Contingent Liability

A condition which exists at the balance sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Council's control, or where it is not probable that an outflow of resources will be required to settle the obligation.

Council Tax

A tax charged on domestic householders based on which of eight Council Tax Bands their property falls into. There is a reduction for empty properties or if you live on your own. Since 1 April 2013 council's must have a council tax reduction scheme, which allows for council tax reductions for people, or classes of people, who are considered to be in financial need. In Oxfordshire , the district or borough council issues council tax bills and collects the council tax. The level is determined by the revenue expenditure requirements for each authority divided by the council tax base for the year.

Council Tax Base

An assessment by each billing authority of the number of properties, converted to Band D equivalents (the average band), on which a tax can be charged. The calculation allows for new properties, exemptions and discounts and a provision for non-collection.

Cost of Carry

The difference between the interest payable on borrowing on debt and the interest receivable from investing surplus cash.

Credit Rating

A credit rating assesses the credit worthiness of an individual, corporation or country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the entity being able to pay back a loan.

Creditors

People or organisations we owe money to for work, goods or services which have not yet been paid for by the end of the financial year.

Current Asset

An asset which is expected to be used up during the next accounting period e.g. cash, inventories.

Current Liabilities

Liabilities that are due to be settled in less than one year, such as bank overdrafts and money owed to suppliers.

Current Service Cost

The current service cost is the increase in the value of the pension scheme's future pension liabilities arising from the employee's ongoing membership of the pension scheme.

Curtailment Costs

Curtailment costs are the amounts of money that are paid to a new pension scheme when a defined group of staff transfer from one pension scheme to another. The costs represent the value of the pension rights accrued by the transferring staff.

Debtors

Amounts owed to the Council for goods and services that has not yet been received.

Deferred Income

Prepaid income credited to the Balance Sheet and amortised to the Comprehensive Income and Expenditure Statement to match the benefit of the receipts over the term of the contractual arrangement.

Depreciation

The systematic write-off of the reduction in value of a tangible fixed asset due to wear and tear, passing of time and technological changes over its economic useful life.

Derecognition

Removal of an asset or liability from the Balance Sheet.

Earmarked Reserves

Money set aside for a specific purpose.

Equity instrument

A contract such as an equity share in a company.

Expected Credit Loss

The probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of a financial instrument.

Fair Value

The price that could be received for an asset sold or a liability settled in an orderly transaction, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy or sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Financial Asset

Financial Assets are any assets that is: Cash, equity, a contractual right to receive cash or another financial asset from another entity (e.g. trade debtors), or a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Council.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Financial instruments include bank deposits, investments, debtors, long-term debtors, creditors, temporary loans and borrowings.

Financial liability

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

Financial Year

The District Council's accounts cover the period from 1 April in one year to 31 March in the next year.

Fixed Asset

A tangible asset that yields benefit to the District Council and the services it provides for a period of more than one year.

General Fund

The account that records and finances Council revenue expenditure that is funded by taxpayers.

Government Grants

Payments by the Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or to fund local services generally (non-specific grants).

Heritage Asset

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

Impairment

A reduction in the carrying value of an asset arising from physical damage, obsolescence or a significant decline in market value.

Infrastructure Assets

A class of assets whose life is of indefinite length and which are not usually capable of being sold, such as highways, drains and footpaths.

Intangible Asset

An asset that does not have physical substance but is identifiable and controlled by the organisation through custody or legal rights e.g. software licenses.

Internal Borrowing

Instead of taking external loans to fund activities such as Capital expenditure, a Local Authority may use income and grants received in advance, to fund these activities. Usually, surplus funds are invested to earn interest, however it is prudent to use these funds instead of loaning money as loans generally cost more than could be earned by investing the funds.

International Financial Reporting Standards (**IFRS**)

These are issued by the International Accounting Standards Board and provide standards for the preparation of financial statements.

Inventories

Raw materials and stores which the Council has bought and holds in stock for use as required.

Investment Properties

Land and/or buildings held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Lease

An agreement where a rental charge is paid for use of an asset for a specified period of time.

Lessee

A party to a lease agreement who makes payment to use an asset.

Lessor

A party to a lease agreement who receives payment for the use of an asset.

Liabilities

Amounts owed by the Council which will be paid at some time in the future.

Materiality

Information is material if its omission or misstatement, individually or collectively, could influence the decisions that users make on the basis of financial information about a specific reporting entity.

Minimum Revenue Provision (MRP)

The prudent minimum amount which the Council must set aside each year to repay loans and other long-term liabilities such as finance leases. This has the effect of reducing the Capital Financing Requirement.

Money Market Fund

Funds are invested in short-dated assets including certificates of deposits, government securities and commercial papers making them highly liquid. Money Market Funds must be AAAmf rated, invest in high credit quality assets and maintain a weighted average maturity of 60 days or fewer. Investments have a stable net asset value and dividends are paid to investors on their investment.

Net Book Value (NBV)

The balance sheet value of a non-current asset after depreciation and/or impairment.

Net Debt

The District Council's borrowings and finance liabilities less cash and liquid resources.

Net Spending

The cost of providing a service after allowing for specific grants and other income from fees and charges (i.e. not including council tax and money from the Government).

Non-current Asset

A long-term asset that is not expected to be used up or realised within the next 12 months e.g. Property, Plant Equipment.

Non-Domestic Rate

A levy on businesses based on a national rate in the pound set by the government multiplied by the 'rateable value' of the premises they occupy.

Operating Lease

A type of lease, usually of computer equipment, vehicles, office equipment, etc., where the ownership of the goods and any risks and rewards remain with the lessor, therefore it is revenue expenditure and not capital expenditure.

Operational Asset

An asset held partly, primarily or solely for the purpose of delivering against the council's corporate objectives and day-to-day services.

Past Service Costs

The past service cost is the extra liability that arises when we grant extra retirement benefits that did not exist before, such as when we agree early retirement or extra years of service.

Petty Cash

Small sums of cash kept by departments to pay minor expenses.

Precept

The demand levied by a non-billing authority (County Council, Police Authority, parish and town councils) on the Collection Fund managed by a billing authority (this Council) towards their annual spending.

Property, Plant and Equipment

A physical (tangible) asset that is expected to be held for operational purposes for several years, such as land, buildings, and vehicles.

Provision

An amount of money put aside in the accounts for anticipated liabilities which are of uncertain timing or amount.

Public Works Loan Board (**PWLB**)

A central government agency which provides long and shorter-term loans to local authorities at interest rates slightly higher than those at which the government itself can borrow. Local authorities are able to borrow a proportion of their requirement to finance capital spending from this source.

Rateable Value (RV)

A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Valuation Office Agency.

Related-Party

Two or more organisations are 'related parties' if, during the year, one of them has significant control over the other.

Reserves

Amounts of money put aside to meet certain categories of expenditure in order to avoid fluctuations in the charge to the General Fund.

Revenue Expenditure

The District Council's day-to-day expenditure on items which include wages, supplies and services, running costs for premises, and interest charges.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

Specific Grants

Payments from the Government to cover local authority spending on a particular service or project. Specific grants are usually a fixed percentage of the costs of a service or project.

This report is a public report	
2023/24 Accounting Policies	
Committee	Accounts, Audit and Risk Committee
Date of Committee	20 March 2024
Portfolio Holder presenting the report	Councillor Adam Nell
Date Portfolio Holder agreed report	6 March 2024
Report of	Assistant Director of Finance (S151) Michael Furness

Purpose of report

To ask the Committee to review and approve the Accounting Policies for inclusion in the 2023/24 Statement of Accounts which are due to be published by 31 May 2024. The council is required to set accounting policies which set out the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting financial statements.

1. Recommendations

The meeting is recommended:

1.1 To approve the accounting policies as recommended by the Chief Finance Officer (Appendix 1).

2. Executive Summary

2.1 The council is required each year to set accounting policies which set out the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting the financial statements for the year. The accounting policies describe how the council has interpreted and applied the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting.

2.2 There have been no material changes to the accounting policies for 2023/24. The only changes are to update the "going concern" section to reflect the council's current position, and some minor wording clarifications.

Implications & Impact Assessments

Implications	Commentary

Finance	There are no financial implications arising directly from this report, as the accounting policies have not been changed other than to update the "going concern" section. Joanne Kaye, Head of Finance, 01295 221545 Joanne.kaye@cherwell-dc.gov.uk 28/02/2024			
Legal	The accounting policies in this report have been approved by the council's Chief Financial Officer (Assistant Director of Finance). Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint an officer to have responsibility for those arrangements. Shahin Ismail, Legal Services Manager, 26 February 2024			
Risk Management	There are no risk management implications arising directly from this report. Celia Prado-Teeling, Performance & Insight Team Leader 28 February 2024			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		Not Applicable – the council's accounting policies only impact the financial statements and so has no impact on residents.
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		Not Applicable – the council's accounting policies only impact the financial statements and so has no impact on residents.
Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy				N/A

Council Priorities	N/A
Human Resources	N/A
Property	N/A
Consultation & Engagement	No consultation necessary.

Supporting Information

3. Background

3.1 All local authorities must produce a statement of accounts annually to help ensure that there is appropriate stewardship of public finances. Statements of accounts are produced according to accounting standards to ensure that they are produced on a consistent standard and are comparable with other statements of accounts. Local Authority statements of accounts are produced by following the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code occasionally overrides accounting standards where statute takes precedence over accounting standards.

4. Details

4.1 The Accounts, Audit and Risk Committee are required to approve the Accounting Policies for inclusion in the draft statement of accounts. The draft statement of accounts for 2023/24 is required to be published by 31 May 2024. Officers expect to publish to the council's website a draft of the statement of accounts by the end of May 2024 for a period of public consultation.

4.3 The notes to the accounts provide supporting information and additional detail for the main financial statements. Note 1 sets out the council's Accounting Policies (Appendix 1). The council is required to set accounting policies which set out the specific principles, bases, conventions, rules, and practices applied by an authority in preparing and presenting financial statements. The accounting policies describe how the council has interpreted and applied the Code of Practice on Local Authority Accounting.

4.4 The code states that the Chief Finance Officer (at this council that is the Assistant Director of Finance (S151 Officer)) is responsible for selecting 'suitable' accounting policies and ensuring that they are applied consistently in the preparation of the statement of accounts. The 2023/24 Accounting Policies, as set out in Appendix 1, have been approved by the Chief Finance Officer. All accounting policies have been selected with reference to the Code.

5. Alternative Options and Reasons for Rejection

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

Option 1:
To reject the proposed accounting policies and make alternative recommendations. This has been rejected as the current accounting policies are in line with sector guidance and current practice.

6 Conclusion and Reasons for Recommendations

6.1 Accounts, Audit and Risk Committee is invited to review and ratify the Accounting Policies for 2023/24, to ensure that the council is able to prepare and publish the draft statement of accounts for 2023/24 by the statutory deadline of the 31st May.

Decision Information

Key Decision	N/A
Subject to Call in	N/A
If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	Accounting Policies 2023/24
Appendix 2	Glossary of Terms
Background Papers	None
Reference Papers	Accounts Audit and Risk Committee report 26 July 2023 - Accounting Policies 2022/23
Report Author	Alex Rycroft, Strategic Finance Business Partner
Report Author contact details	01295 221541 Alex.Rycroft@cherwell-dc.gov.uk

Appendix 1

Note 1 – Accounting Policies

General principles

The Statement of Accounts summarises the council's transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024. 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 2023/24 and the Service Reporting Code of Practice 2023/24, 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.

1.1 Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The council has carried out a detailed assessment of economic pressures, such as the Cost-of-Living crisis, on its financial position and performance during 2023/24 as part of the budget setting process. This included consideration of the following:

- Additional expenditure on a service-by-service basis, e.g., extra inflationary pressures.
- The impact of the above on the council's cash flow and treasury management, including availability of liquid cash, impact on investment returns, and availability of external borrowing if required.
- The estimated overall impact on the council's General Fund

As set out in the 2024/25 Budget and Medium-Term Financial Strategy up to 2028/29 approved by Council in February 2024, the council has set aside a contingency to cover potential inflation of £2.2m. The council also set a contingency budget for market risk and general contingency throughout the medium term.

The council's Medium-Term Financial Strategy identifies that the council needs to identify savings of £7.0m in 2025/26. This is primarily due to a forecast reduction in resources from business rates, funding guarantee grant and new homes bonus grant and forecast increased costs due to inflation.

In addition to continuing to lobby policy makers, highlighting where the council has been delivering growth and driving benefits to others, the council has developed a strategy to meet the challenges highlighted in the MTFS if funding reductions are implemented. Whilst the council will develop plans for scenarios that include a full business rates reset phased over three years, it will continue to lobby the Government for a rolling reset to be introduced. It will put forward the case that council's such as Cherwell that have embrace the Government's Business Rates Retention reward scheme should not be disadvantaged following its success in delivering business growth and associated benefits to service delivery. Implementation of savings plans developed will not take place until it is clear that the savings must be achieved. Approaches the council will adopt to identify savings will include:

Prioritisation

Services will be broken down into specific work units which have been mapped to the strategic priority they most apply to (support services will be identified separately as support). Therefore, we can map how much the council spends of its revenue budget on each priority. Similarly in setting the 2024/25 budget, all capital schemes are being mapped to the priority that they link most closely to. The budget and Business Plan will then be developed in conjunction to maximise the ability to deliver the priorities of each council within the level of resources available to it.

Services will be prioritised according to the level of contribution each has to the delivery of the priorities of the Council. Those services that have the highest level of contribution will be transformed initially to identify what level of savings can be generated without impacting significantly on service levels. Transformational savings identified in the higher priority services will then be able to minimise the service reductions that will be required in the services that contribute less to the delivery of the priorities of the Council. The intention of the Transformation Programme is to maximise the number of services that the Council is able to provide to our residents and businesses.

As the Council transforms and understand the future size and shape that it will become, the support services will also need to be assessed so that they are "right sized" for the functions the Council provides.

Transformation

Cherwell has developed a Transformation Strategy, which is summarised below, to help the council redesign its services to deliver them in a more efficient way within the resources available to the council. The vision of the Transformation Strategy is:

"To be the best version of ourselves possible – modern, agile, lean, financially future proof and providing the services that matter most and add the most value in delivering better outcomes for our communities."

The objectives of transformation have been identified as:

- To embed the foundations necessary to create a sustainable future for the council and its communities.
- To protect the services that can significantly improve the health and wellbeing of our communities and support our most vulnerable residents.
- To unlock the potential of our services to become the best versions of themselves possible and to make the best use of the resources and technology available to them.
- To create the capacity needed to continue delivering our future aspirations and better outcomes for our communities through removing inefficiencies and providing value for money services.
- To empower and inspire our staff to lead their service transformations as people will own what they create.

Transformation will be applied across all services of the council. This will ensure that in the future they are provided in a joined-up way that maximises the delivery of the council's priorities within the resources available to the council.

Strategic cross-cutting themes
Overlayed on the priority-based budgeting is the council's approach to the Strategic Cross-Cutting Themes (Transformation Programme). Strategic Cross-Cutting Themes allow the council to review its approaches thematically across its services rather than always considering service delivery on a silo basis. This view of the expenditure of the council helps identify organisational transformational opportunities which might not present themselves so readily via a service-based budget approach. This analysis helps to shape the thinking for the future design of our council, one that is affordable within the future funding envelope as set out in the MTFS.

Where Strategic Cross-Cutting Themes are able to identify transformational approaches to delivery, this will generate efficiency savings to the council that will allow it to invest in a larger proportion of its priority services. The identification of these opportunities shapes the Transformation Programme for the organisation.

The strategic cross cutting themes that the council will operate its transformation programme within are:

- Staffing – to ensure that our workforce have the skills and capabilities to deliver the services to our communities.
- Property Assets – considering the best way to deliver services and when it is effective to use property assets – this will link to the council's Asset Management Strategy.
- Finance – ensure services are maximising income generation, are economically viable and delivering value for money.

- Customers and Inclusion – ensure that services are designed around the needs and preferences of the customers we serve, with an aim of making self-service the preferred choice.
- Partnerships – work in partnership that deliver advantages to all and align with the council's strategic objectives and priorities.
- Digital – prioritise automation of repetitive tasks and make services accessible to all.
- Climate Action – focus on reducing waste, reusing resources where possible and always looking for ways to reduce carbon emissions.

Savings Targets
If it is looking unlikely that all of the savings required will be identified, then services may be issued with a target number of savings to deliver from their budget which they have control over. So, for example where there are budgets which hold corporate costs in a service area, a savings target should not be applied to this.

Whilst identifying £7.0m savings in 2025/26 will be a challenge, the council has demonstrated that it is capable of identifying and delivering significant savings in recent years, with a total of £9.4m of savings identified across the 2021/22 to 2024/25 budgets. Executive will receive monthly updates on the financial position throughout 2024/25, including progress against savings delivery. Progress against savings delivery is managed by the Budget Oversight Group and senior management.

In setting the 2024/25 budget, the council has determined that £6.1m of general balances is a prudent level in order to manage identified risks, in line with the Assistant Director of Finance (S151 Officer)'s risk assessment. A further £23m of other earmarked reserves could also be made available if absolutely necessary. The council continues to review its reserves position regularly as per its Reserves Policy.

The council's cashflow forecast to the end of March 2025 demonstrates that the council has access to sufficient cash over the medium-term to support planned council and Group activities. This assumes maximum planned borrowing of £185m in the period and includes flexibility for additional borrowing of up to £96m should income be less than forecast or expenditure more than forecast in the period.

It is therefore noted that there is significant headroom within the General Fund to absorb the estimated financial impact of economic pressures in the short to medium-term. Furthermore, the CIPFA Code of Practice on Local Authority Accounting in England requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

1.2 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 on 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. Purchase orders raised automatically through the financial information system are processed with no de minimis level.
- For business rates, the levy or safety net payments owed to or from Central Government for the financial year are reported in the year they relate to on an accruals basis. Cherwell is the lead authority for the North Oxfordshire Pool and has accounted for the amounts owing to the Pool for levy payments and owed to the other pool members for the gain from the pool on an accruals basis.

1.3 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.

1.4 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.

1.5 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.

1.5.1 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.

1.5.2 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.

1.6 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 2023/24.

1.7 Employee Benefits

1.7.1 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 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.

1.7.2 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.

1.7.3 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 35. 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:

1.7.4 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.

1.7.5 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.

1.7.6 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.

1.8 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.

1.9 Financial Instruments

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

1.9.1 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 2024, based on observed market rates for similar transactions.

1.9.2 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.

1.9.3 Available-for-Sale Assets

The council has available for sale financial assets in the form of, for example, 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).

1.10 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.

1.11 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 licenses) 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.

1.12 Interests in Companies and Other Entities

The council has material interests in companies and other entities that have the nature of subsidiaries, 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 2023/24:

- Graven Hill Village Holding Company Limited
- Graven Hill Village Development Company Limited
- Graven Hill Village Management Company Limited
- Graven Hill Village Management Company Block E Limited
- Crown House Banbury Limited
- Crown Apartments Banbury Limited

Group Accounts have been prepared in accordance with paragraph 9.1.2.60 of the Code of Practice on Local Authority Accounting 2023/24, using uniform accounting policies for like transactions and other events in similar circumstances.

1.13 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 by 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.

1.14 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

1.15 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.

1.15.1 The Council as Lessee

1.15.1.1 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.

1.15.1.1.2 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).

1.15.2 The Council as Lessor

1.15.2.1 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.

1.15.2.2 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.

1.16 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.

1.17 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.

1.17.1 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.

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 are charged to revenue.

1.17.2 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:

- Vehicles, plant and equipment are held at depreciated historical cost.
- Infrastructure, community assets and assets under construction are held at 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, such as community and sports centres, 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 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.

The council’s property valuations are carried out by Montagu Evans and Colliers. 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.

1.17.3 Impairment

Assets are assessed at each year-end as to whether there is any indication that they 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.

1.17.4 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.

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

• Infrastructure	10 to 40 years
• Buildings	10 to 60 years
• Vehicles	5 to 10 years
• Computer Equipment / systems	3, 5 or 10 years
• Other	3 to 30 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 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 (except those such as land which are identified as exceptions above). 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.

1.18 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 net book 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.

1.19 Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets, investment properties, assets held for sale and some of its financial instruments, such as equity shareholdings, 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 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

1.20 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, calculated on a prudent basis 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.

1.21 Provisions, Contingent Liabilities and Contingent Assets

1.21.1 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.

1.21.2 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.

1.21.3 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.

1.22 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 for the purpose of 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 Unusable reserves note – note 25 of the financial statements.

1.23 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.

1.24 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.

1.25 Rounding

In preparing the Statement of Accounts all numbers, including totals, have been rounded independently to avoid unacceptable rounding errors. This may mean that some tables do not cross cast.

Glossary of Terms

Accruals

Adjustments made to reflect the cost of goods and services in the financial year in which they were incurred rather than when cash is paid/received. E.g. work completed but invoice not yet received; invoice paid in advance of receipt of goods.

Actuarial Gain (Loss)

The changes in the valuation of the net pension liability that arise because of:

a) Events have not coincided with the assumption used by the actuary when carrying out the previous triennial (three-yearly) valuation of the fund or

b) The actuary changing the assumptions used in the current valuation from those used previously.

Amortisation

The decrease in the value of intangible capital assets over their useful life as they become out of date or are used up.

Assets

A resource with positive economic value that is owned or controlled by the Council e.g. cash, property

Band D Equivalent

Council tax is a tax on domestic properties. Each domestic property is placed in a 'Band' from A to H, based on the capital value of that property in April 1991. Band D is the middle band and the other bands are weighted in relation to Band D (e.g. Band A is weighted 6/9ths of Band D and Band H is 18/9ths of Band D). Using the weighted number of the domestic properties in the area produces the 'Band D Equivalent' number of properties.

Best Value

Under the Local Government Act 1999, local authorities must constantly aim to improve their services. Best Value is the approach introduced that gives local authorities a duty to provide local people with high-quality and efficient services.

Billing Authority

This is the local authority which collects the council tax and business rates for its area. In shire counties the district or borough councils are the billing authorities. Cherwell District Council is the billing authority for Cherwell District.

Bond / Guarantee

Where the Council has agreed to stand surety for a bond sum or to make payment if the Owner fails to pay any part of the County Contributions due under provision of an agreement.

Bond Fund

A fund primarily invested in government and corporate bonds. The value of the investment changes as the market value of assets held by the fund changes.

Budget

A statement of our spending plans for a financial year, which starts on 1 April and ends on 31 March.

Business Rates (Non-Domestic Rates – NDR)

Non-domestic rates, or business rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1 April 2013, authorities keep a proportion of the business rates paid locally. The amount charged is based on multiplying the rateable value of each business property by the appropriate non-domestic multiplier. The Government sets a standard multiplier and small business multiplier for each financial year. .

Business Rate Retention Scheme

Council's are able to keep a proportion of the business rates revenue, as well as growth on the revenue that is generated in their local area. The remainder is retained centrally by the government and used to provide grant funding to local authorities. It provides a direct link between business rates growth and the amount of money council's will have to spend on local people and local services.

Call Account

A call account is a deposit account with a financial institution without a fixed maturity date.

Capital Adjustment Account

The Capital Adjustment Account is an unusable reserve that absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

Capital Financing Requirement

A measure of the capital expenditure incurred historically by the council that has yet to be financed. This measure also shows the underlying need to borrow for a capital purpose, although this borrowing may not necessarily take place externally.

Capital Programme

Our plan of future spending on capital projects such as buying land, buildings, vehicles, and equipment.

Capital Receipt

Cash received from selling non-current assets. Capital receipts can be used to finance new capital expenditure or repay long term debt within rules set by central Government, but they cannot be used to finance day-to-day revenue spending.

Capital Spending

Spending on non-current assets that have long-term service and/or economic benefits for example, land, buildings, and large items of equipment such as vehicles.

Cash Equivalent

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash-flow Statement

Summarises cash paid to and received from other organisations and individuals for capital and revenue purposes, as opposed to accounting entries which do not involve a cash transaction (e.g. charges for depreciation).

CIPFA

Chartered Institute of Public Finance and Accountancy. One of the major accountancy institutes that specialises in the public sector.

Collection Fund

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council in relation to the collection of business rates income and council tax income from taxpayers and its distribution to the County Council, Police Authority, and the Government.

Counterparties

The opposite party in a contract or financial transaction. This may include the Central Government, Local Authorities, Banks and Building societies to name a few.

Community Assets

The class of fixed assets held by an authority in perpetuity that have no determinable useful life and may have restriction on their disposal, such as parks and open spaces, historical buildings, works of art, etc.

Component Depreciation

Is a procedure in which the cost of a large item of property, plant and equipment is split up into different components which have different useful lives, and each component is depreciated separately. This procedure is also referred to as componentisation.

Contingent Asset

An asset arising from past events, whereby its existence can only be confirmed by one or more uncertain future events not wholly within the control of the Council.

Contingent Liability

A condition which exists at the balance sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Council's control, or where it is not probable that an outflow of resources will be required to settle the obligation.

Council Tax

A tax charged on domestic householders based on which of eight Council Tax Bands their property falls into. There is a reduction for empty properties or if you live on your own. Since 1 April 2013 council's must have a council tax reduction scheme, which allows for council tax reductions for people, or classes of people, who are considered to be in financial need. In Oxfordshire , the district or borough council issues council tax bills and collects the council tax. The level is determined by the revenue expenditure requirements for each authority divided by the council tax base for the year.

Council Tax Base

An assessment by each billing authority of the number of properties, converted to Band D equivalents (the average band), on which a tax can be charged. The calculation allows for new properties, exemptions and discounts and a provision for non-collection.

Cost of Carry

The difference between the interest payable on borrowing on debt and the interest receivable from investing surplus cash.

Credit Rating

A credit rating assesses the credit worthiness of an individual, corporation or country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the entity being able to pay back a loan.

Creditors

People or organisations we owe money to for work, goods or services which have not yet been paid for by the end of the financial year.

Current Asset

An asset which is expected to be used up during the next accounting period e.g. cash, inventories.

Current Liabilities

Liabilities that are due to be settled in less than one year, such as bank overdrafts and money owed to suppliers.

Current Service Cost

The current service cost is the increase in the value of the pension scheme's future pension liabilities arising from the employee’s ongoing membership of the pension scheme.

Curtailment Costs

Curtailment costs are the amounts of money that are paid to a new pension scheme when a defined group of staff transfer from one pension scheme to another. The costs represent the value of the pension rights accrued by the transferring staff.

Debtors

Amounts owed to the Council for goods and services that have not yet been received.

Deferred Income

Prepaid income credited to the Balance Sheet and amortised to the Comprehensive Income and Expenditure Statement to match the benefit of the receipts over the term of the contractual arrangement.

Depreciation

The systematic write-off of the reduction in value of a tangible fixed asset due to wear and tear, passing of time and technological changes over its economic useful life.

Derecognition

Removal of an asset or liability from the Balance Sheet.

Earmarked Reserves

Money set aside for a specific purpose.

Equity instrument

A contract such as an equity share in a company.

Expected Credit Loss

The probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of a financial instrument.

Fair Value

The price that could be received for an asset sold or a liability settled in an orderly transaction, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy or sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Financial Asset

Financial Assets are any assets that is: Cash, equity, a contractual right to receive cash or another financial asset from another entity (e.g. trade debtors), or a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Council.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Financial instruments include bank deposits, investments, debtors, long-term debtors, creditors, temporary loans and borrowings.

Financial liability

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

Financial Year

The District Council’s accounts cover the period from 1 April in one year to 31 March in the next year.

Fixed Asset

A tangible asset that yields benefit to the District Council and the services it provides for a period of more than one year.

General Fund

The account that records and finances Council revenue expenditure that is funded by taxpayers.

Going Concern

All accounts prepared in accordance with International Financial Reporting Standards (IFRS) are prepared on a going concern basis unless management either intends to liquidate the entity, to cease trading, or has no realistic alternative but to do so. For public sector bodies, such as NHS bodies and local authorities, this definition is interpreted to focus on whether the services provided by the entity are going to be continued rather than whether the entity providing the service will continue to exist. So, a body that is about to merge with another will still be a going concern as the services it provides will be provided by the new merged body.

Government Grants

Payments by the Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or to fund local services generally (non-specific grants).

Heritage Asset

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

Impairment

A reduction in the carrying value of an asset arising from physical damage, obsolescence or a significant decline in market value.

Infrastructure Assets

A class of assets whose life is of indefinite length and which are not usually capable of being sold, such as highways, drains and footpaths.

Intangible Asset

An asset that does not have physical substance but is identifiable and controlled by the organisation through custody or legal rights e.g. software licenses.

Internal Borrowing

Instead of taking external loans to fund activities such as Capital expenditure, a Local Authority may use income and grants received in advance, to fund these activities. Usually, surplus funds are invested to earn interest, however it is prudent to use these funds instead of loaning money as loans generally cost more than could be earned by investing the funds.

International Financial Reporting Standards (**IFRS**)

These are issued by the International Accounting Standards Board and provide standards for the preparation of financial statements.

Inventories

Raw materials and stores which the Council has bought and holds in stock for use as required.

Investment Properties

Land and/or buildings held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Lease

An agreement where a rental charge is paid for use of an asset for a specified period of time.

Lessee

A party to a lease agreement who makes payment to use an asset.

Lessor

A party to a lease agreement who receives payment for the use of an asset.

Liabilities

Amounts owed by the Council which will be paid at some time in the future.

Local Government Pension Scheme (LGPS)

A nationwide scheme for employees in local government (excluding teachers, police and fire fighters, who have separate arrangements). It is a funded defined benefit scheme with investments managed by local authorities. Cherwell District Council is a member of the Oxfordshire LGPS, which is managed by Oxfordshire County Council.

Materiality

Information is material if its omission or misstatement, individually or collectively, could influence the decisions that users make on the basis of financial information about a specific reporting entity.

Medium-term Financial Strategy (MTFS)

The MTFS is a rolling financial plan that is updated annually by local authorities. This includes planned expenditure for the following five years.

Minimum Revenue Provision (MRP)

The prudent minimum amount which the Council must set aside each year to repay loans and other long-term liabilities such as finance leases. This has the effect of reducing the Capital Financing Requirement.

Money Market Fund

Funds are invested in short-dated assets including certificates of deposits, government securities and commercial papers making them highly liquid. Money Market Funds must be AAAmf rated, invest in high credit quality assets and maintain a weighted average maturity of 60 days or fewer. Investments have a stable net asset value and dividends are paid to investors on their investment.

Movement in reserves Statement

This statement shows the impact of the financial year on the organisation’s reserves.

Net Book Value (NBV)

The balance sheet value of a non-current asset after depreciation and/or impairment.

Net Debt

The District Council’s borrowings and finance liabilities less cash and liquid resources.

Net Spending

The cost of providing a service after allowing for specific grants and other income from fees and charges (i.e. not including council tax and money from the Government).

Non-current Asset

A long-term asset that is not expected to be used up or realised within the next 12 months e.g. Property, Plant Equipment.

Non-Domestic Rate

A levy on businesses based on a national rate in the pound set by the government multiplied by the 'rateable value' of the premises they occupy.

Operating Lease

A type of lease, usually of computer equipment, vehicles, office equipment, etc., where the ownership of the goods and any risks and rewards remain with the lessor, therefore it is revenue expenditure and not capital expenditure.

Operational Asset

An asset held partly, primarily or solely for the purpose of delivering against the council's corporate objectives and day-to-day services.

Past Service Costs

The past service cost is the extra liability that arises when we grant extra retirement benefits that did not exist before, such as when we agree early retirement or extra years of service.

Petty Cash

Small sums of cash kept by departments to pay minor expenses.

Precept

The demand levied by a non-billing authority (County Council, Police Authority, parish and town councils) on the Collection Fund managed by a billing authority (this Council) towards their annual spending.

Property, Plant and Equipment

A physical (tangible) asset that is expected to be held for operational purposes for several years, such as land, buildings, and vehicles.

Provision

An amount of money put aside in the accounts for anticipated liabilities which are of uncertain timing or amount.

Public Works Loan Board (**PWLB**)

A central government agency which provides long and shorter-term loans to local authorities at interest rates slightly higher than those at which the government itself can borrow. Local authorities are able to borrow a proportion of their requirement to finance capital spending from this source.

Rateable Value (RV)

A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Valuation Office Agency.

Related-Party

Two or more organisations are 'related parties' if, during the year, one of them has significant control over the other.

Reserves

Amounts of money put aside to meet certain categories of expenditure in order to avoid fluctuations in the charge to the General Fund.

Revenue Expenditure

The District Council's day-to-day expenditure on items which include wages, supplies and services, running costs for premises, and interest charges.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

Section 151 Officer

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs. This includes the requirement for one officer to be nominated to take responsibility for the administration of those affairs. The Section 151 officer is usually the local authority's treasurer and must be a qualified accountant belonging to one of the recognised chartered accountancy bodies. For Cherwell District Council the Section 151 officer is the Assistant Director of Finance.

Specific Grants

Payments from the Government to cover local authority spending on a particular service or project. Specific grants are usually a fixed percentage of the costs of a service or project.

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This report is public	
Annual Governance Statement 2022/2023 – Update on Actions	
Committee	Accounts, Audit and Risk Committee
Date of Committee	20 March 2024
Portfolio Holder presenting the report	Portfolio Holder for Corporate Services – Cllr Dallimore
Date Portfolio Holder agreed report	
Report of	Monitoring Officer & Assistant Director of Law & Governance, Shiraz Sheikh

Purpose of report

To consider an update on actions from the Annual Governance Statement (AGS) 2022/2023.

1. Recommendations

The Accounts, Audit and Risk Committee is recommended to:

1.1 Consider and comment on the update on the actions arising from the Annual Governance Statement 2022/2023.

2. Executive Summary

2.1 At its 26 July 2023 meeting, the Accounts, Audit and Risk Committee (AARC) approved the Annual Governance Statement (AGS) for the financial year 2022/2023.

2.2 The report gives the Committee an update to the actions that was included in the Annual Governance Statement 2022/2023.

Implications & Impact Assessments

Implications	Commentary
Finance	There are no financial implications as a result of this update report. Michael Furness, Assistant Director of Finance (S151 Officer)
Legal	The Council has a legal duty to agree an Annual Governance Statement. This report does not itself raise legal implications but this update on the actions arising from last year's AGS is consistent with the responsibility of this Committee to ensure the effectiveness of the Council's Governance.

	Shiraz Sheikh, Monitoring Officer & Assistant Director of Law & Governance 28 February 2024			
Risk Management	There are no risk implications associated directly with this report. Celia Prado-Teeling, Performance & Insight Team, 28 February 2024			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact		x		Not applicable
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		Not applicable
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		Not applicable
Climate & Environmental Impact		x		Not applicable
ICT & Digital Impact		x		Not applicable
Data Impact		x		Not applicable
Procurement & subsidy		x		Not applicable.
Council Priorities	Not applicable			
Human Resources	Not applicable			
Property	Not applicable			
Consultation & Engagement	Senior officers for each area have been consulted and provided updates on progress as set out in section 4 of this report			

Supporting Information

3. Background

3.1 At its 26 July 2023 meeting, the Accounts, Audit and Risk Committee (AARC) approved the Annual Governance Statement (AGS) for the financial year 2022/2023.

3.2 Local authorities are required to prepare an AGS to be transparent about their compliance with good governance principles and to give an opinion on the effectiveness of those arrangements. As part of the process, authorities are expected to highlight particular areas of focus for the year following. This report updates the Committee on the actions identified for 2023/24 in the AGS.

4. Details

Annual Governance Statement Actions for 2023/2024

4.1 The Annual Governance Statement outlined the following areas and expected outcomes for particular focus in 2023/24:

Action	Timescale for completion	Responsible Officer(s)	Update
Ensure that the Council has sufficient and appropriately qualified staff to deliver its programme of work and projects.	Ongoing	Assistant Directors / Human Resources	The responses received suggest that each Directorate has appropriately trained staff with relevant qualifications with professional bodies such as CIPFA and RICS. There is an issue with in local government around recruitment that seems to be an ongoing challenge in some areas.
Increase awareness of all officers to Council's policies and procedures via training and workshops.	Ongoing	Assistant Directors	Information is shared at the various directorate team meetings. Online training videos and details of polices and standard operating procedures are available on the intranet for example

			on the Unit 4 Accounting System. Human Resources have recently rolled out management training on key HR activities and plan to develop this programme further.
Implement Procurement Strategy for the Council with procurement strategy acting as a lever for cascading corporate priorities down to services and capital projects delivered through commercial partners with alignment between the two.	2 October 2023	Shiraz Sheikh, Assistant Director of Law & Governance / Procurement Manager, Mike Sullivan	A new Procurement Strategy was approved by Executive at the meeting of 2 October 2023.
Ensure value is delivered through contract management and afforded time, technical expertise and people to discharge them.	Ongoing	Assistant Directors / Procurement Manager, Mike Sullivan	Staff work closely with contract providers to ensure they are delivering what is required of the contract. Provision of advice via Sharepoint for staff acting as Contract Managers to assist them in identifying potential risks to the delivery of a contract. Further training seminar delivered at the January 2024 Procurement Seminar
Ensure Procurement and Contracts guidance is in place and embed a culture of compliance.	September 2023	Procurement Manager, Mike Sullivan	A Procurement and Contracts Support team has been created on MS Teams for all staff to access guidance with the latest update being made in January 2024.

			A number of templates, toolkits and user guides have been developed for staff to access and use via the intranet. A Procurement and Contracts guidebook is due to be published shortly providing more detailed guidance for CDC officers involved in purchasing activities or contract administration.
Ensure contracts and procurement are procured in accordance with the contract tailored procurement and contract strategies with strong internal control.	August 2023	Assistant Directors	Staff have attended procurement training workshops and have created procurement and contract strategies to ensure procurements have followed appropriate processes
Ensure Health and Safety processes and guidance are in place and understood.	Ongoing	Human Resources	Staff briefings are used to keep staff informed of any changes to corporate arrangements to reflect best practice. To support this the team undertake inspections and audits of the workplace across the District including the 2 Depots and report back to Management any findings.
Ensure Business Continuity Plans are reviewed and updated annually.	TBC	Corporate Director of Communities	This action is awaited.
Develop and implement Asset Management Strategy which provides an overview of our land and property assets, ensuring focus is	March 2024	Assistant Director of Property	Property Asset Management Strategy is on agenda for Executive at March 2024 meeting

maintained on our main priorities for managing, maintaining and developing our assets over the next five years. The strategy should inform policies enabling us to develop action plans, agree priorities and make decisions to meet our longer-term objectives.			

4.2 Constitution Review Working Group

A full review of the Constitution started in December 2023. A Constitution Review Group (CRG) was established, comprising the Monitoring Officer and his deputy, officers from Democratic and Elections and five members representing the political groups of the Council. The members of the political groups were selected by the Group Leaders. The terms of reference are attached at Appendix 1**.**

The following changes were approved by Full Council on the 26 February 2024.

- Updated Overview and Scrutiny Procedure Rules.
- Updated Contract Procedure Rules
- Revised Monitoring Officer Changes (under delegation)

The draft work programme is included for information at Appendix 2.

5. Alternative Options and Reasons for Rejection

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

Option 1: Not to note the update. This is not recommended as it is good practice for the Committee to review progress against actions arising from the Annual Governance Statement.

6 Conclusion and Reasons for Recommendations

6.1 In line with Annual Governance Statement process, this report provides an update on actions taken to date during 2023/2024 in respect of recommended actions arising from the 2022/2023 Annual Governance Statement.

Decision Information

Key Decision	N/A
Subject to Call in	N/A
If not, why not subject to call in	N/A
Ward(s) Affected	All

Document Information

Appendices	
Appendix	Appendix 1 Constitution Review Working Group Terms of Reference Appendix 2 Constitution Review Working Group draft work programme Appendix 3 Annual Governance Statement 22-23
Background Papers	None
Reference Papers	None
Report Author	Shiraz Sheikh, Monitoring Officer & Assistant Director of Law & Governance
Report Author contact details	shiraz.sheikh@cherwell-dc.gov.uk, 01295 221651

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Constitution Review Working Group

Draft Terms of Reference – December 2023

The Constitution Review Working Group will perform the following functions:-

Review the content of the Council's constitution.

Identify amendments that could be made to the Council's constitution that would enhance Council business.

Consider proposals from Members to make changes to the Council's constitution.

Consider proposals from Officers to make changes to the Council's constitution.

Make recommendations to Council regarding potential changes to the Council's constitution.

Membership and Role of the Working Group

The Working Group shall comprise [**5**] elected Members of the Council to be nominated by Group Leaders. This will consist of two elected Members from the administration and three elected Members from the three political groups (one member from each political group).

The membership of the Working Group will not form part of the Council's political balance.

The Constitution Review Working Group is an informal group.

Rules of Operation

The Working Group is able to receive information from officers and to discuss proposed changes to the Council's constitution.

The Working Group has no power to make decisions. However, it can make recommendations which would be considered by Council.

Meetings shall be held in private.

For the purposes of accuracy and transparency notes and actions shall be taken of the matters considered.

Members are reminded that the rules set out in the Code of Conduct with regard to making declarations of interest will apply to the Working Group.

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Constitution Review Working Group Work Programme 2023/24

(Updated: 5 December 2023)

NB. All references to Constitution sections are as at the time of circulating the work programme. The Constitution is available on the website

Area for Review	**Timeframe**	**Committee Meeting Target Date**
Part 2 – Committee Terms of Reference	TBC	15 July Full Council meeting [29 May AARC]
Part 8 - Overview and Scrutiny Procedure Rules	19 January 2024 Constitution WG meeting	26 February Full Council meeting
Part 4 - Meeting rules and procedures for committees • Motions (4.18) • Voting on appointments (4.26) • Rules of debate (4.22) • Recorded vote (4.25)	TBC	15 July Full Council meeting [29 May AARC]
Part 6 – Council procedure rules • Leader receiving minutes from other committees (6.4) • Questions to the leader (6.6)	TBC	15 July Full Council meeting [29 May AARC]
Part 3 - Officer scheme of delegation	19 January 2024 Constitution WG meeting	26 February Full Council meeting
Monitoring Officer changes (under delegation) • Part 4.26 Voting on appointments • Part 12.2 Leader of the Council • Part 5 - Removal of virtual meetings procedures	19 January 2024 Constitution WG meeting	26 February Full Council meeting

• Part 13 – Procedure for local determination of allegations – to be added as an annex to the Code of Conduct		
Procedure Rules of other committees:- • Planning Committee • Accounts, Audit and Risk Committee • Budget Planning Committee • Executive • Full Council • Licensing Committee • Standards Committee • Personnel Committee • Shareholder Committee	 To be allocated To be allocated To be allocated To be allocated To be allocated To be allocated To be allocated To be allocated To be allocated	 tbc tbc tbc tbc tbc tbc tbc tbc tbc

Annual Governance Statement 2022/2023

Shiraz Sheikh

Monitoring Officer

July 2023

Contents

SCOPE OF RESPONSIBILITY

Cherwell District Council is responsible for ensuring that:

- its business is **conducted** in accordance with the **law and proper** standards
- public money is safeguarded and properly **accounted** for, and
- **resources** are used **economically, efficiently and effectively**.

The Council also has a **duty** to:

- make arrangements to **secure continuous improvement** in the way in which its functions are exercised
- put in place **proper arrangements for the governance of its affairs**, and
- implement and maintain effective processes of **internal control**, including appropriate arrangements to manage risk.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, cultures and values which underpin how the Council is controlled and managed internally, and how it engages with taxpayers, service users and the wider community. The governance framework enables the Council to monitor delivery of its strategic objectives and assess whether those objectives are securing service improvements and value for money. Systems of internal control and risk management are a significant part of the governance framework and are designed to manage risk down to a reasonable level. Some risks can never be eliminated entirely, however, and these processes provide only reasonable and not absolute assurance of effectiveness.

THE GOVERNANCE FRAMEWORK AT CHERWELL DISTRICT COUNCIL

The Council operates an executive based system of governance with a Leader. The Executive takes strategic key decisions with officers responsible for day to day decisions. The Executive is made up of a Leader and 9 other councillors. The leader then appoints individual councillors (portfolio holders) to other positions in the Executive. Their remit includes obtaining assurance that Annual Delivery Plan priorities, and the Budget and Policy Framework approved by Council each year, are delivered in their relevant areas.

The Council has a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people.

We have various layers of management within the organisation and our management teams each play an important role in the governance framework.

Our corporate leadership team (CLT), compromises the Head of Paid Service, Corporate Directors, Monitoring Officer and S151 Officer. CLT meets on a weekly basis. Our extended leadership team (ELT) comprises the CLT and Assistant Directors. ELT meets on a monthly basis and are programmed as a series of sessions to focus on strategic issues, projects and programmes and health of the organisation.

The council has two wholly owned companies – Graven Hill and Crown House.

Graven Hill Village Developments was established in 2014. It is an ambitious project aimed at disrupting the market and creating innovative solutions to housing supply issues. The aim of Graven Hill is a large scale self-build community within a development of up to 1,900 new homes. It will also provide commercial space, a nursery, a primary school and health hub, continuing to create new jobs in the locality.

The Crown House apartments project was initiated to drive economic and social regeneration. The initiative has improved community safety, and provided housing in Banbury town centre, comprising 50 apartments and one commercial unit.

The Council commissioned an independent review of the governance arrangements for Graven Hill, and recommendations arising from it were reported to the Shareholder Committee in July. .

ANNUAL DELIVERY PLAN PRIORTIES

Before the start of each financial year the council agrees its priorities for the next 12 months through its Outcomes Framework. This sets out the key deliverables required for the year ahead to support the council in achieving its overarching priorities, set out in its Business Plan and are as follows: :

Housing that meets your needs

Supporting environment sustainability

An enterprising economy with strong and vibrant local centres

Healthy, resilient and engaged communities.

The framework also sets out the council's golden thread – how its annual priorities are cascaded down through the organisation to individual work plans . Progress towards these priorities is regularly reviewed by the Executive and Overview and Scrutiny

LOCAL GOVERNMENT ASSOCIATION (LGA) – CORPORATE PEER CHALLENGE

This programme organised by the LGA, also known as "Peer Review" involves peer teams of councillors and officers from other councils spending time within a council to identify and address issues and challenge progress across various themes. The core review for all Councils includes local priorities and outcomes, organisational and place leadership, governance and culture, financial planning and management and capacity for improvement. In addition two additional themes are included, namely, Growth & Infrastructure and Decoupling of the Strategic Partnership with Oxfordshire County Council. In November 2022, the Council invited the LGA to undertake such a Peer Review of how effectively we work as a Council. The reviewers spoke to 145 people (members of staff, partners and councillors) about leadership and culture, place shaping, decision making and much more. A formal report was received by the Council and was reported to the Council meeting together with the Council's action plan.

The overriding messages and observations from the Corporate Peer Challenge were:

- The council has ambitious plans and has a proven track record of delivery.
- There is a recognised need for a compelling vision for the council now that it is a standalone authority.
- The council needs to face the future financial challenges head-on.
- Transformation is fundamental to achieving the council's corporate priorities and the MTFS.
- Continue to work with your regional partners to meet the infrastructure gap.
- Be clear about your plans for regeneration and communicate this widely.
- You've stabilised the organisation following a tough decoupling exercise you now need to refocus your relationships.

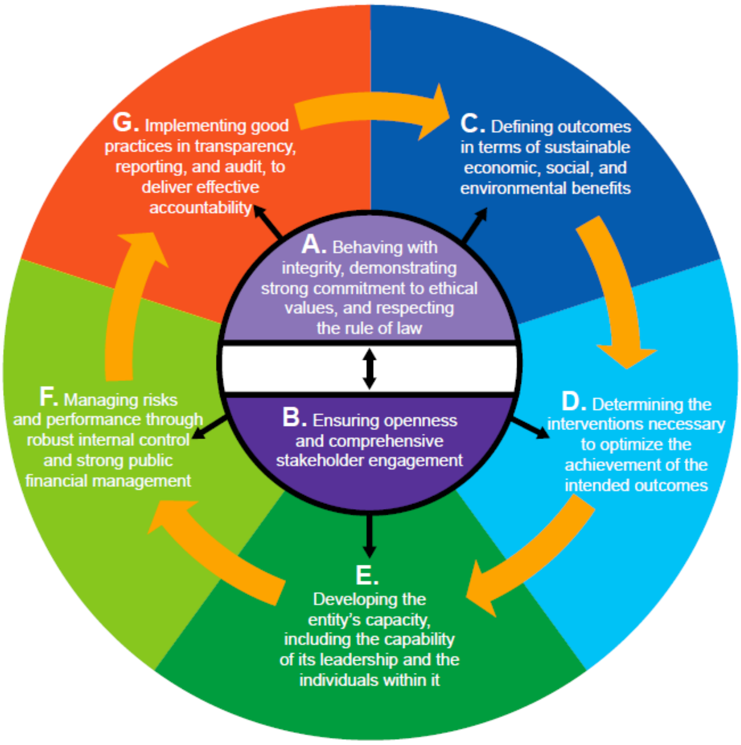
FINANCE

A new Medium-Term Financial Strategy was approved by Council in February 2023. to cover the five years 2023/24 – 2027/28. Councillors received updates throughout 2022/23 to advise on the continuing financial effects of the pandemic to council services. Income was still noted to be affected as some Council services struggled to return to levels of activity and income generation at pre-March 2020 levels. These ongoing impacts were addressed as part of the 2023/24 budget. The purpose of the Medium-Term Financial Strategy is to deliver a balanced and affordable 2023/24 budget and ensure that the Council's finances are robust and sustainable over the medium term or act as an early warning system of a gap in future years between forecast expenditure and resources which the Council mut address, and that in the longer term, the Council's finances are not reliant on the unsustainable use of one-off reserves or funding.

The Council has a robust approach to the use of reserves with any changes in uses of reserves from budgeted levels requiring approval in line with the Council's reserves policy. The S151 Officer carries out a risk assessment of general balances as part of the budget setting process and issues an overall opinion on the level of reserves via their S25 statement.

ARRANGEMENTS FOR GOVERNANCE

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016.



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

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

The Council has adopted codes of conduct for both Officers and Members which facilitates the promotion, communication and embedding of proper standards of behaviour. The Council's Chief Finance Officer and Monitoring Officer have specific statutory responsibilities to ensure that decisions taken by the Council are lawful and in line with constitutional requirements.

The Council's Constitution explains existing policy making and delegation procedures and the matters which must be dealt with by the full Council. It documents the role and responsibilities of the Executive, portfolio holders, each committee and Members and officers. The Council has approved a protocol governing relationships between Members and Officers as part of its Constitution Officers have job descriptions and there are clearly defined schemes of delegation, all of which are reviewed from time to time.

B. Ensuring openness and comprehensive stakeholder engagement;

The Council consults regularly with stakeholders, taxpayers and service users. The letstalk.cherwell.gov.uk is the consultation website and enables local people to find, participate in, and view outcomes from, any consultation activities that interest them. It also provides feedback opportunity for stakeholders, tax payers and service users. In addition, a number of different groups and forums are in place to represent local views on a range of subjects including health and wellbeing and community safety.

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

The Delivery Plan sets out how the Council aims to work in partnership to achieve its agreed objectives. These key objectives are designed to be both financially and environmentally sustainable and have been developed in consultation with partners. The Medium-Term Financial Strategy makes a realistic assessment of financial resources available, and the Budget and Policy Framework approved by Council each year sets out revenue and capital spending limits, savings and efficiency targets as well as key improvement priorities for the forthcoming year.

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

The Executive is responsible for ensuring that actions approved as part of the Budget and Policy Framework are delivered in each service area. The Projected Outturn, leadership risk register and performance against agreed key performance indicators (KPIs) reports to the Executive summarise the forecast financial outturn position each month against budget and delivery of agreed savings targets. These are also considered by CLT each month. These elements of the report are reviewed quarterly by the Budget Planning Committee and Accounts Audit and Risk Committee and the Overview and Scrutiny Committee respectively.

E. Developing the Council’s capacity, including the capability of its leadership and the individuals within it;

Maximising capacity by working collaboratively is a key component of the Annual Delivery Plan and a number of longstanding partnership working arrangements are in place. The Constitution sets out how the governance aspects of these arrangements should operate in practice. The Human Resources and Development team has a specific role and remit to improve the capability and capacity of Council officers by offering a range of skills and qualification-based training opportunities.

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

The Leadership Risk Register provide a high-level overview of key risks which are reported to CLT and Executive on a monthly basis and AARC on a quarterly meeting. Financial Procedure Rules, Contracts Procedure Rules and Employment Procedure Rules, set out the framework of internal controls. Internal Audit have a programme of work designed to assess how this framework operates in practice and report to the Accounts, Audit and Risk Committee.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

All Council meetings are held in public and minutes of meetings and webcasts are available on the Council’s website. Public questions are allowed at Executive, Committees and Council meetings.

The Council publishes an Annual Financial Report (the Statement of Accounts) annually within the statutory timescales. The Annual Financial Report incorporates the full requirements of best practice guidance in relation to corporate governance, risk management and internal control.

The Council is subject to independent audit by Ernst and Young and receives an Annual Audit Letter reporting on findings. The Council supplements this work with its own internal audit function and ad hoc external peer reviews. The Accounts Audit and Risk Committee undertakes the core functions as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities.*

REVIEW OF EFFECTIVENESS

Internal Audit

The Council uses several ways to review the effectiveness of governance arrangements. One of the key assurance statements is the annual report and opinion of the Chief Internal Auditor. The role of the Internal Audit Service is to provide assurance to management and those charged with governance about the quality and effectiveness of the governance framework and systems of internal control. The internal audit team have completed eight internal audits and five grant certifications, the outcomes have been reported to the Accounts, Audit & Risk Committee. (One report, from the eight, is not yet finalised but it should be by the end of May).

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 as follows:

- 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.

The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The self-assessment against the standards is completed on an annual basis and reported to the Accounts, Audit & Risk Committee. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. The next external assessment was due in 2022/23 however was delayed due to recruitment/staffing issues within the team. This is now booked for October 2023, the results will be reported to the January Accounts, Audit & Risk Committee.

The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2023, there is **satisfactory** assurance regarding Cherwell District Council's overall control environment and the arrangements for governance, risk management and control. Where weaknesses have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement.

Where Internal Audit identifies areas for improvement, management action plans are in place and are routinely monitored by the Internal Audit team and reported to the Accounts, Audit & Risk Committee. 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.

The Council agrees an Annual Plan for the Counter-Fraud Service each year. This is presented to the July meeting of the Accounts, Audit and Risk Committee, supporting the Council's Anti-Fraud and Corruption Strategy with updates taken throughout the year. The Counter-Fraud team's purpose is to adhere and to promote the zero-tolerance approach to fraud detailed in the Council's Fraud Strategy, by thoroughly investigating any instances of fraud; applying the appropriate sanctions; undertaking proactive and preventive work to prevent and detect fraud through training, awareness raising, data matching and proactive reviews.

The key objectives of the Counter-Fraud Strategy for 2022/23 were:

- Strategic: Continue to build the Counter Fraud team to support the Council to prevent and detect fraud and irregularity.
- Proactive: Undertake proactive counter fraud activities to reduce the risk of fraud in the Council.
- Reactive: Manage fraud referrals and investigations
- Data: Use data to detect and prevent fraud

For the period April 2022 – February 2023, 75 fraud cases were identified which relate . Of these, 23 cases were not prove, 18 resulted in changes to council tax support calculations, removals of single persons discounts, removal of small business rates reliefs and recovery of council housing and the remaining 34 cases were open.

Partnership decoupling

Following the decisions at the respective Cherwell District Council and Oxfordshire County Council Full Council meetings in February 2022 to terminate the s.113 Agreement between the councils, the Joint Shared Services and Personnel Committee (JSSP) concluded its work and accordingly, at its 4 July 2022 meeting, JSSP recommended to Council to agree to disband the Committee as from 31 August 2022. There are no longer shared Chief or Statutory Officers..

There are service level agreements in place, reviewed annually by the directors, for services that provided by Oxfordshire County Council post decoupling.

The Council continues to make steady progress towards establishing services/ teams including an in house operating model for services that had previously been provided on a joint basis including legal, procurement, property and information management teams.

Financial Management Code

A key goal of the Financial Management Code of Practice (launched by CIPFA in November 2019) (FM Code) is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Since April 2021 authorities have been expected to work towards full compliance of the FM Code. There are clear links between the FM Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes. As such, Annex 1 sets out the outcomes of the Council's latest self- assessment of compliance with the FM Code. The picture is positive, with the RAG (Red-Amber-Green) rating of compliance showing as Green for all of the 19 standards. A column showing 'Further Work' gives an indication of improvements that can be made over the current year.

Actions

Significant actions identified in the preceding years AGS have now been completed with the update on the decoupling as provided above. The Constitution has also been reviewed to the extent necessary to reflect termination of the joint arrangements with scheme of delegation and contract and financial procedures rules updated.

The Council's Monitoring Officer has formed the Corporate Oversight and Governance Group (COGG). The primary purpose of the COGG is to ensure good governance and decision-making processes, effective risk management, ensuring and improving value for money, effective internal controls and ensuring transparency and accountability.

The COGG is an internal officer group consisting of the Corporate Director (Resources) as the responsible chair, Monitoring Officer, the S151 Officer, Chief Internal Auditor, Deputy S151 Officer, Head of Legal & Democratic/ Deputy Monitoring Officer (when in post) and Assistant Director Customer Focus.

GOVERNANCE SELF ASSESSMENT

Annual Assurance Statements from Assistant Directors have been received and have highlighted the following main issues:

- Recruitment and skills gap
- Officer understanding of their role in delivering the Strategic Priorities
- Arrangements for the Identification of risks
- Clarity on governance
- Consistent compliance with the Transparency Code on procurement matters

These reviews identified improvement which are contained in the action plan.

ACTIONS FOR 2023/2024

	Responsible Person	Date
Ensure that the Council has sufficient and appropriately qualified staff to deliver its programme of work and projects.	Assistant Directors / Human Resources	In progress and ongoing
Increase awareness of all officers to Council's policies and procedures via training and workshops.	Assistant Director of Human Resources	In progress and ongoing

Implement Procurement Strategy for the Council with procurement strategy acting as a lever for cascading corporate priorities down to services and capital projects delivered through commercial partners with alignment between the two.	Assistant Director of Law & Governance / Procurement Manager	October 2023
Ensure value is delivered through contract management and afforded time, technical expertise and people to discharge them.	Assistant Directors / Procurement Manager	December 2023
Ensure Procurement and Contracts guidance is in place and embed a culture of compliance.	Procurement Manager	September 2023
Ensure contracts are procured in accordance with the procurement strategies with strong internal control.	Assistant Directors	August 2023
Ensure Health and Safety processes and guidance are in place and understood.	Assistant Director of Human Resources	March 2024
Ensure Business Continuity Plans are reviewed and updated annually.	Corporate Director of Communities	December 2023
Develop and implement Asset Management Strategy which provides an overview of our land and property assets, ensuring focus is maintained on our main priorities for managing, maintaining and developing our assets over the next five years. The strategy should inform policies enabling us to develop action plans, agree priorities and make decisions to meet our longer-term objectives.	Corporate Director of Resources	December 2023

Other governance outcomes are shown below:

- Nil reports issued by the S151 Officer or the Monitoring Officer.
- The MO received eight complaints about member conduct in 2022/ 2023. Seven were dismissed at initial stage with one offered an informal resolution.
- The Local Government and Social Care Ombudsman upheld 1 complaint out of total 12 received.

STATEMENT OF OPINION

It is our opinion that the Council's governance arrangements in 2022/23 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2023/24. It is our opinion that our ability to maintain sound governance during the past year, has been effective.

APPENDIX 1

Yvonne Rees

Chief Executive

Cllr Barry Wood

Leader of the Council

Dated:

12/09/2023

Annex 1 – Summary Financial Management Code Assessment

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
1.	**Responsibilities of the CFO and Leadership Team**			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	All services reviewed to ensure being delivered efficiently and appropriate savings identified. All tenders consider VfM by considering the quality of service and not just price.	Develop a statement of how proposals in Executive Reports will deliver value for money where appropriate	
B	The authority complies with the CIPFA "Statement of the Role of the CFO in Local Government"	The CFO is a qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of CLT (Corporate Leadership Team) and has an influential role with members of the Executive, Accounts, Audit & Risk Committee and lead opposition members.	Review annually the statement of roles and responsibilities of CFO, CLT and the Exec.	
2.	**Governance and Financial Management Style**			
	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	While operating in partnership with Oxfordshire County Council, a Corporate Governance and Assurance Group (CGAG) was set up to ensure good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Professional Lead Statements and engagement with Corporate Directors. Following decoupling from OCC this function will sit with Corporate Oversight and Knowledge Governance Group (COKGG) so that the AGS process will be owned by the most senior officers in the Council with a CDC-specific process.	The AGS process previously led by CGAG will be incorporated into COKGG.	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
D	The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"	Annual Governance Statement includes audit opinion on effectiveness of internal control environment and systems of internal control.	Continue to enhance and develop the AGS through COKGG. Reporting to AARC has been enhanced to include regular reports on FOI, data subject access requests, EIR requests and RIPA approvals, to give visibility and assurance on regulatory compliance.	
E	The Financial Management style of the authority supports financial sustainability	The Council has adopted a Business Partnering model that supports managers to deliver financially sustainable services by providing strategic advice and support. This is underpinned by a Corporate Function that manages the strategic financing issues and provides the budget setting and accounting framework for the organisation.	Continue to develop the skills of managers to ensure that they have access to performance and financial information that enables them to deliver services that are financially sustainable.	
	Long to Medium-Term Financial Management			
F	The authority has carried out a credible and transparent financial resilience assessment	A Financial Resilience assessment is included within the Budget Documents. The assessment is consistent with the Medium-Term Financial Strategy (MTFS) assumptions.		
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	MTFS far more transparent than in previous years clearly outlining the financial challenges facing CDC in the Budget and Business Planning Process 2022/23 – 2026/27 Report	Continue to update CLT and the Executive throughout year and within Budget/MTFS documents	
H	The authority complies with the CIPFA "Prudential Code for Capital Finance in Local Authorities"	Capital Strategy is produced. Quarterly Treasury Management monitoring considered at the Accounts, Audit and Risk Committee. a profiled five-year capital programme was approved by Council in Feb 2022.	. Provide quarterly TM and Prudential Indicator updates as part of monitoring reports.	
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	CDC has an Integrated Business Planning and Budget Process with a five-year MTFS.	Continue to ensure services are aware of future savings plans committed to and savings are	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
			implemented. Encourage 'early alert' if future savings are at risk.	
4.	**The Annual Budget**			
J	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces its annual balanced budget and supporting documentation.		
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	S25 report accompanies the suite of Budget documents. Enhanced by including an assessment of readiness for implementing the FM Code		
5.	**Stakeholder Engagement and Business Plans**			
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	Significant consultation on the budget proposals as well as ensuring carry out the statutory business rate payers' consultation.	Continue with corporate and directorate consultation where appropriate.	
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	A business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits of progressing with the scheme. All tenders consider VfM by considering the quality of service and not just price – the appraisal process is documented. The Strategic Place Shaping Programme Board implemented a Gateway process for evaluation of projects which considers factors such as vfm, business need.	Agree consistent business case templates from outline through to full for both revenue and capital schemes for all strategic boards.	
6.	**Monitoring Financial Performance**			
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The monthly Performance, Risk and Financial Monitoring Report to Executive enables CLT and Executive to respond to emerging risks – the effectiveness was evidenced during 2020/21 as the Council agreed an in-year budget to respond to the financial impact of COVID-19.	The Capital Programme monitoring element requires enhancement to: • better reflect performance and the delivery of outcomes linked to the completion of capital schemes.	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
		Enhancements to capital reporting have been introduced to now include analysis of variances to the total cost of the scheme rather than comparison to in-year profiled budget.	• Ensure all capital schemes are monitored by a strategic board or specific DLT where a strategic board doesn't exist to that type of scheme.	
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	Reserves and balances are monitored monthly and changes in budgeted use require appropriate approvals before they can be assumed. Debtor monitoring takes place quarterly identifying aged debt of Council debt. Aged debt was recently reviewed en masse which resulted in significant debt being written off.	Continue to review aged debt to consider the collectability of this. Take proposed write-offs to Exec regularly.	
7.	**External Financial Reporting**			
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom"	The annual accounts are produced in compliance with the CIPFA Code.		
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	CLT and Executive consider outturn report and year end variances enabling strategic financial decisions to be made as necessary.		