



DISTRICT COUNCIL  
NORTH OXFORDSHIRE

**DRAFT**

**Statement of Accounts for  
the year 2017/18**

## Contents

Introduction .....	1
Statement of Responsibilities for the Statement of Accounts.....	13
Expenditure and Funding Analysis .....	14
Expenditure and funding analysis adjustments are explained in Note 7a .....	14
Comprehensive Income and Expenditure Statement .....	15
Movement in Reserves Statement .....	16
Balance Sheet .....	17
Cash Flow Statement.....	18
Note 1 - Accounting Policies .....	19
Note 2 - Accounting Standards Issued, Not Adopted .....	43
Note 3 - Critical Judgements in Applying Accounting Policies.....	43
Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty.....	45
Note 5 - Material Items of Income and Expense .....	48
Note 6 - Events After the Balance Sheet Date .....	48
Note 7a - Note to the Expenditure and Funding Analysis .....	49
Note 7b - Segmental Analysis of Income and Expenditure .....	50
Note 7c - Expenditure and Income Analysed by Nature .....	51
Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations .....	52
Note 9 - Transfers to/from Earmarked Reserves .....	54
Note 10 - Other Operating Expenditure.....	57
Note 11 - Financing and Investment Income and Expenditure.....	57
Note 12 - Taxation and Non-Specific Grant Income .....	57
Note 13 - Property, Plant and Equipment .....	58
Note 14 - Investment Properties .....	60
Note 15 - Intangible Assets .....	63
Note 16 - Financial Instruments .....	64
Financial Instruments - Fair Value .....	65
Note 17 - Inventories .....	67
Note 18 - Debtors .....	67
Note 19 - Cash and Cash Equivalents .....	68
Note 20 - Assets Held for Sale .....	68
Note 21 - Creditors .....	68
Note 22 - Provisions .....	69
Note 23 - Usable Reserves .....	71
Note 24 - Unusable Reserves.....	72

Note 25 - Cash Flow from Operating Activities .....	77
Note 26 - Cash Flow from Investing Activities .....	78
Note 27 - Cash Flow from Financing Activities.....	78
Note 28 - Trading Operations .....	79
Note 29 - Agency Services .....	80
Note 30 - Members' Allowances .....	81
Note 31 - Officers' Remuneration .....	81
Note 32 - External Audit Costs.....	84
Note 33 - Grant Income .....	85
Note 34 - Related Parties .....	87
Note 35 - Capital Expenditure and Capital Financing .....	89
Note 36 - Leases.....	90
Note 37 - Impairment Losses .....	93
Note 38 - Termination Benefits .....	93
Note 39 - Defined Benefit Pension Scheme.....	94
Note 40 - Contingent Liabilities .....	100
Note 41 - Contingent Assets.....	100
Note 42 - Nature and Extent of Risks Arising from Financial Instruments .....	101
Collection Fund .....	104
Notes to the Collection Fund.....	105
Note 3. Provision for Un-collectable Amounts.....	106
Note 4. Council tax Base.....	106
Group Accounts .....	108
Annual Governance Statement 2017/18.....	114

## **Introduction**

Welcome to Cherwell District Council's Statement of Accounts for the year ending 31st March 2018. 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](mailto:finance@cherwell-dc.gov.uk)

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

**Adele Taylor FCPFA**  
**S151 Officer**

Cherwell District Council  
PO Box 27  
Banbury  
Oxfordshire  
OX15 4BH

## Narrative Report

### An overview of our area

#### Destination Cherwell



Cherwell District in North Oxfordshire is a predominantly rural area providing an excellent environment in which to live and work. There are three urban centres – Banbury, Bicester and Kidlington – which together contain 63% of the population, with the remainder living in 70 smaller settlements. Cherwell continues to change, with a population currently totalling 146,338 projected to increase to around 201,156 by 2031.

Cherwell District Council is an area of growth, guided by its adopted Local Plan (2011-2031). The Council is working to implement its three main priorities in order to benefit the residents and business of the District:

- Protected, Green and Clean
- Thriving Communities & Wellbeing
- District of Opportunity & Growth

#### Banbury

A pleasant and historic town of over 47,000 inhabitants, Banbury is famous for its Cross and Cakes. Banbury provides the main market and shopping centre for a wide area and continues to

expand rapidly to meet these growing demands.

Partly pedestrianised, the town centre combines the best of old and new, retaining its historic atmosphere in an attractive shopping environment. The Council is taking forwards a major expansion of the Castle Quay retail centre, with significant plans for the redevelopment of the Canalside area for new housing. With direct access to the M40 motorway and considerable investment in new housing and commercial property, Banbury's future as a centre of importance is assured.

#### Bicester

The ancient market town of Bicester has witnessed rapid growth in recent years and now boasts a population of nearly 31,000. Centred around the Market Place, the redeveloped shopping area retains the historic character of the town, and its pedestrianisation scheme has ensured that Bicester's role as a commercial and industrial centre continues to flourish.

With easy access to the M40 motorway and direct rail links to London, Bicester continues to attract development and now offers a wide range of business and industrial properties, complemented by extensive new housing.

Bicester is also home to the internationally known Bicester Village. It is also a focus for housing innovation with an Ecotown development of 6,000 low carbon homes and the UK's largest self-build community at Graven Hill.

## Kidlington

Situated just north of Oxford, Kidlington is now home to around 13,790 residents<sup>1</sup>. A 1930's Garden City built around an old Greystone village, Kidlington offers a thriving community with a village atmosphere.

New residential development is planned which focuses on the University of Oxford's Begbroke Science Park. With the added attraction of the London Oxford Airport on the parish boundary, boasting facilities for executive travel and helicopter services, Kidlington looks set for continued growth and prosperity.

**Sources: ONS Mid-Year Estimates 2016 (using Parish definitions for settlements), Oxfordshire Infrastructure Strategy - Stage 1 Report - April 2017, Census 2011, ONS annual population survey, NOMIS**

## District of Opportunity

The Council set out its overall objectives and identified a number of ways it was planning to deliver against these objectives. Below are the main performance pledges for 2017/18:

District of Opportunity	Safe, Green, Clean
Supporting economic development, employment, conservation, regeneration and development of the district <ul style="list-style-type: none"><li>• Cherwell Local Plan</li><li>• Masterplans for Bicester and Banbury</li><li>• Promote inward investment</li><li>• Support business growth</li></ul>	Working to ensure the district has high standards of environmental cleanliness, great recycling and waste management, tackling crime and supporting energy efficiency <ul style="list-style-type: none"><li>• High quality street cleansing</li><li>• Tackle environmental crime</li><li>• Reduce carbon footprint and protect environment</li></ul>
A Thriving District	Sound Budgets and Customer Focussed Council
Providing affordable housing, leisure and sports facilities, working with partners to improve access to health services, providing arts, cultural and community services <ul style="list-style-type: none"><li>• Deliver affordable housing with partners</li><li>• Support financial inclusion</li><li>• High quality accessible leisure</li><li>• Connected rural areas</li></ul>	Ensuring the Council is run as efficiently as possible, consulting with local people, helping vulnerable access our services and the provision of Council Tax and Housing Benefits <ul style="list-style-type: none"><li>• Deliver high quality services</li><li>• Reduce cost of services</li><li>• Communicate effectively</li></ul>

## Council's performance

The Council's performance is set out in detail in its annual performance report. Some highlights are set out below.

86% of residents satisfied with recycling centres, 5% increase	Leisure Centre Usage target exceeded. 135k visits compared to 129k previously	82% of residents satisfied with their local area as a place to live, 7% increase
69% of residents satisfied with street cleaning services, 2% increase	Quest quality accreditation for leisure provision	11 Connecting the Community events delivered
Banbury Business Improvement District (BID) approved	Perch co-working space opened at Franklins House, Bicester	427 new affordable units were delivered in Cherwell District

Source: Annual Performance Report 2017/18

During the year we have continued to build on previous high levels of delivering quality services by undertaking new projects, seeking improvements and innovations in our existing services and ensuring our customer satisfaction levels remain high.

We have continued to strengthen our relationship with our partner, South Northamptonshire Council, by sharing further services. This enables us to provide greater efficiencies to protect our frontline services in light of the reduced funding we receive from Government. It also gives us the opportunity to improve service delivery by sharing best practice so that services are protected and consistently delivered.

The performance against strategic priorities and achievements against them is set out below.

District of Opportunity			
<b>Economic growth</b> Increased business investment and employment with major employers (i.e. Amazon) moving into the area. Adopted local plan allocated around 200 hectares of employment land	<b>Planning</b> Shortlisted for three national awards Best use of brownfield land Increased housing delivery	<b>Private Housing</b> First full year for new Small Repairs Technician. This service assisted 247 households, including fitting 130 key-safe, ensuring vulnerable residents can be safely discharged, saving NHS 910 bed-days	<b>Self-Build Mortgages</b> Launch of a pilot scheme supporting local people wishing to access mortgages for self-build properties at Graven Hill
Safe, Green, Clean			
<b>Community Safety</b> The Council has been involved with 5 Secondary and 19 Primary schools in Banbury along with other professionals such as Locality Community Support Service/Aquarius/Oxford City Council and Thames Valley Police	<b>Youth Activator Programme</b> Engaged 6,759 young people aged 8-16 years in sport and physical activity opportunities Targeted school programme for the least active young people delivered with 24 schools Mental Wellbeing school programme delivered for young people taking exams	<b>Environmental Services</b> Attended several events including Food Fairs in Banbury, talks to scout and brownie groups, schools, Banbury ReFashion event and several neighbourhood blitzes Successful naming of recycling mascot for the	

		district competition
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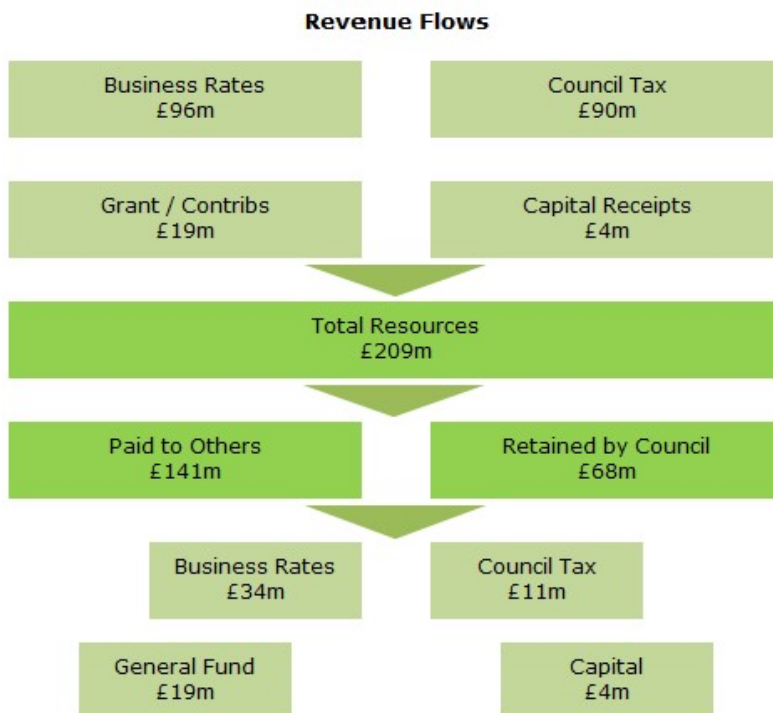
<b>A Thriving District</b>			
<p><b>Community Services</b></p> <p>Cherwell senior forum held with 80 people attending representing groups across the district</p> <p>Banbury Play Day event held at People's Park 26 July 2017, bringing together youth providers in the local area to showcase their services</p>	<p><b>Bicester</b></p> <p>Provision of marked routes, Bicester 5k Health Routes, to encourage people to exercise local to where they live</p>	<p><b>Community Development</b></p> <p>Longford Park new community event.</p> <p>Engaging with residents and stall holders</p> <p>Successful Connecting the Community events held with over 760 people attending</p>	<p><b>Housing</b></p> <p>10 additional bed spaces in Adult Homeless Pathway</p> <p>Facilitated co-location of one of Adult Social Care's STEPS with Housing Options Team</p> <p>900 advice and prevention cases opened, only 10% went on to make a statutory homeless application</p>

<b>Sound Budgets and Customer Focused Council</b>	
<p><b>Peer Challenge</b></p> <p>In September 2017 the Council commissioned the LGA to undertake a peer challenge (health check) of the organisation. Positive outcome, with a number of areas of good practice recognised, some as national best practice</p>	<p><b>Transformation</b></p> <p>The Council is adopting new methods of thinking and working that focus on having value for customers and residents whilst improving and smoothing business process flows and removing waste.</p>

Robust financial management has ensured we have managed our budget well for the year. Although this report is an opportunity to look back on our achievements in the last year, we are not standing still and have already detailed ambitious plans to further improve our services and deliver on our objectives in 2018/2019. A refreshed annual business plan is in place to ensure we maximise the quality of services being delivered to get the best outcomes for the residents and businesses of Cherwell. The 2018/2019 business plan can be found on our website. Add a link here to where to find it.



## Financial Overview



The Council manages assets of over £200m. The Council collects £96m Business Rates, 50% of this is passed to central government and 10% to the County Council, the remaining 40% is retained by the Council. There has been a 20% increase in the amount of business rates collected in 17/18 compared to 16/17.

Council Tax of £90m is collected within the district. The district Council collects Council Tax on behalf of other bodies including Central Government, Oxfordshire County Council and Thames Valley Police and Crime Commissioner. Council Tax income has increased by 6%.

### Pension Liabilities

The value of what the Council owes across future years is offset by the value of the assets invested in the pension fund. The value of the pension fund deficit for 2017/18 is £86m; this reflects a decrease of £6.6m from the 2016/17 deficit position.

### Contingencies

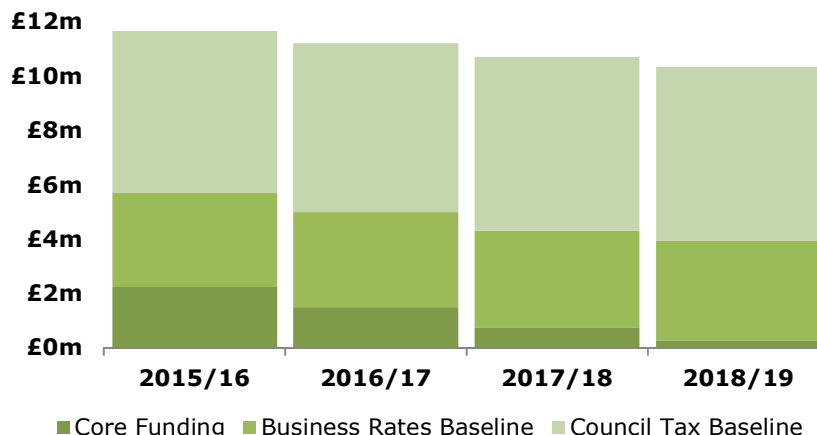
The Council has to set aside a provision for appeals which might arise against business rates valuations. The Council has a large amount of business rates income and therefore has a significant appeals provision. The Council has made the provision as follows to ensure that it can meet any future costs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

	<b>2016/17</b>	<b>2017/18</b>
Appeals Provision	£1.9m	£3.8m

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

### Council Funding 2017/18

The whole of Local government has seen a steady reduction in its core funding putting pressure on other income sources such as Council Tax. For Cherwell the impact can be shown in the graph below



The Council continues to manage and rise to the challenges facing local government through:

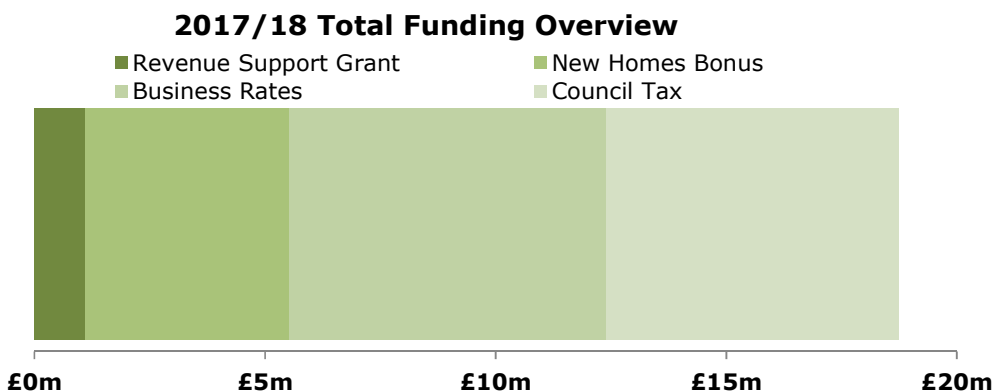
- Robust financial management
- Innovating and commercial approaches to service delivery and income generation

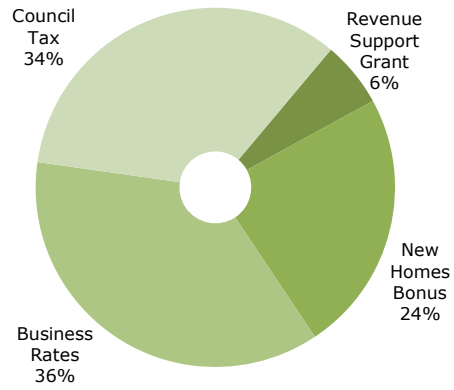
The Council has been able to manage funding reduction through transformation, sharing services and delivering efficiencies and income generation rather than reducing front line services.

This approach has allowed the Council to keep council tax low for taxpayers across the district. There has been no change in the amount charged from Cherwell for a number of years. Band D Council Tax for 2017/18 was £123.50 which represents a low level of Council Tax.

The Council will continue to transform, become more efficient and generate additional income to continue to provide sound financial management and provide cost effective services to the district.

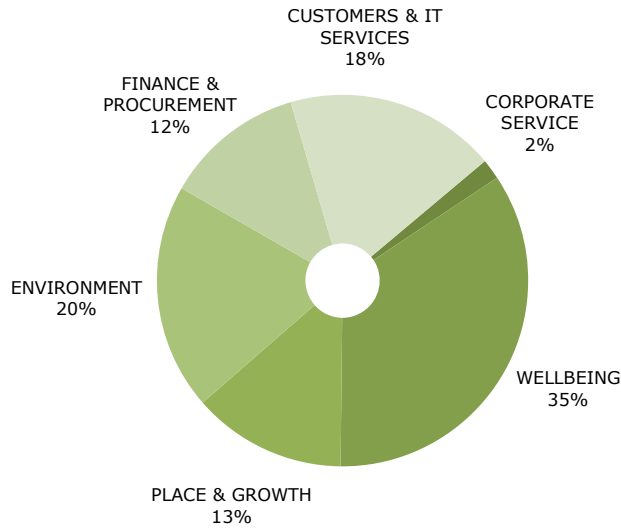
The Councils core funding from central government has been reducing and funding generated as a result of economic growth and development is increasing. As the local economy grows, new houses are built and new business start-up or move to the area the amount of business rates and council tax the Council collects and retains increases.





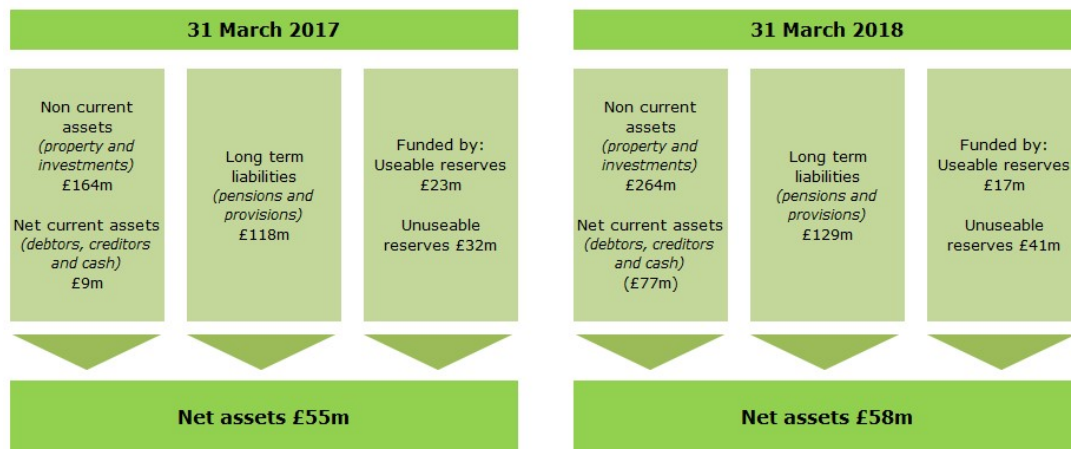
### Council Spending 2017/18

The illustration below sets out where money has spent



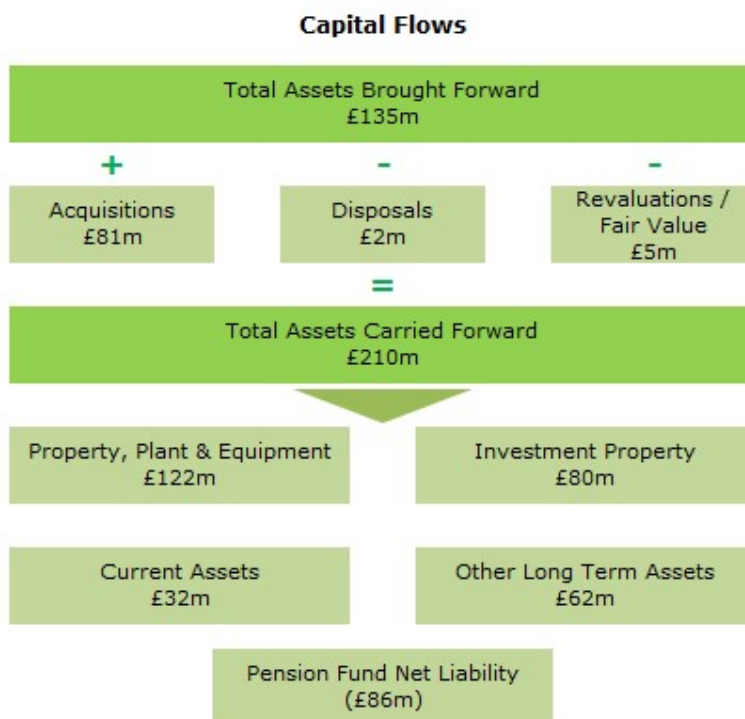
### Financial Position

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



## Capital Expenditure

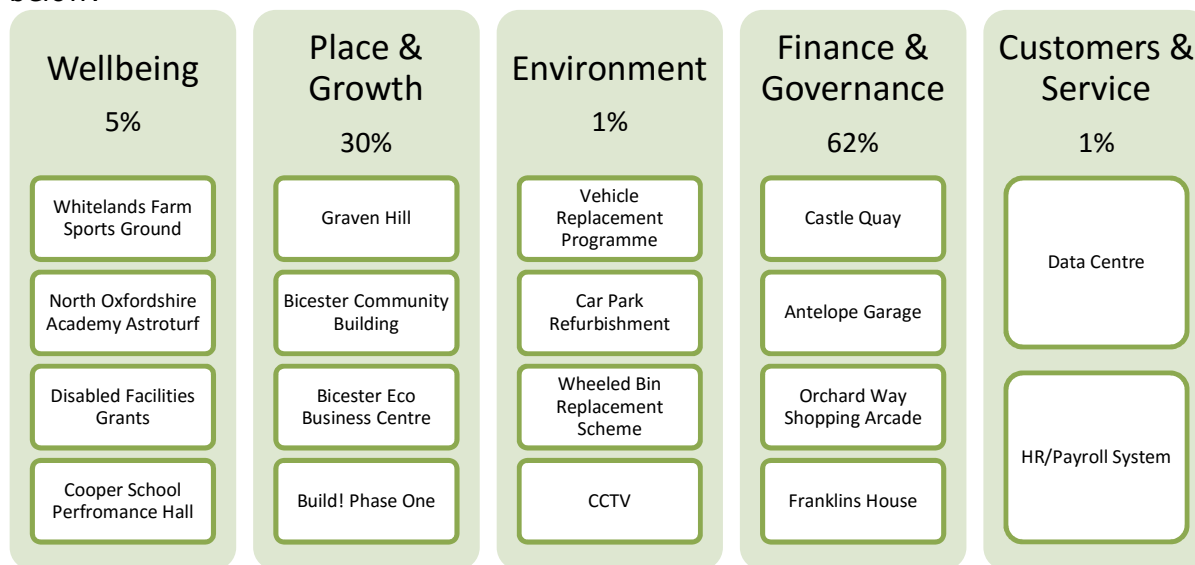
The Council manages capital flows in excess of £210m.



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 recognise the importance of investing in our assets for commercial gain to protect our core statutory functions.

DIRECTORATE	BUDGET £000	ACTUAL £000	SLIPPAGE £000	VARIANCE £000
Wellbeing	7,479	5,202	1,936	(341)
Place & Growth	35,774	32,423	5,277	1,926
Environment	2,098	1,251	855	8
Finance & Governance	73,976	64,713	9,389	126
Customers & Service Development	766	369	446	49
<b>Total</b>	<b>120,093</b>	<b>103,958</b>	<b>17,903</b>	<b>1,768</b>

Some examples of where the majority of capital expenditure has been incurred are shown below:



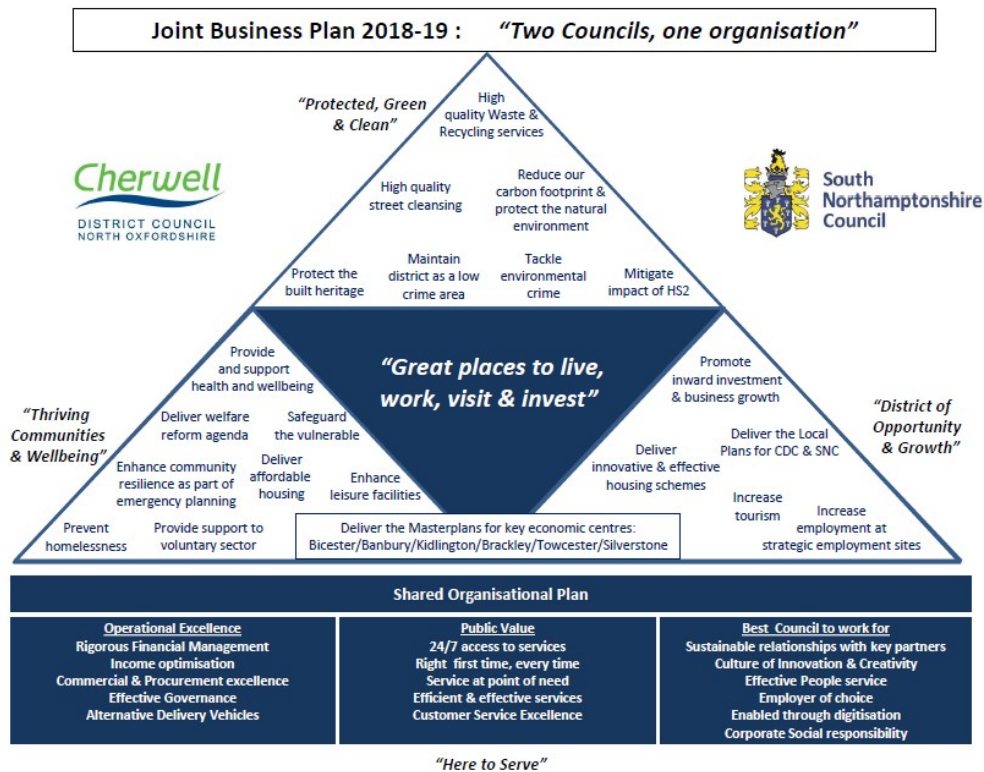
### Major schemes

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

Major Schemes		
Castle Quay £60m	Graven Hill £21m	Crown House £7m
Castle Quay is a core part of the future regeneration of Banbury town centre, incorporating Quay shopping centre and delivery of the planned CQ2 development. The Council is delivering a more coordinated approach to improving the town centre that ensures the sites complement each other and our overall vision for Banbury	The UK's largest self-build and custom build housing project Homes are expected to vary from detached properties, terraces, apartments and bungalows depending on individual designs The project will be delivered by the Graven Hill Village Holding Company – which is wholly owned by Cherwell District Council and its subsidiary, the Graven Hill Village Development Company	Crown House, in Bridge Street, Banbury, has remained empty for more 26 years having previously provided office accommodation The site has now been purchased from Brickmort Developments by Cherwell District Council, which will use existing planning consent to deliver 51 one and two bedroom apartments alongside a ground floor coffee shop

### Looking Ahead

We are moving into the final year of the current 5 year business strategy. We have revised the annual business plan for 2018/19 detailing the key objectives we are working towards delivering. The progress and success in delivering these key objectives will be monitored through the annual business plan which is reviewed monthly. All Service areas within the council has a more detailed service plan which outlines the purpose, outcomes and actions to support the overarching business plan and priorities.



## Future challenges

The Council recently completed the budget and financial strategy for 2018/19. The strategy identifies and captures a number of financial challenges including reductions to government funding, economic growth (including population) and an increase in the demand for services. There remain uncertainties and the impact of these will further emerge over the coming months and years as they begin to be fully understood, these include the Fairer Funding Review and Brexit.

The Council has worked closely with South Northamptonshire Council for a number of years and has generated efficiencies and savings from developing and sharing services. The neighbouring county of Northamptonshire is currently in the process of developing proposals for alternative structure of local government for the area. The impact this will have on Cherwell District Council is not yet known, however, the Council will continue to work with its Northamptonshire partners to develop understanding and assess the impact for the Council and its future financial strategy.

## 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 2018. 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 underpinned by International Financial Reporting Standards.

The **Core Statements** can be describes as:

The **Comprehensive Income and Expenditure Statement** shows cost of providing services across the district during 2017/18. The top half of the statement sets out spend by

service area and the bottom half deals with corporate transactions and funding. The statement shows the accounting cost of services rather than just the amount being funded by taxation.

The **Movement in Reserves Statement** sets out the changes and use of reserves during 2017/18. The reserves are analysed into "Useable", which are used for service improvements or capital projects, and "Unuseable" which are set aside for specific purposes.

The **Balance Sheet** shows the position of the Councils assets, liabilities, cash, investments and reserves at the year-end date.

The **Cash Flow Statement** shows how the Councils cash balances have changed during the year and explains what this is due to. Movements can be due to investment, operating or financing activity such as borrowing.

The **Supplementary Financial Statements** are:

The **Notes** to the accounts provide additional insight into the accounting policies and accounting transactions during the year.

The **Collection Fund** shows the summary of the collection of Council and Business Rates during the year as well as any redistribution of that money to other local authorities and central government.

The **Pension Fund Account** shows the overall position of the investment in the Local Government Pension Fund on behalf of the Councils employees.

The Council also prepares **Group Accounts** which set out the consolidated position for the Council and its subsidiary companies. The Council has the following subsidiary companies:

**Graven Hill Village Holdings Ltd and Graven Hill Village Development Company Ltd** were created to enable the delivery of a range of housing options in the district including self and custom build. This will deliver new housing and develop brownfield sites.

**Crown House Banbury Ltd** was purchased to deliver 51 apartments and a coffee shop. Delivering housing opportunity and regenerating Banbury town centre.

**CSN Resources Ltd** has been established to take on the Revenues and Benefits function during 2018/19.

The **Annual Governance Statement** 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 Deputy S151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### **The Deputy S151 Officer's responsibilities**

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

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

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

The Deputy S151 Officer has also:

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

### **Deputy S151 Officer's Certificate**

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

**Adele Taylor FCPFA**  
**S151 Officer**

**Date:**

### **Chairman of Accounts, Audit and Risk Committee Certificate**

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

**Councillor Mike Kerford-Byrnes**  
**Chairman of Accounts, Audit and Risk Committee**

**Date:**



## Expenditure and Funding Analysis

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

Net Expenditure Chargeable to the General Fund Balance	2016/17 Adjustments	Net Expenditure in the Compre- hensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	2017/18 Adjustments	Net Expenditure in the Compre- hensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000
245	(2)	243	354	99	453
3,326	9,272	12,598	4,803	2,937	7,739
3,055	2,699	5,755	2,545	3,391	5,936
3,162	2,734	5,896	3,102	2,299	5,401
4,302	2,096	6,399	2,021	3,183	5,205
4,232	145	4,378	3,537	1,182	4,719
1,838	(190)	1,648	0	0	0
<b>19,971</b>	<b>16,945</b>	<b>36,916</b>	<b>16,361</b>	<b>13,092</b>	<b>29,453</b>
(18,048)	(7,000)	(25,048)	(13,109)	(9,815)	(22,924)
<b>1,922</b>	<b>9,946</b>	<b>11,868</b>	<b>3,253</b>	<b>3,277</b>	<b>6,529</b>
(21,643)		Opening Combined General Fund Balance	(19,721)		
1,922		Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	3,253		
<b>(19,721)</b>		<b>Closing Combined General Fund Balance</b>	<b>(16,468)</b>		

Expenditure and funding analysis adjustments are explained in Note 7a

## Comprehensive Income and Expenditure Statement

2016/17				2017/18		
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000	Notes	£000	£000	£000
243	0	243	Chief Executive	453	0	453
14,538	(1,940)	12,598	Wellbeing	10,181	(2,441)	7,740
8,525	(2,770)	5,755	Place and Growth	8,773	(2,837)	5,936
10,586	(4,691)	5,895	Environment	10,520	(5,119)	5,401
45,779	(39,380)	6,399	Finance and Governance	43,836	(38,631)	5,205
4,556	(178)	4,378	Customers and Service Development	4,889	(169)	4,720
1,648	0	1,648	Non Distributed Services	0	0	0
<b>85,875</b>	<b>(48,959)</b>	<b>36,916</b>	<b>Cost of Services</b>	<b>78,652</b>	<b>(49,199)</b>	<b>29,453</b>
4,805	(3,644)	1,160	10 Other Operating Expenditure	5,064	(2,228)	2,836
8,797	(10,288)	(1,491)	11 Financing and Investment Income and Expenditure	11,176	(7,037)	4,140
0	(24,718)	(24,718)	12 Taxation and Non Specific Grant Income	0	(29,899)	(29,899)
<b>99,477</b>	<b>(87,609)</b>	<b>11,868</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>94,892</b>	<b>(88,363)</b>	<b>6,529</b>
		15,556	24 (Surplus) or deficit on revaluation of Property, Plant and Equipment			(2,024)
		41	24 (Surplus) or deficit on revaluation of available for sale financial assets			0
		17,520	39 Remeasurement of the net defined benefit liability / (asset)			(7,651)
		<b>33,117</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(9,675)</b>
		<b>44,985</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(3,146)</b>

## 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
<b>Balance at 31 March 2017</b>	(2,514)	(17,207)	(2,945)	(165)	<b>(22,831)</b>	(31,839)	<b>(54,671)</b>
<b>Movement in reserves during 2017/18</b>							
Surplus or deficit on the provision of services	6,529				<b>6,529</b>		<b>6,529</b>
Other Comprehensive Income / Expenditure						(9,675)	<b>(9,675)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>6,529</b>	<b>0</b>			<b>6,529</b>	<b>(9,675)</b>	<b>(3,146)</b>
Adjustments between accounting basis and funding basis under regulations - Note 08	(3,500)		2,945	(213)	<b>(768)</b>	768	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>3,029</b>	<b>0</b>	<b>2,945</b>	<b>(213)</b>	<b>5,761</b>	<b>(8,907)</b>	<b>(3,146)</b>
Transfers to / from Earmarked Reserves - Note 09	(1,514)	1,514			<b>0</b>	0	<b>0</b>
<b>Increase or Decrease in 2017/18</b>	<b>1,515</b>	<b>1,514</b>	<b>2,945</b>	<b>(213)</b>	<b>5,761</b>	<b>(8,907)</b>	<b>(3,146)</b>
<b>Balance at 31 March 2018</b>	<b>(999)</b>	<b>(15,693)</b>	<b>0</b>	<b>(378)</b>	<b>(17,070)</b>	<b>(40,746)</b>	<b>(57,817)</b>

	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
<b>Balance at 31 March 2016</b>	(3,390)	(18,253)	(3,161)	(47)	<b>(24,850)</b>	(74,806)	<b>(99,656)</b>
<b>Movement in reserves during 2016/17</b>							
Surplus or deficit on the provision of services	11,868				<b>11,868</b>		<b>11,868</b>
Other Comprehensive Income / Expenditure						33,117	<b>33,117</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>11,868</b>	<b>0</b>			<b>11,868</b>	<b>33,117</b>	<b>44,985</b>
Adjustments between accounting basis and funding basis under regulations - Note 08	(9,946)		216	(118)	<b>(9,848)</b>	9,848	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>1,922</b>	<b>0</b>	<b>216</b>	<b>(118)</b>	<b>2,020</b>	<b>42,965</b>	<b>44,985</b>
Transfers to / from Earmarked Reserves - Note 09	(1,046)	1,046			<b>0</b>	0	<b>0</b>
<b>Increase or Decrease in 2016/17</b>	<b>876</b>	<b>1,046</b>	<b>216</b>	<b>(118)</b>	<b>2,020</b>	<b>42,965</b>	<b>44,985</b>
<b>Balance at 31 March 2017</b>	<b>(2,514)</b>	<b>(17,207)</b>	<b>(2,945)</b>	<b>(165)</b>	<b>(22,831)</b>	<b>(31,841)</b>	<b>(54,672)</b>

## Balance Sheet

31 March 2017		31 March 2018	
£000	Notes		£000
108,340	13	Property, Plant and Equipment	122,236
18,500	14	Investment Property	79,491
821	15	Intangible Assets	781
181	20	Assets Held for Sale	0
12,852	16	Long Term Investments	21,427
23,172	16	Long Term Debtors	39,884
<b>163,866</b>		<b>Long Term Assets</b>	<b>263,819</b>
11,519	16	Short-term Investments	7,001
134	17	Inventories	169
9,868	18	Short Term Debtors	10,594
6,077	19	Cash and Cash Equivalents	12,629
<b>27,598</b>		<b>Current Assets</b>	<b>30,393</b>
0	16	Short-Term Borrowing	(90,611)
(15,500)	21	Short-Term Creditors	(12,767)
(1,522)	22	Provisions	(2,172)
(1,963)	33	Grants Receipts in Advance - Revenue	(2,330)
<b>(18,985)</b>		<b>Current Liabilities</b>	<b>(107,880)</b>
(906)	22	Provisions	(1,918)
0	16	Long Term Borrowing	(21,173)
(94,043)	36/39	Other Long-Term Liabilities	(87,457)
(22,858)	33	Grants Receipts in Advance - Capital	(17,967)
<b>(117,807)</b>		<b>Long Term Liabilities</b>	<b>(128,515)</b>
<b>54,672</b>		<b>Net Assets</b>	<b>57,817</b>
(22,831)	23	Usable Reserves	(17,070)
(31,841)	24	Unusable Reserves	(40,747)
<b>(54,672)</b>		<b>Total Reserves</b>	<b>(57,817)</b>

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2018 and its income and expenditure for the year ended 31 March 2018. These financial statements replace the unaudited financial statements signed by the Chief Finance Officer on 30 June 2018.

Adele Taylor FCPFA  
S151 Officer

Date:

## Cash Flow Statement

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

2016/17			2017/18
£000	Notes		£000
11,868		Net (surplus) or deficit on the provision of services	6,529
(26,356)	25	Adjustment to surplus or deficit on the provision of services for noncash movements	(16,638)
7,530	25	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	6,766
<b>(6,959)</b>		<b>Net cash flows from operating activities</b>	<b>(3,343)</b>
12,438	26	Net cash flows from investing activities	106,238
763	27	Net cash flows from financing activities	(109,449)
<b>6,242</b>		<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(6,554)</b>
12,317		Cash and cash equivalents at the beginning of the reporting period	6,075
<b>6,075</b>		<b>Cash and cash equivalents at the end of the reporting period</b>	<b>12,629</b>

## **Note 1 - Accounting Policies**

### **General principles**

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31st March 2018. 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 2003 Act primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2017/18* and the *Service Reporting Code of Practice 2017/18*, supported by *International Financial Reporting Standards* (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

### **Going Concern**

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

### **Accruals of Income and Expenditure**

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

- Revenue from sale of goods is recognised when the authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- An exception to this policy is housing benefit transactions which are accounted for on a cash basis, that is, when the payment is made.
- Interest receivable on investments is accounted for respectively as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The de minimis level for manual accruals has been maintained at £20,000, which is reviewed annually. This removes small transactions at the end of the financial year that do not materially affect the accounts. The purchase orders processed automatically through the financial information system are all processed with no de minimis level for these transactions.
- For business rates, the levy or safety net payments owed to or from Central Government for the financial year are reported in the year they relate to on an accruals basis. Cherwell is the lead authority for the North Oxfordshire Pool and has accounted for the amounts owing to the Pool for levy payments and owed to the other pool members for the gain from the pool on an 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.

### **Collection Fund Income and Expenditure Account**

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

## **Council Tax 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 (ie 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 NNDR 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 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.

## **Council Tax Reduction scheme**

Prior to 2013/14 certain eligible taxpayers had some, or all, of their charge met by Council Tax Benefits. The amount of the benefit was credited to the Collection Fund and appeared as a charge in the billing authority's Central Services to the Public line in the Comprehensive Income and Expenditure Statement. From



2013/14 Council Tax Benefits has been replaced by a Council Tax Reduction Scheme which is applied directly to the Council Tax base.

### **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 2017-18.

Changes in accounting policy no longer need to be material to result in a Prior Period Adjustment.

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

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

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

No material errors have been made in prior year accounts that need to be amended in the 2017-18 accounts.

### **Employee Benefits**

- **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu, flex-leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes

the benefit. The accrual is charged to the service account, but then reversed out through the Movement in Reserves Statement so that holiday benefits accrual has no impact on Council Tax and holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

- **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the 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 scheme is accounted for as a defined benefit scheme.

The pension fund liability is calculated every three years by the funds actuary, with annual updates in the intervening years. Methods and assumptions consistent with IAS19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 39. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

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

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

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

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

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- Net interest on the net defined benefit liability (asset) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

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

- **Discretionary Benefits**

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

### **Events after the 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 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. [In Scotland the statutory guidance may restrict an authority's ability to adopt this approach.] The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

- **Financial Assets**

Financial assets are classified into two types:

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

The Council has financial assets comprising of long-term and short-term investments, long-term debtors, short-term debtors (excluding statutory debts such as Council Tax, Non-Domestic Rates, rent allowances, precepts, etc) and cash & cash equivalents. These are assets that have fixed or determinable payments but are not quoted in an active market. They are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the

Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

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

- **Available-for-Sale Assets**

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

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

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

- Level 3 inputs – unobservable inputs for the asset.

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

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

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

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

### **Foreign Currency Translation**

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

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

### **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

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

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

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

### **Intangible Assets**

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

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

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



### **Interests in Companies and Other Entities**

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses in 2017/18, the Graven Hill Development Company, Crown House Banbury Ltd, CSN Resources Ltd and CSN associates which did not trade in 2017/18.

Group Accounts have prepared in accordance with paragraph 9.1.2.60 of the Code, using uniform accounting policies for like transactions and other events in similar circumstances.

### **Inventories and Long Term Contracts**

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

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

### **Investment Property**

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

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

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

### **Jointly Controlled Operations and Jointly Controlled Assets**

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

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

### **Leases**

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

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

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

### **The Council as Lessee**

- **Finance Leases**

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

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated

useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

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

- **Operating Leases**

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

## **The Council as Lessor**

- **Finance Leases**

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

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been

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

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

- **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

### **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.

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

### **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located 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 acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- infrastructure, community assets and assets under construction – (depreciated) historical cost.
- dwellings – Current value, determined using the basis of existing use value for social housing (EUV-SH).
- other land and buildings and operational assets where there is an active market – Current value determined as the amount that would be paid for the asset in its existing use (EUV).
- operational assets where there is an active market Operational assets where there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold ( ie EUV cannot be determined), depreciated replacement cost (DRC) using the 'instant build' approach as an estimate of current value.
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. At Cherwell District Council this applies to our sports centres.

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

Assets included in the Balance Sheet at current value are revalued regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits taken to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

- **Impairment**

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

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

- **Depreciation**

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

Depreciation is calculated on the following bases:

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

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

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

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

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

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



The following five components have been identified:

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

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

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

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

- **Disposals and Non-Current Assets Held for Sale**

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale and are kept under their original category.

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

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

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

## **Heritage Assets**

- **Heritage Assets—measurement and valuation**

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on an annual basis. There is an annual programme of valuations and items are valued by an external valuer. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

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

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, for example, where an item has

suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The trustees of the Council's Museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

### **Fair Value Measurement**

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

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

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

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

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

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

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

### **Minimum Revenue Provision**

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

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

### **Provisions, Contingent Liabilities and Contingent Assets**

- **Provisions**

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

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

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

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

### **Contingent Liabilities**

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

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

**Reserves**

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

**Revenue Expenditure Funded from Capital under Statute (REFCUS)**

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

**VAT**

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

## **Note 2 - Accounting Standards Issued, Not Adopted**

Under The Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 (the Code) the Council is required to disclose setting out the impact of accounting code changes required by new accounting standards that have been issued but not yet adopted by the code.

The statement of accounts for 2017/18 has been updated to highlight the impact of International Financial Reporting Standard 9 – Financial instruments, which is to be introduced in 2018/19. The main changes include the reclassification of financial assets and the earlier recognition of the impairment of financial assets. An initial review has indicated that whilst this may result in presentational changes and additional disclosures, there will be no impact on financial performance given the nature of current financial assets held.

There are no other new standards in the 2018-19 code which are likely to have a material effect on the 2017/18 Statement of Accounts.

## **Note 3 - Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows.

### **Future Funding of Local Government**

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. The Council prepares a detailed Medium Term Financial Plan, which models the risk and helps identify what needs to be done to manage the risks. The Council regularly reviews its strategic risks through its senior management and Member level. In addition to funding, the Council has recognised that there is uncertainty about the way in which Local Government in Northamptonshire will be organised in future years. The Council has identified this within our overall Leadership risk register and continues to review the impact of this ongoing review and will also review any impact that this may have on future years funding and identify this in our Medium Term Financial Plan as the impact becomes more certain.

### **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.

- The Council's Leisure centres and Leisure service is operated by Parkwood Leisure, an organisation that leases and operates the leisure centres previously run by the Council. It has been determined that the council does not have control of Parkwood Leisure and it is not a subsidiary of the authority and the assets are leased from the council as operating leases which means the council retains ownership of these assets and the type of contract between the Council and Parkwood Leisure is a service operating agreement.
- With the introduction of Business Rate Retention, the council has estimated a provision for NNDR rate appeals. We have analysed information from the valuation office and consulted with other Oxfordshire Authorities and used information from the valuation office agency (VOA) revaluation to arrive at the figure in the accounts. The top-up and tariff equalisation mechanism in the business rates retention scheme was adjusted for 2017/18 to ensure that authorities were no better or worse off as a result of the revaluation of rateable values that took effect from 1 April 2017.

#### **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. Recent changes to the appeals backdating led to an increased number of claims being submitted in 2015/16. It is unknown how many of the outstanding appeals will be successful, and estimation techniques have been applied to the outstanding appeals using historic success rate data, including for those that may be speculative claims. With the introduction of Business Rate Retention, the Council has estimated a provision for NNDR rate appeals. We have analysed information from the valuation office and consulted with other Oxfordshire Authorities and CIPFA to arrive at a figure in the accounts.
- The introduction of the new 2017 rating list on 1<sup>st</sup> April 2017 and the new methodology of businesses making appeals to the VOA of 'Check, Challenge and Appeal' require us to change the method of calculating potential losses on appeals.
- For all appeals on the 2010 rating list, the current methodology will not change and will be based upon the information provided by the VOA on a monthly basis and based upon the past success of appeals that have been lodged.

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation of Property, Plant & Equipment	The Council assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.	Where the Council determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Council's accounts when the change in estimate is determined. The carrying value of assets in the balance sheet is £122,236k
Impairment of Property, Plant & Equipment & Intangible Assets	The Council assesses the impairment of property, plant and equipment and intangible assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards  Factors that are considered important and which could trigger an impairment review include the following: <ul style="list-style-type: none"> <li>• obsolescence or physical damage;</li> <li>• significant changes in technology and regulatory environments;</li> <li>• significant underperformance relative to expected historical or projected future operating results;</li> <li>• significant changes in the use of its assets or the strategy of the</li> </ul>	The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units requires significant judgement which is determined by a qualified valuer.



	<p>overall business;</p> <ul style="list-style-type: none"> <li>• significant negative industry or economic trends; and</li> <li>• significant decline in the market capitalisation relative to net book value for a sustained period.</li> </ul>	
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for <i>similar</i> assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 13 and 16 below.</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets. 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.</p>
Impairment allowance for doubtful debt	<p>The Impairment allowance for doubtful debt reflects the Council's estimates of losses arising from the failure or inability of the Council's customers to make required payments. The allowance is based on the ageing of customer accounts, customer credit worthiness and the Council's historical write-off experience.</p>	<p>Changes to the allowance may be required if the financial condition of the Council's customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.</p>
Pensions	<p>The Council provides one defined benefit pension scheme for its</p>	<p>The assumptions used by the Council are set out in note 43</p>

	<p>employees. The asset (or liability) recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as:</p> <ul style="list-style-type: none"> <li>• the life expectancy of the Officers;</li> <li>• the length of service;</li> <li>• the rate of salary progression;</li> <li>• the rate of return earned on assets in the future;</li> <li>• the rate used to discount future pension liabilities; and</li> <li>• future inflation rates.</li> </ul>	<p>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 39.</p>
<p>Provision for Business Rates Appeals</p>	<p>Following the changes in accounting for Business Rates, the Council has set up a provision for Business Rates appeals. The provision has been calculated based upon the latest appeals list from the Valuation Office. Business Rates Pool have used their local knowledge to calculate their provisions, for Cherwell this equated to 10.6% of Net Rates Payable.</p>	<p>If the provision for appeals was increased by 1% the resulting increase would be £879,816 shared across Central Government (50%), the county council (10%) and Cherwell District Council (40%)</p>

## **Note 5 - Material Items of Income and Expense**

### **Pensions**

The actuary carried out a valuation as at 31 March 2018. This has resulted in pension assets increasing from £97.9m 31 March 17 to £104.1m 31 March 18. Liabilities have decreased from £190.3m 31 March 17 to £190m 31 March 18, which resulted in a net decrease in liability of £6.6m.

## **Note 6 - Events After the Balance Sheet Date**

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

## Note 7a - Note to the Expenditure and Funding Analysis

	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	2017/18 Other Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000
Chief Executive	0	99	0	0	99
Wellbeing	1,969	968	0	0	2,937
Place and Growth	2,244	1,147	0	0	3,391
Environment	821	1,525	0	(47)	2,299
Finance and Governance	437	433	24	2,289	3,183
Customers and Service Development	121	1,062	0	0	1,182
Non Distributed Services	0	0	0	0	0
<b>Net Cost of Services</b>	<b>5,592</b>	<b>5,235</b>	<b>24</b>	<b>2,241</b>	<b>13,092</b>
Other Income and Expenditure	(5,166)	0	(2,407)	(2,243)	(9,815)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>426</b>	<b>5,235</b>	<b>(2,382)</b>	<b>(1)</b>	<b>3,277</b>

	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	2016/17 Other Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000
Chief Executive	0	(2)	0	0	(2)
Wellbeing	9,290	(18)	0	0	9,272
Place and Growth	2,724	(24)	0	0	2,699
Environment	2,766	(33)	0	0	2,734
Finance and Governance	2,119	(17)	(5)	0	2,096
Customers and Service Development	358	(213)	0	0	145
<b>Net Cost of Services</b>	<b>17,257</b>	<b>(307)</b>	<b>(5)</b>	<b>0</b>	<b>16,945</b>
Other Income and Expenditure	(9,405)	2,554	(149)	0	(7,000)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>7,852</b>	<b>2,247</b>	<b>(154)</b>	<b>0</b>	<b>9,946</b>

## Note 7b - Segmental Analysis of Income and Expenditure

	Revenues from External Customers	Revenues from Other Segments	2017/18 Interest Revenue	Interest Expense	Depreciation and Amortisation
	£000	£000	£000	£000	£000
Chief Executive	0	0	0	0	0
Wellbeing	(528)	(1,913)	0	0	2,479
Place and Growth	(2,635)	(202)	0	0	21
Environment	(2,563)	(2,129)	0	0	725
Finance and Governance	(4,050)	(37,130)	0	0	401
Customers and Service Development	(92)	(77)	0	0	363
Non Distributed Services	0	0	(1,723)	545	0
<b>Total Managed by Segments</b>	<b>(9,868)</b>	<b>(41,452)</b>	<b>(1,723)</b>	<b>545</b>	<b>3,989</b>

	Revenues from External Customers	Revenues from Other Segments	2016/17 Interest Revenue	Interest Expense	Depreciation and Amortisation
	£000	£000	£000	£000	£000
Chief Executive	0	0	0	0	0
Wellbeing	(483)	(1,457)	0	0	2,482
Place and Growth	(2,364)	(406)	0	0	54
Environment	(2,547)	(2,053)	0	0	692
Finance and Governance	(3,329)	(38,217)	0	0	401
Customers and Service Development	(68)	(110)	0	0	373
Non Distributed Services	0	0	(690)	140	0
<b>Total Managed by Segments</b>	<b>(8,792)</b>	<b>(42,243)</b>	<b>(690)</b>	<b>140</b>	<b>4,002</b>

## Note 7c - Expenditure and Income Analysed by Nature

2016/17	2017/18
<b>£000 Nature of Expenditure or Income</b>	<b>£000</b>
(14,191) Fees, charges and other service income	(17,728)
0 Support Service recharge income	0
0 Surplus or deficit on associates and joint ventures	0
(7,397) Interest and investment income	(1,739)
(10,818) Income from local taxation	(11,150)
(55,204) Government grants and contributions	(57,291)
0 Other income	0
18,956 Employee benefits expenses	22,335
0 Support service recharge expenditure	0
0 Other service expenses	0
12,199 Depreciation, amortisation and impairment	4,195
2,694 Interest payments	3,023
4,805 Precepts and levies	5,050
0 Payments to Housing Capital Receipts Pool	0
(3,644) Gain or loss on disposal of non-current assets	(2,228)
64,468 Other expenditure	62,062
<b>11,868 Surplus or Deficit for Year</b>	<b>6,529</b>

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

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

2017/2018	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(1,070)			1,070
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	0			0
Council tax and NDR (transfers to or from the Collection Fund)	2,407			(2,407)
Holiday pay (transferred to the Accumulated Absences reserve)	(24)			24
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)	(6,196)		(1,028)	7,224
<b>Total Adjustments to Revenue Resources</b>	<b>(4,884)</b>	<b>0</b>	<b>(1,028)</b>	<b>5,912</b>
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	4,088	(4,088)		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	115			(115)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	37			(37)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>4,240</b>	<b>(4,088)</b>	<b>0</b>	<b>(152)</b>
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		7,033		(7,033)
Application of capital grants to finance capital expenditure			815	(815)
Cash payments in relation to deferred capital receipts		0		0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>7,033</b>	<b>815</b>	<b>(7,849)</b>
<b>Total Adjustments</b>	<b>(3,500)</b>	<b>2,945</b>	<b>(213)</b>	<b>767</b>

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



## Note 9 - Transfers to/from Earmarked Reserves

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

	Balance at 1 April 2016	Transfers In 2016/17	Transfers Out 2016/17	Balance at 31 March 2017	Transfers In 2017/18	Transfers Out 2017/18	Balance at 31 March 2018
	£000	£000	£000	£000	£000	£000	£000
<b>General Fund Reserves:</b>							
General Fund Reserves - Other	(14,433)	0	548	<b>(13,885)</b>	(5,186)	6,020	<b>(13,051)</b>
Area Based Grant	(83)	0	0	<b>(83)</b>	0	0	<b>(83)</b>
Bicester Fields Main Park	(97)	0	0	<b>(97)</b>	0	0	<b>(97)</b>
Brighter Futures - Skills Reward Grant	(95)	0	29	<b>(66)</b>	0	0	<b>(66)</b>
Bicester Garden Town	(1,521)	(314)	638	<b>(1,197)</b>	(387)	629	<b>(955)</b>
Bicester Youth Bus	(65)	0	0	<b>(65)</b>	0	0	<b>(65)</b>
Courtyard Youth Arts	(39)	0	0	<b>(39)</b>	0	0	<b>(39)</b>
Dovecote Milcombe	(56)	0	0	<b>(56)</b>	0	0	<b>(56)</b>
Eco Town Revenue	(592)	(204)	324	<b>(472)</b>	0	442	<b>(30)</b>
Flood Recovery Grant	(40)	0	0	<b>(40)</b>	0	0	<b>(40)</b>
Green Deal Pioneer Places	(69)	0	2	<b>(67)</b>	0	0	<b>(67)</b>
Home Improvement Agency	(234)	0	0	<b>(234)</b>	(47)	20	<b>(261)</b>
homelessness Prevention	(70)	0	0	<b>(70)</b>	0	0	<b>(70)</b>
New Burdens Grant	(248)	0	0	<b>(248)</b>	0	0	<b>(248)</b>
Performance Reward Grant ABG	(21)	0	0	<b>(21)</b>	0	0	<b>(21)</b>
Police & Crime Commissioner	(64)	0	0	<b>(64)</b>	0	0	<b>(64)</b>
Thames Valley Police	(40)	(25)	0	<b>(65)</b>	0	0	<b>(65)</b>
Sportivate Grant	(33)	0	0	<b>(33)</b>	0	0	<b>(33)</b>
Active Women	(22)	0	0	<b>(22)</b>	0	0	<b>(22)</b>
Corporate Training	(48)	0	48	<b>0</b>	0	0	<b>0</b>
Credit Union Development Officer	(23)	0	0	<b>(23)</b>	0	23	<b>0</b>
Housing and Planning Initiatives	(322)	0	0	<b>(322)</b>	0	0	<b>(322)</b>
Laburnham Cres Ambrosden	(38)	0	0	<b>(38)</b>	0	0	<b>(38)</b>
<b>Total General Fund</b>	<b>(18,253)</b>	<b>(543)</b>	<b>1,589</b>	<b>(17,207)</b>	<b>(5,620)</b>	<b>7,134</b>	<b>(15,693)</b>

<b>General Fund Reserves - Name of Reserve</b>	<b>Purpose of the Reserve</b>
Building Control	For use on the Building Control service in relation to funding work on an arm's length company
Capacity Funding	This reserve is used to support the regeneration of Bicester
Country Park Reserve	This reserve is used to fund major improvement works at the County Parks
Elections	The reserve has been set up to protect the council from standalone district elections which are now annual in all wards.
Environmental Warranties	The reserve is in place to protect the council against potential asbestos claims in Sanctuary Homes
Hanwell Fields Open Space	This reserve has been created from S106 monies and will be used towards the cost of the maintenance on Hanwell Fields open space as required
Home Improvement Agency	This reserve is for covering the costs of Home Improvement Agency Projects as required
Housing Reserve	The reserve is to be used to support the development of a Single Person's Housing Strategy including the development and management of single person's housing units in Cherwell.
Work in Default reserve	This reserve has been set up to cover the cost of emergency enforcement as required
Joint External Bid-writer	This reserve is for assisting with the cost of an external bid writer
Licensing	This reserve is to be used to balance License Fee Income to ensure that the council operates on a cost recovery basis.
Local Plan Charges	The reserve has been created to fund the one-off costs associated with the provision of the Local Plan
NHB - Affordable Housing	The reserve has been created from New Homes Bonus grant income and will be used on the strategic housing projects
NHB - Economic Development	The reserve has been created from New Homes Bonus grant income and will be used to fund the costs of Economic Growth projects across the district
NHB - Superfast Broadband	The reserve has been created from New Homes Bonus grant income and will be used to fund the costs associated with the Better Broadband for Oxfordshire programme
Planning Control	This reserve will be used to fund the costs associated with major planning applications where the costs fall over more than one financial year
Corporate Projects	The reserve has been created to cover the costs of strategic projects across the council.
Retained Business Rates	This is a volatility reserve to protect the council against any large movements in business rates
Sainsbury's Primary Authority	This reserve is to fund the commercial projects within public protection
Self-Insurance	This reserve holds self-insurance for small items that are otherwise not insured.
Transformation and Commercial	This reserve will be used to cover the costs of transformation projects across the council.
VAT Deminimus	This reserve has been set up to protect the council against the risk of breaching the VAT deminimus level of 5%
Welfare Reform	The reserve is to fund potential repayments of overpaid benefit subsidy and to cover any potential costs associated with Welfare reform and Benefits
Wheeled Bin Replacements	This reserve is to fund the cost of replacement wheeled bins.
Contributions to Health Bus	The reserve is for potential costs associated with the Health Bus
Performance Reward Grant ABG	This is a ring-fenced grant to be spent on specific projects to be approved by the Community Safety Partnership
Heat Network	The reserve is for funding the cost of Heat Network projects

<b>General Fund Reserves - Name of Reserve</b>	<b>Purpose of the Reserve</b>
Devolution Viability Work	The reserve will be used to fund the cost of work associated with reorganisation within Oxfordshire
Healthy New Towns	The reserve has been created to fund the cost of the Healthy New Towns initiative
Horton General Towns	The reserve will be used to fund the cost of the Horton Hospital review
Pensions Deficit	The council is building a reserve for funding the payment to LGSS after the next triennial review.
Area Based Grant	This reserve supports the work in community consultation and engagement
Bicester Fields Main Park	The reserve has been generated from S106 monies and will be used as maintenance funds to be used on an ongoing basis
Brighter Futures - Skills Reward Grant	Projects for early years, employment support and skills, family support & young people, financial inclusion & housing, health & well-being, safer & stronger communities
Bicester Garden Town	The reserve is for initiatives and studies pertaining to the development of Bicester as a Garden Town
Bicester Youth Bus	Grants provided by the Police and Crime Commissioners to fund Community Safety Projects - Not to be spent without the permission of the Community Safety Partnership.
Courtyard Youth Arts	The reserve is used to fund projects at the Courtyard
Dovecote Milcombe	The reserve has been generated from S106 monies and will be used as maintenance funds to be used on an ongoing basis
Eco Town Revenue	The reserve is used to fund Eco Town project as monitored by Place Programme and Project Board
Emergency Planning	The reserve has been created to cover the cost of emergency planning contingencies
Green Deal Pioneer Places	The reserve has been created from a ring fenced grant which is used on projects relating to the Government's Green Deal initiative
Homelessness Prevention	The reserve has been created from ring fenced grant to be spent in conjunction with Service Level Agreements with partnerships in conjunction with Cherwell's Homeless Action Plan
New Burdens Grant	The reserve has been created from various government grants to fund any additional costs associated with administering new government initiatives
PCC - Community Safety Grant	The reserve is created from ring-fenced grant to be spent on specific projects to be approved by the Community Safety Partnership
Thames Valley Police	This reserve is being used to fund the cost of CCTV replacement.
Sportivate Grant	The reserve has been created from ring fenced grant received for Sportivate activities
Active Women Grant	The reserve has been created from ring fenced grant received for Active Women activities
Laburnham Cres Ambrosden	The reserve has been generated from S106 monies and will be used as maintenance funds to be used on an ongoing basis

## Note 10 - Other Operating Expenditure

2016/17		2017/18
£000		£000
4,805	Precepts	5,050
(3,644)	Gains/losses on the Disposal of Non-Current Assets	(2,228)
0	Other	14
<b>1,160</b>	<b>Total Other Operating Expenditure</b>	<b>2,836</b>

## Note 11 - Financing and Investment Income and Expenditure

2016/17		2017/18
£000		£000
140	Interest payable and similar charges	545
2,554	Net interest on the net defined benefit liability (asset)	2,478
(690)	Interest receivable and similar income	(1,723)
(3,274)	Income and expenditure in relation to investment properties and changes in their fair value	2,160
(222)	Other investment income and expenditure	680
<b>(1,491)</b>	<b>Total</b>	<b>4,140</b>

## Note 12 - Taxation and Non-Specific Grant Income

2016/17		2017/18
£000		£000
(10,818)	Council tax income	(11,150)
(11,956)	Non-ringfenced government grants	(16,070)
(1,943)	Capital grants and contributions	(2,678)
<b>(24,718)</b>	<b>Total</b>	<b>(29,899)</b>

## Note 13 - Property, Plant and Equipment

### Movements to 31 March 2018

	Land and Buildings	Vehicles Plant & Equipment	Infrastructure Assets	Surplus Assets	Community Assets	Assets under Construction	Total Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
<b>at 1 April 2017</b>	85,482	12,202	5,443	0	24	18,134	<b>121,285</b>
Adjustments to cost/value & depreciation/impairment	(1,259)	(448)	0	0	0	0	<b>(1,707)</b>
Adjusted Opening Balance as at 1 April 2017	84,223	11,754	5,443	0	24	18,134	<b>119,578</b>
Additions	1,162	1,335	0	0	0	15,026	<b>17,523</b>
Acc Dep & Imp WO to GCA	(681)						<b>(681)</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,071	0	0	10	0	0	<b>2,081</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,365)	0	0	0	0	0	<b>(1,365)</b>
Derecognition – disposals	(1,480)	(503)	0	0	0	(212)	<b>(2,195)</b>
Reclassifications and transfer	0	0	0	0	0	0	<b>0</b>
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	<b>0</b>
Other movements in cost or valuation	4,311	0	0	0	0	(4,311)	<b>0</b>
<b>at 31 March 2018</b>	<b>88,241</b>	<b>12,586</b>	<b>5,443</b>	<b>10</b>	<b>24</b>	<b>28,637</b>	<b>134,941</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>at 1 April 2017</b>	(2,110)	(8,483)	(2,351)	0	0	0	<b>(12,944)</b>
Adjustments to cost/value & depreciation/impairment	1,210	437	0	0	0	0	<b>1,647</b>
Adjusted Opening Balance as at 1 April 2017	(900)	(8,046)	(2,351)	0	0	0	<b>(11,297)</b>
Depreciation charge	(1,606)	(825)	(173)	0	0	0	<b>(2,604)</b>
Acc. Depreciation WO to GCA	681						<b>681</b>
Derecognition – disposals	12	503	0	0	0	0	<b>515</b>
Other movements in depreciation and impairment	0	0	0	0	0	0	<b>0</b>
<b>at 31 March 2018</b>	<b>(1,813)</b>	<b>(8,368)</b>	<b>(2,524)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(12,705)</b>
<b>Net Book Value</b>							
<b>at 31 March 2018</b>	<b>86,428</b>	<b>4,218</b>	<b>2,919</b>	<b>10</b>	<b>24</b>	<b>28,637</b>	<b>122,236</b>
<b>at 31 March 2017</b>	<b>83,372</b>	<b>3,718</b>	<b>3,092</b>	<b>0</b>	<b>24</b>	<b>18,134</b>	<b>108,340</b>

## Movements to 31 March 2017

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

## Property, Plant and Equipment Revaluations

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Total
	£000	£000	£000	£000
<b>Carried at historical cost</b>	17,931	17,709	13	35,653
<b>Valued at current value as at:</b>				
<b>31/03/2018</b>	31,502	0	0	31,502
<b>31/03/2017</b>	37,386	0	0	37,386
<b>31/03/2016</b>	940	0	0	940
<b>31/03/2015</b>	0	0	11	11
<b>31/03/2014</b>	653	0	0	653
<b>Total Cost or Valuation</b>	<b>88,412</b>	<b>17,709</b>	<b>24</b>	<b>106,145</b>

## Note 14 - Investment Properties

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

31 March 2017 £000	Investment Property Income and Expenditure	31 March 2018 £000
(2,439)	Rental income from investment property	(3,477)
(995)	Direct operating expenses from investment property	2,410
<b>(3,434)</b>	<b>Net (gain)/loss</b>	<b>(1,067)</b>

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-17		31-Mar-18
Non-Current	Investment Property Movements in Year	Non-Current
£'000		£'000
15,317	Balance at start of year	18,500
(362)	Adjustments to cost/value	(7)
14,955	Adjusted Opening Balance as at 1 April 2017	18,493
90	Additions: Purchases	63,158
(146)	Disposals	0
3,420	Net gains/losses from fair value adjustments	(2,160)
181	Transfers: to/from Property Plant and Equipment	0
<b>18,500</b>	<b>Balance at the end of the year</b>	<b>79,491</b>

## Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2018 are as follows:

### Fair Value Hierarchy

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2018	
	£000	£000	£000	£000	£000
Residential (market rental) properties	0	0	0	0	0
Office Units	0	1,105	0	0	1,210
Commercial Units	0	78,385	0	0	78,385
	<b>0</b>	<b>79,490</b>	<b>0</b>	<b>0</b>	<b>79,490</b>

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

### Fair Value Hierarchy

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

### Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.



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

### **Significant Observable Inputs – Level 2**

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

### **Highest and Best Use of Investment Properties**

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

### **Valuation Techniques**

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

### **Valuation Process for Investment Properties**

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

## Note 15 - Intangible Assets

The authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generated software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the authority. The useful lives assigned to the major software suites used by the authority are:

31st March 2017			31st March 2018	
Other Assets	Total		Other Assets	Total
£'000	£'000		£'000	£'000
		Balance at start of year:		
4,563	4,563	Gross carrying amounts	5,055	5,055
		Adjustments to cost/value	(110)	(110)
		Adjusted Opening Balance as at 1 April 2017	4,945	4,945
(3,987)	(3,987)	Accumulated amortisation	(4,235)	(4,235)
		Adjustments to depreciation/impairment	119	119
		Adjusted Opening Balance as at 1 April 2017	(4,116)	(4,116)
<b>576</b>	<b>576</b>	<b>Net carrying amount at start of year</b>	<b>829</b>	<b>829</b>
492	492	Additions: Purchases	178	178
(248)	(248)	Amortisation for the period	(226)	(226)
<b>821</b>	<b>821</b>	<b>Net carrying amount at end of year</b>	<b>781</b>	<b>781</b>
		Comprising:		
5,055	5,055	Gross carrying amounts	5,123	5,123
(4,235)	(4,235)	Accumulated amortisation	(4,342)	(4,342)
<b>821</b>	<b>821</b>		<b>781</b>	<b>781</b>

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

## Note 16 - Financial Instruments

### 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.

	<b>Long-term 31-Mar- 17 £'000</b>	<b>Long-term 31-Mar- 18 £'000</b>	<b>Current 31-Mar- 17 £'000</b>	<b>Current 31-Mar- 18 £'000</b>
<b>Investments</b>				
Loans and receivables	0	0	11,519	7,001
Available-for-sale financial assets	12,852	21,427	0	0
<b>Total investments</b>	<b>12,852</b>	<b>21,427</b>	<b>11,519</b>	<b>7,001</b>
<b>Debtors</b>				
Loans and receivables	23,172	39,884	0	0
Finance Lease Debtors	0	0	0	0
<b>Total included in Debtors</b>	<b>23,172</b>	<b>39,884</b>	<b>0</b>	<b>0</b>
<b>Other Long Term Liabilities</b>				
Loans	0	(21,173)	0	(90,611)
PFI and finance lease liabilities	(1,593)	(1,588)	0	0
<b>Total other long term liabilities</b>	<b>(1,593)</b>	<b>(22,766)</b>	<b>0</b>	<b>(90,611)</b>
<b>Creditors</b>				
Other	0	0	15,316	12,767
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>15,316</b>	<b>12,767</b>

### Analysis of Investments

#### Fixed-term loans and receivables

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

#### Available for Sale Financial Assets

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

## Income, Expense, Gains and Losses

	2018				
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available-for-sale assets	Assets and Liabilities at Fair Value through Profit and Loss	Total
	£'000	£'000	£'000	£'000	£'000
Interest expense	545	0	0	0	545
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>545</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>545</b>
			<b>0</b>		
Interest income	0	(94)	(1,817)	0	(1,723)
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>(94)</b>	<b>(1,817)</b>	<b>0</b>	<b>(1,723)</b>
<b>Net (gain)/loss for the year</b>	<b>545</b>	<b>(94)</b>	<b>(1,817)</b>	<b>0</b>	<b>(1,178)</b>

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

## Financial Instruments - Fair Value

### Financial Assets Measured at Fair Value

Recurring Fair Value Measurements - Available for sale:

	31-Mar-17	31-Mar-18
	£'000	£'000
Graven Hill	12,852	21,427
<b>Balance 31 March</b>	<b>12,852</b>	<b>21,427</b>

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

	31-Mar-18		
	Unquoted Shares	Other	Total
	£'000	£'000	£'000
Opening Balance	12,852	0	12,852
Additions	8,575	0	8,575
<b>Balance 31 March</b>	<b>21,427</b>	<b>0</b>	<b>21,427</b>

	31-Mar-17		
	Unquoted Shares	Other	Total
	£'000	£'000	£'000
Opening Balance	4,072	0	4,072
Additions	8,780	0	8,780
<b>Balance 31 March</b>	<b>12,852</b>	<b>0</b>	<b>12,852</b>

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

**Financial Liabilities**

	31-Mar-17		31-Mar-18	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities held at Amortised Cost	0	0	(111,784)	(111,490)
PFI and finance lease liabilities	(1,593)	(1,593)	(1,588)	(1,588)
<b>Total</b>	<b>(1,593)</b>	<b>(1,593)</b>	<b>(113,372)</b>	<b>(113,078)</b>

**Financial Assets**

	31-Mar-17		31-Mar-18	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and Receivables	24,371	24,371	7,001	7,000
Long-Term Debtors	22,866	22,866	39,884	39,884
<b>Total</b>	<b>47,237</b>	<b>47,237</b>	<b>46,885</b>	<b>46,884</b>

## Note 17 - Inventories

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

<b>31-Mar-17</b>		<b>31-Mar-18</b>
<b>£'000</b>	<b>General Stock</b>	<b>£'000</b>
123	Balance outstanding at start of year	134
513	Purchases	606
(502)	Recognised as an expense in the year	(570)
<b>134</b>	<b>Balance Outstanding at Year End</b>	<b>169</b>

## Note 18 - Debtors

An analysis of the debtors balance is shown below

<b>31-Mar-17</b>		<b>31-Mar-18</b>
<b>£'000</b>		<b>£'000</b>
2,441	Central Government Bodies	1,709
3,538	Other Local Authorities	2,742
205	NHS Bodies	122
3,684	Other Entities and Individuals	6,021
<b>9,868</b>	<b>Total Debtors</b>	<b>10,594</b>

## Note 19 - Cash and Cash Equivalents

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

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

<b>31-Mar-17</b>		<b>31-Mar-18</b>
<b>£000</b>		<b>£000</b>
(376)	Cash and Bank Balances/(Overdraft)	(3)
6,453	Short Term Investments	12,632
<b>6,077</b>	<b>Total Cash and Cash Equivalents</b>	<b>12,629</b>

## Note 20 - Assets Held for Sale

Current	Non-current		Current	Non-current
31-Mar-17	31-Mar-17		31-Mar-18	31-Mar-18
£0	£0		£0	£0
0	0	Balance at start of year	0	181
0	181	Assets sold: Property Plant and Equipment	0	(181)
<b>0</b>	<b>181</b>	<b>Balance Outstanding at year end</b>	<b>0</b>	<b>0</b>

## Note 21 - Creditors

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

<b>31-Mar-17</b>		<b>31-Mar-18</b>
<b>£'000</b>		<b>£'000</b>
(3,694)	Central Government Bodies	(5,152)
(5,385)	Other Local Authorities	(3,709)
(20)	NHS Bodies	0
(6,401)	Other Entities and Individuals	(3,906)
<b>(15,500)</b>	<b>Total Creditors</b>	<b>(12,767)</b>

## Note 22 - Provisions

The main provisions during 2017-18 are for NNDR appeals following the change in accounting arrangements for the collection fund from 1 April 2013. As a result of implementing the changes to the business rates legislation, the council is required to set up a provision for the potential cost of successful appeals with the Valuation Office.

### Current Provisions

<b>2017/18</b>	<b>Sports and Leisure Provision</b>	<b>Health Walks Training Provision</b>	<b>NNDR Appeals Provision</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Opening Balance	0	(4)	(1,518)	(1,522)
Increase in provision during year	(52)	0	(1,280)	(1,332)
Utilised during year	0	0	682	682
<b>Closing Balance</b>	<b>(52)</b>	<b>(4)</b>	<b>(2,116)</b>	<b>(2,172)</b>

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

### Long Term Provisions

<b>2017/18</b>	<b>NNDR Appeals</b>	<b>Landlord Rent Guarantee</b>	<b>Restructur e</b>	<b>Landlord Rent Ex- Charter</b>	<b>Banbury Bowls Club</b>	<b>58 Bridge Street - Repair &amp; Renewals</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Opening Balance	(393)	(109)	(275)	(18)	(47)	(63)	(906)
Increase in provision during year	(1,288)	0	0	0	0	0	(1,288)
Utilised during year	0	2	275	0	0	0	277
<b>Closing Balance</b>	<b>(1,681)</b>	<b>(107)</b>	<b>0</b>	<b>(18)</b>	<b>(47)</b>	<b>(63)</b>	<b>(1,917)</b>



<b>2016/17</b>	<b>NNDR Appeals</b>	<b>Landlord Rent Guarantee</b>	<b>Restructure</b>	<b>Landlord Rent Ex-Charter</b>	<b>Banbury Bowls Club</b>	<b>58 Bridge Street - Repair &amp; Renewals</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Opening Balance	(1,268)	(115)	(275)	(18)	(47)	(63)	(1,787)
Increase in provision during year	(393)	0	0	0	0	0	(393)
Utilised during year	1,268	5	0	0	0	0	960
<b>Closing Balance</b>	<b>(393)</b>	<b>(109)</b>	<b>(275)</b>	<b>(18)</b>	<b>(47)</b>	<b>(63)</b>	<b>(906)</b>

<b>2016/17</b>	<b>Total Provisions</b>	<b>2017/18</b>
<b>£'000</b>		<b>£'000</b>
(3,056)	Opening Balance	(2,428)
(646)	Increase in provision during year	(2,620)
1,274	Utilised during year	960
0	Unused Amounts Reversed	0
<b>(2,428)</b>	<b>Closing Balance</b>	<b>(4,088)</b>

## Note 23 - Usable Reserves

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

### Capital Receipts Reserve

31 March 2017		31 March 2018	
£000		£000	
(3,161)	Balance 1 April	(2,945)	
(5,578)	Capital Receipts in year	(4,088)	
5,794	Capital Receipts used for financing	7,033	
<b>(2,945)</b>	<b>Balance 31 March</b>	<b>0</b>	

### Capital Grants Unapplied

31 March 2017		31 March 2018	
£000		£000	
(47)	Balance 1 April	(165)	
(847)	Capital grants recognised in year	(1,028)	
729	Capital grants and contributions applied	815	
<b>(165)</b>	<b>Balance 31 March</b>	<b>(378)</b>	

## Note 24 - Unusable Reserves

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

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

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£000</b>		<b>£000</b>
(25,267)	Revaluation Reserve	(25,733)
0	Available for Sale Financial Instruments Reserve	0
(97,048)	Capital Adjustment Account	(99,382)
92,450	Pension Reserve	85,869
(3,596)	Deferred Capital Receipts Reserve	(740)
1,430	Collection Fund Adjustment Account	(976)
190	Accumulated Absences Account	214
<b>(31,841)</b>	<b>Total</b>	<b>(40,747)</b>

### Revaluation Reserve

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

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

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

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

## Revaluation Reserve

31-Mar-17		31-Mar-18
£'000		£'000
(41,770)	<b>Balance 1 April</b>	(25,267)
	Adjustments to cost/value	492
	Adjusted Opening Balance as at 1 April 2017	(24,775)
(10,750)	Upward revaluation of assets	(2,697)
26,306	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	616
<b>15,556</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>(2,081)</b>
931	Difference between fair value depreciation and historical cost depreciation	481
16	Accumulated gains on assets sold or scrapped	642
<b>947</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>1,123</b>
<b>(25,267)</b>	<b>Balance 31 March</b>	<b>(25,733)</b>

## Available for Sale Financial Instruments Reserve

31 March 2017		31 March 2018
£000		£000
(41)	Balance 1 April	0
41	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	0
<b>0</b>	<b>Balance 31 March</b>	<b>0</b>

## Capital Adjustment Account

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

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

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

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

<b>31-Mar-17</b>		<b>31-Mar-18</b>
<b>£'000</b>		<b>£'000</b>
(104,161)	<b>Balance 1 April (Restated)</b>	(97,039)
	Adjustments to cost/value	(441)
	Adjusted Opening Balance as at 1 April 2017	(97,480)
3,087	Charges for depreciation and impairment of non-current assets	2,123
11,559	Revaluation losses on non-current assets	1,365
248	Amortisation of intangible assets	226
2,362	Revenue expenditure funded from capital under statute	1,687
2,385	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	1,218
19,641	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	6,619
(947)	Adjusting Amounts written out of the Revaluation Reserve	0
18,693	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	6,619
(5,794)	Use of Capital Receipts Reserve to finance new capital expenditure	(7,033)
(1,825)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,494)
	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(115)
(541)	Capital expenditure charged against the General Fund and HRA balances	(37)
(8,160)	<b>Capital financing applied in year:</b>	(10,679)
(3,420)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	2,160
<b>(97,048)</b>	<b>Balance 31 March</b>	<b>(99,380)</b>

## 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.

<b>31 March 2017</b>		<b>31 March 2018</b>	
<b>£000</b>		<b>£000</b>	
72,683	Balance 1 April	92,450	
17,520	Remeasurements of the net defined benefit (liability)/asset	(7,651)	
5,761	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	8,097	
(3,514)	Employer's pensions contributions and direct payments to pensioners payable in the year	(7,027)	
<b>92,450</b>		<b>85,869</b>	
<b>Balance 31 March</b>			

## 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.

<b>31-Mar-17</b>		<b>31-Mar-18</b>	
<b>£'000</b>		<b>£'000</b>	
(3,291)	Balance 1 April	(3,596)	
(305)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,856	
<b>(3,596)</b>		<b>(740)</b>	
<b>Balance 31 March</b>			

## Collection Fund Adjustment Account

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

<b>31-Mar-17</b>		<b>31-Mar-18</b>
<b>£'000</b>		<b>£'000</b>
1,579	Balance 1 April	1,430
(149)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,406)
<b>1,430</b>	<b>Balance 31 March</b>	<b>(976)</b>

## Accumulated Absences Account

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

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£000</b>		<b>£000</b>
195	<b>Balance 1 April</b>	190
(5)	Settlement or cancellation of accrual made at the end of the preceding year	24
0	Amounts accrued at the end of the current year	0
(5)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	24
<b>190</b>	<b>Balance 31 March</b>	<b>214</b>

## Note 25 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£000</b>		<b>£000</b>
(878)	Interest received	(1,723)
140	Interest paid	545
<b>(738)</b>	<b>Total</b>	<b>(1,178)</b>

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£000</b>		<b>£000</b>
(3,087)	Depreciation	(2,604)
(11,559)	Impairment and downward valuations	(1,365)
(248)	Amortisation	(226)
(9,906)	(Increase)/decrease in creditors	(8,793)
1,975	Increase/(decrease) in debtors	(1,390)
(2,948)	Increase/(decrease) in inventories	169
(2,247)	Movement in pension liability	(1,070)
(2,385)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(1,860)
4,049	Other non-cash movements charged to the surplus or deficit on provision of services	500
<b>(26,356)</b>	<b>Total</b>	<b>(16,638)</b>

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

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£000</b>		<b>£000</b>
(296)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
5,883	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,088
1,943	Any other items for which the cash effects are investing or financing cash flows	2,678
<b>7,530</b>	<b>Total</b>	<b>6,766</b>



## Note 26 - Cash Flow from Investing Activities

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£000</b>		<b>£000</b>
16,307	Purchase of property, plant and equipment, investment property and intangible assets	80,858
10,000	Purchase of short-term and long-term investments	83,270
21,955	Other payments for investing activities	28,191
(5,578)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,088)
(23,878)	Proceeds from short-term and long-term investments	(87,770)
(6,368)	Other receipts from investing activities	5,777
<b>12,438</b>	<b>Net cash flows from investing activities</b>	<b>106,238</b>

## Note 27 - Cash Flow from Financing Activities

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£000</b>		<b>£000</b>
0	Cash receipts of short-term and long-term borrowing	(111,784)
(4)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(2,861)
7	Repayments of short-term and long-term borrowing	10
760	Other payments for financing activities	5,185
<b>763</b>	<b>Net cash flows from financing activities</b>	<b>(109,449)</b>

## Note 28 - Trading Operations

2016/17	Building Control	2017/18
£000		£000
(332)	Income	0
372	Expenditure	0
<b>40</b>	<b>Net Surplus / Deficit for Year</b>	<b>0</b>

2016/17	Corporate Properties & Industrial Estates	2017/18
£000		£000
(2,064)	Income	(2,549)
(1,405)	Expenditure	325
<b>(3,469)</b>	<b>Net Surplus / Deficit for Year</b>	<b>(2,223)</b>

2016/17	Markets	2017/18
£000		£000
(43)	Income	(83)
38	Expenditure	130
<b>(5)</b>	<b>Net Surplus / Deficit for Year</b>	<b>47</b>

2016/17	Trading Operations Total Income and Expenditure:	2017/18
£000		£000
(2,439)	Income	(2,632)
(995)	Expenditure	456
<b>(3,434)</b>	<b>Net Surplus / Deficit for Year</b>	<b>(2,176)</b>

2016/17	Analysis of Inclusion in The Comprehensive Income and Expenditure Statement:	2017/18
£000		£000
(3,434)	Net surplus on trading operations	(2,176)
0	Services to the public included in Expenditure of Continuing Operations	0
0	Support services recharged to Expenditure of Continuing Operations	0
<b>(3,434)</b>	<b>Net surplus / deficit included in Financing and Investment Income and Expenditure</b>	<b>(2,176)</b>

## Note 29 - Agency Services

2016/17	Bicester Town Council	2017/18
£000		£000
(321)	Income	(277)
303	Expenditure	(58)
<b>(18)</b>	<b>Net Surplus/Deficit on the Agency Arrangement</b>	<b>(336)</b>

2016/17	Oxfordshire County Council	2017/18
£000		£000
(62)	Income	(129)
103	Expenditure	172
<b>41</b>	<b>Net Surplus/Deficit on the Agency Arrangement</b>	<b>44</b>

2016/17	Kidlington Parish Council	2017/18
£000		£000
(76)	Income	(79)
67	Expenditure	65
<b>(9)</b>	<b>Net Surplus/Deficit on the Agency Arrangement</b>	<b>(14)</b>

2016/17	South Northants Council	2017/18
£000		£000
(41)	Income	(55)
33	Expenditure	64
<b>(8)</b>	<b>Net Surplus/Deficit on the Agency Arrangement</b>	<b>8</b>

### Note 30 - Members' Allowances

The total of Members' Allowances paid in the year amounted to £307,000. This compares to £309,000 in 2016-17. 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 2017-18 were as follows:

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£'000</b>		<b>£'000</b>
303	Allowances	298
6	Expenses	9
<b>309</b>	<b>Total Members' Allowances</b>	<b>307</b>

### Note 31 - Officers' Remuneration

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

<b>Officers' Remuneration</b>		
<b>Number of employees</b>		<b>Number of employees</b>
<b>2016/17</b>	<b>Remuneration Band</b>	<b>2017/18</b>
6	£50,001 to £54,000	4
2	£55,001 to £59,000	3
3	£60,001 to £64,000	1
1	£65,001 to £69,000	2
<b>12</b>		<b>10</b>

**The remuneration paid to senior employees in Cherwell District Council 2017/18 is as follows:**

<b>Post title</b>	<b>Salary (Including Fees &amp; Allowances)</b>	<b>Expenses Reimbursed</b>	<b>Benefits in Kind (e.e Lease Car)</b>	<b>Compensation for loss of office</b>	<b>Total Remuneration excluding Pension Contribution</b>	<b>Pension Contributions</b>	<b>Total Remuneration</b>	<b>Date Started in post in 2017/18</b>	<b>Yearly Salary in this Organisation</b>
	£	£	£	£	£	£	£		
Joint Chief Executive - Yvonne Rees	<b>54,124</b>	0	0	0	<b>54,124</b>	0	<b>54,124</b>	Employed from 01/07/2017	71,578
Executive Director of Place & Growth	<b>11,669</b>	0	0	0	<b>11,669</b>	811	<b>12,480</b>	Employed from January 2018	46,314
Executive Director of Finance & Procurement	<b>11,836</b>	0	0	0	<b>11,836</b>	0	<b>11,836</b>	Employed from January 2018	47,343
Director of Strategy & Commissioning	<b>37,629</b>	0	0	0	<b>37,629</b>	0	<b>37,629</b>	Employed to December 2017	48,887
Director of Operational Delivery	<b>57,520</b>	0	0	0	<b>57,520</b>	0	<b>57,520</b>		51,191
Assistant Director of Performance & Transformation	<b>2,430</b>	0	0	0	<b>2,430</b>	0	<b>2,430</b>	Employed from 18/03/2018	32,583
Assistant Director of Bicester	<b>25,040</b>	0	0	0	<b>25,040</b>	0	<b>25,040</b>	Employed from January 2018	49,751
Assistant Director of Environmental Services	<b>9,893</b>	0	0	0	<b>9,893</b>	0	<b>9,893</b>	Employed from January 2018	38,992
Assistant Director of Communities	<b>6,919</b>	0	0	0	<b>6,919</b>	0	<b>6,919</b>	Employed from 15/01/2018	32,582
Assistant Director of Leisure and Sport	<b>6,919</b>	0	0	0	<b>6,919</b>	642	<b>7,561</b>	Employed from 15/01/2018	32,582
Assistant Director of Transformational Governance	<b>27,551</b>	0	0	0	<b>27,551</b>	0	<b>27,551</b>	Employed to December 2017	24,570
Assistant Director of Law & Governance	<b>1,097</b>	0	0	0	<b>1,097</b>	0	<b>1,097</b>	Employed from January 2018	36,855
Assistant Director – Commercial and In	<b>25,970</b>	0	0	0	<b>25,970</b>	0	<b>25,970</b>	Employed from January 2018	40,833
Chief Finance Officer	<b>35,549</b>	0	0	0	<b>35,549</b>	0	<b>35,549</b>	Employed to December 2017	47,343
Head of Development Management	<b>36,492</b>	0	0	0	<b>36,492</b>	2,895	<b>39,387</b>	Employed to December 2017	38,992
Head of Strategic Planning and the Economy	<b>31,392</b>	0	0	0	<b>31,392</b>	2,970	<b>34,362</b>	Employed to December 2017	38,992
Head of Environmental Services	<b>30,532</b>	0	0	0	<b>30,532</b>	0	<b>30,532</b>	Employed to December 2017	38,992

The Annual salaries have been halved to reflect the annual pay costs incurred by Cherwell District Council, as senior officers work across two organisations i.e. Cherwell District Council and South Northamptonshire Council.

**The remuneration paid to senior employees in Cherwell District Council 2017/18 is as follows:**

Key	Post title	Basic Salary £s	Fees - Monitoring Officer, SI51, Returning Officer Inc Elections Payments £s	Expenses Allowances £s	Compensation for loss of office £s	Total Remuneration excluding Pension Contribution £s	Pension Contributions £s	Total Remuneration including Pension conts £s	Council Total Remuneration including Pension Costs £s	South Northants Council Total Remuneration including pension Costs £s
7	Interim Chief Executive	96,188	677	1,388	0	<b>98,252</b>	13,178	<b>111,429</b>	55,715	55,715
1	Sue Smith - Chief Executive	167,926	22,204	1,705	0	<b>191,835</b>	5,480	<b>197,315</b>	98,657	98,657
6	Director of Strategy & Commissioning	93,927	225	319	0	<b>94,471</b>	12,868	<b>107,339</b>	53,670	53,670
3	Director of Commercial Development/Bicester	118,022	715	810	0	<b>119,548</b>	1,348	<b>120,896</b>	96,717	24,179
4	Chief Finance Officer	83,236	1,004	1,044	0	<b>85,284</b>	11,448	<b>96,732</b>	48,366	48,366
5	Head of Regeneration & Housing	109,090	526	991	0	<b>110,607</b>	0	<b>110,607</b>	55,303	55,303
2	Head of Law & Governance	79,218	918	661	0	<b>80,796</b>	10,140	<b>90,936</b>	45,468	45,468
2	Head of Strategic Planning & The Economy	76,718	655	2,772	0	<b>80,145</b>	0	<b>80,145</b>	40,072	40,072
2	Head of Environmental Services	76,718	480	1,908	0	<b>79,105</b>	10,510	<b>89,616</b>	44,808	44,808
2	Head of Development Management	76,718	373	502	0	<b>77,593</b>	12,982	<b>90,575</b>	45,287	45,287
2	Head of Transformation	71,463	734	373	0	<b>72,570</b>	9,147	<b>81,717</b>	40,859	40,859
<b>1 Joint Management Team Post employed by CDC. (SNC bear 50% of costs from 1 October 2011). Post holder left 10 March 2017</b>										
<b>2 Joint Management Team Post employed by SNC. (CDC bear 50% of costs from 1 October 2011)</b>										
<b>3 Joint Management Team Post employed by CDC only. Post started on 1 September 2013. Post holder took up new role as Commercial Director from 1 March 2016</b>										
<b>4 Joint Management Team Post employed by CDC. Post holder started on the 15 September 2014. Post holder took up new role as Chief Finance Officer from 20 May 2016</b>										
<b>5 Joint Management Team Post employed by SNC. (CDC bear 50% of costs from 1 October 2011). Post holder left 31 March 2017</b>										
<b>6 Joint Management Team Post employed by CDC. Post holder started on the 1 March 2016</b>										
<b>7 Joint Management Team Post employed by CDC. Post holder started the role of Director of Operational Delivery on 1 January 2016. Post holder took up new role as Interim Chief Executive on 11 March 2017</b>										

## Note 32 - External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors.

<b>2016/17</b>		<b>2017/18</b>
<b>£'000</b>		<b>£'000</b>
65	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	52
23	Fees payable in respect of other services provided by external auditors during the year	9
<b>88</b>	<b>Total</b>	<b>61</b>

### Note 33 - Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/18:

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

31-Mar-17		31-Mar-18
£'000		£'000
(1,851)	Revenue Support Grant	(1,105)
0	S106 Developer Contributions	0
(5,811)	NDR Section 31 Grant	(1,564)
(606)	Non Domestic Rates	(7,945)
(3,689)	New Homes Bonus	(4,476)
(1,943)	New School Places Programme	0
0	Disabled Facilities Grant	(1,028)
0	Other Capital Grants and Contributions	(2,678)
<b>(13,900)</b>	<b>Total</b>	<b>(18,749)</b>

#### Credited to Services

31-Mar-17		31-Mar-18
£'000		£'000
(449)	Housing Benefit Administration Subsidy Grant	(362)
(36,666)	Rent Allowances	(35,080)
(18)	Credit Union	0
(98)	Individual Election Registration	(24)
(321)	Developer contributions (S106)	(50)
(847)	Disabled Facilities Grant	0
(73)	Home Improvement Agency Grant	0
(66)	Homelessness Grant	0
(223)	NDR Cost of Collection Grant	(228)
(292)	New Burdens	(14)
(334)	Other Grants & Contributions	(290)
(14)	Universal Credit	(32)
(50)	Heat Network Delivery grant	0
(10)	Community Safety	0
(160)	European Election	(64)
(137)	Police and Crime Commissioner Election	0
(1,546)	Contributions for other Local Authorities	(1,047)
0	Healthy New Towns (NHS)	(317)
0	Home Office - Syrian Refugees	(138)
0	Home Office - Parliamentary Election	(207)
0	Neighbourhood Planning	(20)
0	LCTS Administration Subsidy Grant	(125)
0	Discretionary Housing Payments	(379)
<b>(41,304)</b>	<b>Total</b>	<b>(38,377)</b>



## Grants Receipts in Advance (Revenue Grants) - Current Liabilities

<b>31-Mar-17</b>		<b>31-Mar-18</b>
<b>£'000</b>		<b>£'000</b>
(1,503)	Section 106 developer contributions	(1,698)
(461)	Other Grants and contributions	(632)
<b>(1,963)</b>	<b>Total</b>	<b>(2,330)</b>

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

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

<b>31-Mar-17</b>		<b>31-Mar-18</b>
<b>£'000</b>		<b>£'000</b>
(12,159)	Section 106 Developer Contributions - Capital	(11,909)
(46)	Other Contributions	(45)
(4)	DECC Green Deal	(4)
(8)	DEFRA Monitoring and Modelling	(8)
0	NW Bicester Bridge	(4,250)
(10,636)	Eco Town Grant	(1,746)
(5)	Community Build Banbury	(5)
<b>(22,858)</b>	<b>Total</b>	<b>(17,967)</b>

## Note 34 - Related Parties

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

### Central Government

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

### Members

Members of the Council have direct control over the Council's financial and operating policies. During 2017/18 works and services to the value of £11,952,586 (2016/17 £328,676) were made to parties where Members had declared an interest. Contracts were entered into in full compliance with the Council's Standing Orders. All transactions are recorded in the Register of Members' Interests, open to public inspection at Bodicote House, Bodicote, Banbury, OX15 4AA.

### Officers

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

<b>Shared Post</b>	<b>Officer Employed by</b>
<b>Chief Executive Officer</b>	Cherwell District Council
<b>Executive Director Wellbeing</b>	Cherwell District Council
<b>Deputy Section 151 Officer</b>	Interim
<b>Director Planning &amp; Regeneration</b>	Interim
<b>Executive Director Finance and Governance</b>	Interim
<b>Executive Director Environment</b>	Cherwell District Council
<b>Executive Director Place and Growth</b>	Cherwell District Council
<b>Director Customers and Development</b>	Cherwell District Council
<b>Director of Operational Delivery</b>	Cherwell District Council
<b>Director of Strategy &amp; Commissioning</b>	Cherwell District Council

Officers of the Council made no other material disclosures.

The Council works closely with South Northamptonshire Council and the cost of the joint working arrangements in 2017/18 was £379k.

## **Other Public Bodies**

Grants to Parish and Town Councils amounted to £5,049,837 in 2017/18 (2016/17 £4,805,000). The purpose of this disclosure is to provide assurance to readers of these statements that any material transaction between the organisation and those in a position to influence its decisions are properly disclosed.

## **Graven Hill**

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

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

### **Graven Hill Village Holdings Ltd:**

Councillor Timothy Hallchurch MBE	
Councillor David Hughes	
Councillor Nigel Morris	

### **Graven Hill Village Development Company Ltd:**

Councillor Ian Corkin	
Councillor Dan Sames	
Miss Karen Curtin	Resigned CDC July 2017
Mr Scott Barnes	Resigned CDC December 2017

## **Entities Controlled or Significantly Influenced by the Authority**

During 2017/18 grant funding payment of £389,000 (2016/17 £297,750) was made to the Banbury Museum Trust. This transaction represents a significant part of the funding for these organisations and is therefore disclosed as being material.

## Note 35 - Capital Expenditure and Capital Financing

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

### Capital Expenditure and Capital Financing

<b>31-Mar-17</b>		<b>31-Mar-18</b>
<b>£'000</b>		<b>£'000</b>
(5,880)	Opening Capital Financing Requirement	5,528
	Adjustmenmt to opening balance	32,194
	Adjusted Opening balance	37,722
	<b>Capital Investment:</b>	
16,625	Property Plant and Equipment	17,523
90	Investment Property	63,157
492	Intangible Assets	178
2,362	Revenue Expenditure Funded from Capital Under Statute	1,687
0	Long Term investments	8,575
0	Long Term debtors	12,841
19,568	<b>Total Capital Spending</b>	103,961
	<b>Sources of Finance:</b>	
(5,794)	Capital receipts	(7,033)
(1,825)	Government Grants and other contributions	(3,494)
	<b>Sums set aside from revenue:</b>	
(541)	- Direct revenue contributions	(37)
	Debt Repayment:	
0	Minimum revenue Provision	(115)
(8,160)	<b>Total Sources of Finance</b>	(10,679)
<b>5,528</b>	<b>Closing Capital Financing Requirement</b>	<b>131,004</b>

## Explanation of movements in year

31-Mar-17		31-Mar-18
£'000		£'000
15,623	Increase in underlying need to borrow (unsupported by government financial assistance)	93,397
1,600	Assets acquired under finance leases	0
	Statutory provision for repayment of debt (minimum Revenue Provision)	(115)
<b>17,223</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>93,282</b>

## Note 36 - Leases

### Authority as Lessee - Finance Leases

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

31-Mar-17		31-Mar-18
£'000		£'000
2,287	Other Land and Buildings	2,255
0	Vehicles, Plant, Furniture, Equipment and Other	0
<b>2,287</b>	<b>Total</b>	<b>2,255</b>

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

31-Mar-17		31-Mar-18
£'000		£'000
	<b>Finance lease liabilities (net present value of minimum lease payments):</b>	
4	- current	4
1,593	- non-current	1,593
0	Finance costs payable in future years	0
<b>1,597</b>	<b>Minimum lease payments</b>	<b>1,597</b>

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

Minimum Lease payments			Finance Lease Liabilities	
31-Mar-17	31-Mar-18		31-Mar-17	31-Mar-18
£'000	£'000		£'000	£'000
3	5	Not later than one year	(191)	(191)
21	26	Later than one year and not later than five years	(765)	(765)
1,576	1,554	Later than five years	(5,617)	(5,426)
<b>1,600</b>	<b>1,585</b>	<b>Total</b>	<b>(6,573)</b>	<b>(6,382)</b>

### 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-17		31-Mar-18
£'000		£'000
14	Not later than one year	15
16	Later than one year and not later than five years	5
31	Later than five years	0
<b>61</b>	<b>Total</b>	<b>20</b>

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

31-Mar-17		31-Mar-18
£'000		£'000
14	Minimum lease payments	26
<b>14</b>	<b>Total</b>	<b>26</b>

## Authority as Lessor - Finance Leases

31-Mar-17		31-Mar-18
£'000		£'000
<b>Finance lease debtor (net present value of minimum lease payments):</b>		
0	- current	0
2,855	- non-current	725
0	Unearned finance income	0
0	Unguaranteed residual value of property	0
<b>2,855</b>	<b>Gross investment in the lease</b>	<b>725</b>

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-17	31-Mar-18	31-Mar-17	31-Mar-18
£'000	£'000		£'000
0	0	Not later than one year	100
0	0	Later than one year and not later than five years	400
2,855	725	Later than five years	22,840
<b>2,855</b>	<b>725</b>	<b>Total</b>	<b>23,340</b>
			<b>725</b>

## Authority as Lessor - Operating Leases

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

31-Mar-17		31-Mar-18
£'000		£'000
1,197	Not later than one year	6,346
4,126	Later than one year and not later than five years	19,688
14,574	Later than five years	56,653
<b>19,897</b>	<b>Total</b>	<b>82,687</b>

## Note 37 - Impairment Losses

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

There are no impairment losses or impairment reversal in 2017/18.

## Note 38 - Termination Benefits

The authority terminated the contracts of a number of employees in 2017/18, incurring liabilities of £233,396 (£96,391 in 2016/17).

### CDC entirely responsible for these costs

[a]	[b]		[c]		[d]		[e]	
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		total number of exit packages by cost band [(b) + ©]		Total cost of exit packages in each band £'000	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
£0-£20,000	0	0	0	3	0	3	0	44
£20,001-£100,000	1	0	0	0	1	0	29	0
£100,001-£140,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>29</b>	<b>44</b>

### CDC/SNC 50/50 responsible for these costs.

[a]	[b]		[c]		[d]		[e]	
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		total number of exit packages by cost band [(b) + ©]		Total cost of exit packages in each band £'000	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
£0-£20,000	0	0	3	0	3	0	51	0
£20,001-£100,000	2	0	4	2	6	2	283	69
£100,001-£140,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>0</b>	<b>7</b>	<b>2</b>	<b>9</b>	<b>2</b>	<b>334</b>	<b>69</b>



## **Note 39 - Defined Benefit Pension Scheme**

### **39.1 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.

### **39.2 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.

	<b>2017/18</b>	<b>2016/17</b>
	<b>£'000</b>	<b>£'000</b>
<b>Comprehensive Income &amp; Expenditure Statement</b>		
<b>Cost of Services:</b>		
Current Service Cost	5,564	3,110
Past Service Cost/(Gain) – Including Curtailments	0	0
Administration Expense	55	44
<b>Financing and Investment Income and Expenditure:</b>		
Net Interest Expense	2,478	2,554
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>8,097</b>	<b>5,708</b>
<b>Other Comprehensive Income &amp; Expenditure:</b>		
Return on Plan Assets (excluding amounts included in net interest expense)	647	14,158
Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	0	1,425
Actuarial Gains & Losses Arising on Changes in Financial Assumptions	7,361	(37,804)
Experience(Gain)/loss on defined benefit obligation	0	0
Other actuarial (Gains) & Losses on assets	(357)	4,701
<b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>7,651</b>	<b>(17,520)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(8,097)	(5,708)
Employer’s Contributions Payable to the Pension Scheme	7,027	3,461
<b>Total</b>	<b>(1,070)</b>	<b>(2,247)</b>

### 39.3 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:

	2017/18	2016/17
<b>Pension Assets &amp; Liabilities Recognised in the Balance Sheet</b>	<b>£'000</b>	<b>£'000</b>
Present value of the defined benefit obligation	(186,158)	(186,633)
Fair value of plan assets	104,165	97,878
<b>Sub-total</b>	<b>(81,993)</b>	<b>(88,755)</b>
Other movements in the liability	(3,876)	(3,695)
<b>Net liability arising from defined benefit obligation</b>	<b>(85,869)</b>	<b>(92,450)</b>

### 39.3 Assets and Liabilities in relation to Retirement Benefits

	2017/18	2016/17
<b>Reconciliation of Present Value of Scheme Liabilities</b>	<b>£'000</b>	<b>£'000</b>
Liabilities as of the Beginning of the Period	(190,328)	(153,190)
Current Service Cost	(5,619)	(3,110)
Interest Cost	(5,160)	(5,445)
Contributions by Scheme Participants	(953)	(835)
Change in financial assumptions	7,361	(37,804)
Change in demographic assumptions	0	1,425
Experience (Losses)/Gains on defined benefit obligation	-357	3,904
Losses on Curtailments	0	
Benefits Paid	5,022	4,771
Past Service Costs	0	(44)
<b>Liabilities as of the End of the Period</b>	<b>(190,034)</b>	<b>(190,328)</b>

	2017/18	2016/17
<b>Reconciliation of Fair Value of Scheme Assets</b>	<b>£'000</b>	<b>£'000</b>
Assets as of the Beginning of the Period	97,878	80,507
Interest on Assets	2,682	2,891
Return assets less interest	647	14,158
Actuarial Gains/(Losses)	0	797
Administration expenses	0	(53)
Employer Contributions	7,027	3,514
Contributions by Scheme Participants	953	835
Benefits Paid	(5,022)	(4,771)
<b>Assets as of the End of the Period</b>	<b>104,165</b>	<b>97,878</b>

## 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 £190.034m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £85.869m.

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 2019 is £2,067k.

The weighted average duration of the defined benefit obligation is 16.0 years.

## Sensitivity Analysis

Funding levels are monitored on an annual basis, with the last triennial review and valuation completed at 31 March 2016. 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 2018 as follows:

	2017/18	2016/17
<b>Sensitivity analysis</b>	<b>£'000</b>	<b>£'000</b>
0.5% decrease in the real discount rate	15,872	15,505
0.5% increase in the salary increase rate	1,781	1,907
0.5% increase in the pension increase rate	13,897	13,538
1 year increase in member life expectancy	7,601	7,234

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

### 39.4 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 2016.

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

<b>Principal Assumptions</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>%</b>	<b>%</b>
Rate of inflation: RPI	3.4	3.4
Rate of inflation :CPI	2.4	2.4
Rate of increase in salaries	3.6	3.9
Rate of increase In pensions	2.4	2.7
Rate of discounting scheme liabilities	2.6	2.7

These assumptions are set with reference to market conditions as at 31 March 2018.

The estimated duration of Employer's liabilities is 16.0 years.

The discount rate is the annualised yield at the 16.0 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 16.0 year point on the BoE market implied inflation curve.

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

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

<b>Mortality Assumptions</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>Years</b>	<b>Years</b>
Longevity at 65 for current pensioners		
Men	23.4	23.4
Women	25.5	25.5
Longevity at 65 for future pensioners		
Men	25.6	25.6
Women	27.8	27.8

The following assumptions have been made:

- Members will elect to take 50% of their commutable pension for cash at retirement.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- Members opted-in to the 50:50 section at the previous valuation date will continue in this section.

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

<b>Estimated Asset Allocation</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>%</b>	<b>%</b>
Equity Securities	59	68
Debt Securities	12	15
Private Equity	4	3
Real Estate	0	6
Investment Funds and Unit Trusts	21	4
Derivatives	0	0
Cash & Cash Equivalents	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

## **Note 40 - Contingent Liabilities**

### **NHS Trust**

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

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

## **Note 41 - Contingent Assets**

### **VAT Share**

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

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

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

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

### Credit Risk: Investments

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

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

Long Term Credit Rating (Fitch)	Amount 31 March 2017 £000	Amount 31 March 2018 £000
AAA	4,193	4,629
AA	2,259	2,605
A+	11,500	0
	<u>17,952</u>	<u>19,093</u>

### 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-17 £'000	31-Mar-18 £'000
<b>Duration outstanding</b>		
One months	69	122
Two months	484	21
Three months	18	78
More than three months	584	348
	<u>1,155</u>	<u>569</u>



## 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:

	<u>Total facility</u>	<u>Balance 31/3/2018</u>
Graven Hill Village Holdings Ltd	£41.569m	£34.077m
Crown House Banbury Ltd	£2.7m	£1.125m
Banbury BID Ltd	£50k	£20k
Kidlington Girl Guides Ltd	£100k	£0

## Liquidity Risk

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

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:

Time to maturity	31 March 2017	31 March 2018
	£000	£000
Less than 1 year	0	85,5000
1 – 2 years	0	0
2 – 5 years	0	5,000
More than 5 years	0	21,000
	<u>0</u>	<u>111,500</u>

## Market Risk: Interest Rates

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

At times of low interest rates, the Council will only be able to obtain low percentages of return on its investments at fixed rates in any new investments placed. Other than short term funds held for liquidity purpose e.g. money

market funds and call accounts, the Council currently does not have any investments at variable rates.

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

The Council has a number of strategies for managing interest rate risks. The Treasury Management team, in consultation with its advisors, has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the forecasted out-turn during the year. This allows for any adverse changes to be accommodated.

#### **Market Risk: Other**

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

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

## Collection Fund

31-Mar-17			31-Mar-18			
Business Rates	Council Tax	Total	Collection Fund	Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
<b>INCOME:</b>						
0	(85,162)	(85,162)	Council Tax Receivable		(90,432)	(90,432)
(74,622)	0	(74,622)	Business Rates Receivable	(89,403)	0	(89,403)
188	(1)	187	Transitional Protection Payments Receivable	(6,863)	0	(6,863)
<b>(74,434)</b>	<b>(85,163)</b>	<b>(159,597)</b>	<b>Total Income</b>	<b>(96,266)</b>	<b>(90,432)</b>	<b>(186,698)</b>
<b>Contribution to Previous Year's estimated Surplus/Deficit:</b>						
(1,945)		(1,945)	Central Government	(786)		(786)
(1,556)	180	(1,376)	Cherwell District Council	(628)	246	(382)
(389)	1,064	675	Oxfordshire County Council	(157)	1,485	1,328
0	141	141	Thames Valley Police and Crime Commissioner		193	193
<b>(78,324)</b>	<b>(83,778)</b>	<b>(162,102)</b>		<b>(97,837)</b>	<b>(88,508)</b>	<b>(186,345)</b>
<b>EXPENDITURE:</b>						
<b>Precepts, demands and shares:</b>						
38,994	0	38,994	Central Government	42,597		42,597
31,195	10,674	41,869	Cherwell District Council	34,078	11,078	45,156
7,799	64,540	72,339	Oxfordshire County Council	8,519	69,486	78,005
0	8,408	8,408	Thames Valley Police and Crime Commissioner		8,793	8,793
<b>Charges to Collection Fund:</b>						
343	175	518	Write-offs of uncollectable amounts	182	70	252
(23)	240	217	Increase/(decrease) in allowance for impairment	605	413	1,018
(1,555)	0	(1,555)	Increase/(decrease) in allowance for appeals	4,712	0	4,712
223		223	Charge to General Fund for allowable collection costs for non-domestic rates	228		228
<b>Other transfers to General Fund in accordance with non-domestic rates regulations</b>						
589		589	Renewable Energy	531		531
<b>77,565</b>	<b>84,037</b>	<b>161,602</b>	<b>Total Expenditure</b>	<b>91,452</b>	<b>89,840</b>	<b>181,292</b>
<b>(759)</b>	<b>259</b>	<b>(500)</b>	<b>Movement on Fund Balance</b>	<b>(6,385)</b>	<b>1,332</b>	<b>(5,053)</b>
<b>5,142</b>	<b>(2,229)</b>	<b>2,913</b>	<b>Balance at the beginning of the Year</b>	<b>4,383</b>	<b>(1,970)</b>	<b>2,413</b>
<b>4,383</b>	<b>(1,970)</b>	<b>2,413</b>	<b>Balance at the end of the Year</b>	<b>(2,002)</b>	<b>(638)</b>	<b>(2,640)</b>
<b>Shares of Balance</b>						
2,192		2,192	Central Government	(1,001)		(1,001)
1,753	(251)	1,502	Cherwell District Council	(801)	(78)	(879)
438	(1,521)	(1,083)	Oxfordshire County Council	(200)	(497)	(697)
	(198)	(198)	Thames Valley Police and Crime Commissioner		(63)	(63)
<b>4,383</b>	<b>(1,970)</b>	<b>2,413</b>		<b>(2,002)</b>	<b>(638)</b>	<b>(2,640)</b>

## **Notes 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<sup>st</sup> April 2013 Non-Domestic Rates were collected by the Council and then completed paid over to the Government, who then redistributed these sums across the country in the form of the Non-Domestic rates grant.

From 1<sup>st</sup> April 2013 Business Rates Retention applies, whereby local authorities Cherwell District Council (40%) and Oxfordshire County Council (10%) retain 50% of the business rates collected for the area and pay the remaining 50% to central government. In addition the government has set a level of business rates funding deemed to be applicable to each area and every Council receives a top-up (if business rates collected are below this deemed level of funding) or pays a tariff (if business rates collected are above this deemed level of funding).

With the introduction of business rates retention if a local authority increases its business rates base, and thereby increases its business rate income, it is allowed to retain a proportion of this increased income, whilst paying up to a maximum of 50% across to central government. This payment where it occurs is known as a levy payment. However, as Cherwell District Council is part of a business rates pool, the levy is distributed to the members as per the pooling arrangements with 0.72% paid to central government as a levy payment.

### **Note 2. Business Rates**

Business Rates is a local tax that is paid by the occupiers of all non-domestic/business property.

Business rates are calculated and collected by the Council. The Government specifies an amount (47.9p in 2017/18; 46.6p 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 £96.3m in 2017/18. The rateable value for the Council's area was £226.3m at 31 March 2018 VOA valuation (2016/17: £208.7m).

**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 2017/18 the accumulated provision for bad debts stood at £2.330m (£1.685m for 2016/17) made up as follows:

	2017/18	2016/17
<b>Provision for Uncollectable Amounts</b>	<b>£'000</b>	<b>£'000</b>
Non Domestic Rates	837	605
Council tax	1,493	1,080
<b>Total Provision</b>	<b>2,330</b>	<b>1,685</b>

**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 actually be collected if a tax of £1 is set.

The figures for 2017/18 are:

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A	4,101	6/9ths	2,734
B	12,512	7/9ths	9,732
C	14,821	8/9ths	13,174
D	9,536	9/9ths	9,536
E	6,868	11/9ths	8,394
F	3,258	13/9ths	4,706
G	2,266	15/9ths	3,777
H	194	18/9ths	388
<b>Totals</b>	<b>53,556</b>		<b>52,441</b>
Adjustment for non- collection (-2.0%)			(1,049)
Contribution from MOD Properties			247.9
<b>Council Tax Base 2017/18</b>			<b>51,639.5</b>
<b>Council Tax Base 2016/17</b>			<b>50,357.1</b>

The Council tax payable at each band is shown below. This does not include parishes.

<b>Band</b>	<b>Multiplier</b>	<b>Cherwell Council</b>	<b>Oxfordshire County Council</b>	<b>Thames Valley Police and Crime Commissioner</b>	<b>Total</b>
A	6/9ths	82.33	897.06	113.52	1,092.91
B	7/9ths	96.06	1046.57	132.44	1,275.07
C	8/9ths	109.78	1196.08	151.36	1,457.22
D	9/9ths	123.5	1345.59	170.28	1,639.37
E	11/9ths	150.94	1644.61	208.12	2,003.67
F	13/9ths	178.39	1943.63	245.96	2,367.98
G	15/9ths	205.83	2242.65	283.8	2,732.28
H	18/9ths	247	2691.18	340.56	3,278.74

## Group Accounts

Under the terms of the Code where the Council has an interest in any other entity, it is required to prepare a Group Income and Expenditure and Group Balance Sheet. The group consists of the following entities:

<b>Company Name</b>	<b>Date of Incorporation/Acquisition</b>
Graven Hill Village Holding Company Ltd ( <b>HoldCo</b> )	25 Jun 2014
Graven Hill Village Development Company Ltd ( <b>DevCo</b> )	25 Jun 2014
CSN Resources Ltd ( <b>CSNR</b> )	25 April 2017
CSN Associates Ltd ( <b>CSNA</b> )	25 April 2017
Crown House Banbury Ltd ( <b>CHB</b> )	4 Aug 2017
Graven Hill Village Management Company Ltd ( <b>ManCo</b> )	26 Feb 2018

DevCo is a subsidiary of HoldCo which holds 99% and the council holds 1%. ManCo is a subsidiary of DevCo which holds 100%. Cherwell District Council is the ultimate controlling party of DevCo and ManCo. ManCo had not begun trading at 31 March 2018.

Group Accounts have been prepared as the Council has the 'control' of HoldCo, DevCo and CHB. Per IFRS10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group accounts incorporate the Council's share of the net assets of the companies using the equity method.

On 4 August 2017 the entire issued share capital of the company CHB was acquired.

The financial statements of the companies are for the period ended 31 March 2017. This matches the financial statements period of the council and enables consolidation of the statements.

The council has an interest in two further companies. On 25 April 2017 the companies CSNR and CSNA were created. Cherwell and South Northamptonshire District Councils each hold 50% of the shares of CSNA. CSNA did not trade during 2017/18 and so is not included in the group accounts. CSNR is limited by guarantee, which is shared equally by Cherwell and South Northamptonshire District Councils. The Articles of Association of CSNR allow for the equal appointment of members of the board; however, decisions do not need to be unanimous. Therefore, this does not constitute control of the joint arrangement and makes Cherwell a party to a joint arrangement.

"A party that participates in, but does not have joint control of, a joint operation shall also account for its interest in the arrangement...if that party has rights to

the assets, and obligations for the liabilities, relating to the joint operation.”  
IFRS 11:23

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

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

The registered name of the companies are	Graven Hill Village Holding Company Ltd	Graven Hill Village Development Company Ltd
Nature of the business	The company is a holding company and does not trade. It is intended that the company will continue as a holding company for the foreseeable future. The company borrows and lends funds from its parent company to its subsidiary company	The principal activity of the company during the period was that of a property development company
Undertaking	Subsidiary of Cherwell District Council	Subsidiary of Graven Hill Village Development Ltd
Controlling party	Cherwell District Council 100%	Graven Hill Village Holding Company Ltd 99% Cherwell District Council 1%
Ultimate parent	Cherwell District Council	Cherwell District Council
Deficit on provision of services (before consolidation)	£35,014	£791,376
Net Assets (before consolidation)	£21,368,486	£18,821,049

The registered name of the companies are	CSN Associates Ltd	CSN Resources Ltd
Nature of the	The company will contract with parties	A Tackal company, the principal activity of the



business	outside the joint operation for the provision of the services offered by CSN Resources.	company during the period was that supplying temporary revenues and benefits staff to the councils.
Undertaking	Joint Operation	Joint Operation
Controlling party	No overall control, Cherwell is a party to the joint operation	No overall control, Cherwell is a party to the joint operation
Ultimate parent	Joint Operation	Joint Operation
Surplus on provision of services (before consolidation)	Not trading	£99
Net Assets (before consolidation)	Not trading	£99
The registered name of the companies are	Graven Hill Village Management Company Ltd	Crown House Banbury Ltd
Nature of the business	Residents' property management	The principal activity of the company during the period was that of a property development company.
Undertaking	Subsidiary of Graven Hill Village Development Company Ltd	Subsidiary of Cherwell District Council
Controlling party	Graven Hill Village Development Company Ltd 100%	Cherwell District Council 100%
Ultimate parent	Cherwell District Council	Cherwell District Council
Deficit on provision of services (before consolidation)	Not trading	£323,910
Net Assets / (Liabilities) (before consolidation)	Not trading	(£951,054)

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This statement includes the combined income and expenditure of the Council, its wholly owned subsidiaries Crown House Banbury Ltd, Graven Hill Village Holding Company Ltd and its subsidiary Graven Hill Village Development Company Ltd as well as its interest in CSN Resources Ltd.

<b>Group Accounts Net Expenditure</b>		<b>Group Accounts Net Expenditure</b>
<b>31-Mar-17</b>		<b>31-Mar-18</b>
<b>£000</b>		<b>£000</b>
243	Chief Executive	453
12,599	Wellbeing	7,290
5,629	Place & Growth	6,008
5,895	Environment	5,405
6,557	Finance & Governance	5,391
4,421	Customers and Service Development	4,811
1,648	Non Distributed Services	0
<b>36,992</b>	<b>Net Cost of Services</b>	<b>29,358</b>
2,481	Other Operating Expenditure	4,148
(577)	Financing and Investment Income & Expenditure	6,201
(25,145)	Taxation and Non-Specific Grant Income	(30,077)
<b>13,752</b>	<b>(Surplus) / deficit on Provision of Service</b>	<b>9,631</b>
15,556	(Surplus) / deficit on the revaluation of non-current assets	(2,024)
17,520	Actuarial (gains) / losses on pension assets & liabilities	(7,651)
41	(Surplus)/Deficit on Other items	0
<b>33,117</b>	<b>Other Comprehensive Income &amp; Expenditure</b>	<b>(9,675)</b>
<b>46,869</b>	<b>(Surplus)/ deficit on Total Comprehensive Income &amp; Expenditure</b>	<b>(44)</b>

## GROUP BALANCE SHEET

This statement includes the combined income and expenditure of the Council, its wholly owned subsidiaries Crown House Banbury Ltd, Graven Hill Village Holding Company Ltd and its subsidiary Graven Hill Village Development Company Ltd as well as its interest in CSN Resources Ltd.

<b>Group Accounts</b>		<b>Group Accounts</b>
<b>31-Mar-17</b>		<b>31-Mar- 18</b>
<b>£000</b>		<b>£000</b>
108,342	Property, Plant & Equipment	122,449
18,500	Investment Property	85,201
821	Intangible Assets	781
181	Assets held for sale	0
0	Long Term Investments	0
3,830	Long Term Debtors	957
<b>131,674</b>	<b>Long Term Assets</b>	<b>209,388</b>
11,519	Short Term Investments	7,001
40,589	Inventories	64,981
10,446	Short Term Debtors	10,284
9,249	Cash and Cash Equivalents	19,609
<b>71,803</b>	<b>Current Assets</b>	<b>101,874</b>
0	Short Term Borrowing	(90,611)
(18,023)	Short Term Creditors	(23,486)
(1,963)	Receipts in Advance	(2,330)
(1,522)	Provisions	(2,172)
<b>(21,508)</b>	<b>Current Liabilities</b>	<b>(118,599)</b>
(94,043)	Other Long Term Liabilities	(87,457)
(13,571)	Long Term Creditors	(35,115)
(906)	Provisions	(2,113)
(22,858)	Capital Grants Receipts in Advance	(17,967)
<b>(131,378)</b>	<b>Long Term Liabilities</b>	<b>(142,651)</b>
<b>50,591</b>	<b>Net Assets</b>	<b>50,012</b>
(18,750)	Useable Reserves	(8,431)
(31,841)	Unusable Reserves	(41,581)
<b>(50,591)</b>	<b>Total Reserves</b>	<b>(50,012)</b>

## GROUP MOVEMENT IN RESERVES STATEMENT

This statement includes the combined income and expenditure of the Council, its wholly owned subsidiaries Crown House Banbury Ltd, Graven Hill Village Holding Company Ltd and its subsidiary Graven Hill Village Development Company Ltd as well as its interest in CSN Resources Ltd.

Group Accounts 31/03/2018	General	Earmarked	Capital	Capital	Total Usable	Unusable	Total
	Fund	General Fund	Receipts	Receipts			
	Balance	Reserves	Reserve	Un-applied	Reserves	Reserves	Reserves
	£000	£000	£000	Account	£000		£000
<b>Balance at 31 March 2017</b>	2,864	(18,503)	(2,945)	(165)	<b>(18,750)</b>	(31,841)	<b>(50,591)</b>
Adjustment to opening balance to recognise the acquisition of Crown House Banbury Ltd	1,462				1,462	(834)	627
<b>Restated Balance at 31 March 2017</b>	<b>4,326</b>	<b>(18,503)</b>	<b>(2,945)</b>	<b>(165)</b>	<b>(17,288)</b>	<b>(32,675)</b>	<b>(49,964)</b>
<b>Movement in Reserves during 2016/17</b>							<b>0</b>
Surplus or deficit on the provision of services	9,631	0	0	0	9,631	0	9,631
Other Comprehensive Income / Expenditure	0	0	0	0	0	(9,675)	(9,675)
<b>Total Comprehensive Income and Expenditure</b>	<b>9,631</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,631</b>	<b>(9,675)</b>	<b>(44)</b>
Adjustments between accounting basis and funding basis under regulations	(3,503)		2,945	(213)	(771)	771	0
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>6,128</b>	<b>0</b>	<b>2,945</b>	<b>(213)</b>	<b>8,860</b>	<b>(8,904)</b>	<b>(44)</b>
Transfers to / from Earmarked Reserves	(1,514)	1,514	0	0	0	0	0
<b>Increase or Decrease in 2017/18</b>	<b>4,614</b>	<b>1,514</b>	<b>2,945</b>	<b>(213)</b>	<b>8,860</b>	<b>(8,904)</b>	<b>(44)</b>
<b>Balance at 31 March 2018</b>	<b>8,939</b>	<b>(16,989)</b>	<b>(0)</b>	<b>(378)</b>	<b>(8,428)</b>	<b>(41,579)</b>	<b>(50,008)</b>

Group Accounts 31/03/2017	General	Earmarked	Capital	Capital	Total Usable	Unusable	Total
	Fund	General Fund	Receipts	Receipts			
	Balance	Reserves	Reserve	Un-applied	Reserves	Reserves	Reserves
	£000	£000	£000	Account	£000		£000
<b>Balance at 31 March 2016 Restated</b>	104	(19,549)	(3,161)	(47)	<b>(22,653)</b>	(74,806)	<b>(97,459)</b>
<b>Movement in Reserves during 2016/17</b>							
Surplus or deficit on the provision of services	13,752	0	0	0	13,752	0	13,752
Other Comprehensive Income / Expenditure	0	0	0	0	0	33,117	33,117
<b>Total Comprehensive Income and Expenditure</b>	<b>13,752</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,752</b>	<b>33,117</b>	<b>46,869</b>
Adjustments between accounting basis and funding basis under regulations	(9,946)	0	216	(118)	(9,848)	9,848	0
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>3,806</b>	<b>0</b>	<b>216</b>	<b>(118)</b>	<b>3,904</b>	<b>42,965</b>	<b>46,869</b>
Transfers to / from Earmarked Reserves	(1,046)	1,046	0	0	0		0
<b>Increase or Decrease in 2016/17</b>	<b>2,760</b>	<b>1,046</b>	<b>216</b>	<b>(118)</b>	<b>3,904</b>	<b>42,965</b>	<b>46,869</b>
<b>Balance at 31 March 2017</b>	<b>2,864</b>	<b>(18,503)</b>	<b>(2,945)</b>	<b>(165)</b>	<b>(18,750)</b>	<b>(31,841)</b>	<b>(50,591)</b>

## **Annual Governance Statement 2017/18**

### **Executive Summary**

Governance is about how local government bodies ensure that they are doing the right things in the right way, in a timely, inclusive, open, honest and accountable way. It encompasses the systems, processes, cultures and values of an organisation.

The Annual Governance Statement is a public report which sets out how the Council has complied with its own local governance code.

This document assesses how closely we align with good practice. For 2017/18 this represents a positive statement. This document draws upon a number of assurance mechanisms including the work of internal audit, Audit and Risk Committee, the overview and scrutiny process and external audit.

In common with all local authorities, the Council faced an extremely challenging year in 2017/18 as it managed budget reductions, increasing demand for key services and new ways of working.

The Council's long term vision for the district is ambitious. Working with our partners in the public, private and voluntary sectors we are aiming to build a District with a diverse economy.

#### **1.1 Scope of Responsibility**

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

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

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

#### **1.2 The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through

which it accounts to, engages with and leads the local community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The budgetary process continues to challenge the value for money and performance of all services to deliver a robust and sustainable budget. Members work jointly with officers via a range of committees to scrutinise the process and help shape the financial future of the Council.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable, not absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Cherwell District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them economically, efficiently and effectively.

The governance framework has been in place at Cherwell District Council for the year ended 31st March 2018 and up to the date of the approval of the statement of accounts.

### **1.3 The Governance Framework**

#### **1.3.1 Communicating the Authority's vision**

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

The annual business plan identifies and communicates the vision of purpose and intended outcomes for citizens and service users through a variety of media including its website, Cherwell Link magazine and consultation documents working with Cherwell Local Strategic Partnership (LSP). The Council chairs LSP for Cherwell with Membership of the LSP including members from the county, district, town and parish councils, Thames Valley Police, Clinical Commissioning Group, the faith, business and voluntary communities.

The Council's service and financial planning process incorporates consultation with all sections of the community. At the corporate level this includes an annual customer satisfaction survey which identifies areas of customer satisfaction and priorities for improvement, and a budget consultation process that is focused on qualitative research with stakeholders.

At service level, individual service areas and teams undertake public consultation. The Council has a consultation and engagement strategy. During 2017/18 the Council, working with its partners, continues to work to improve opportunities for public feedback through regular events, public consultations

and through our Annual Customer Satisfaction Survey that help us to set and test strategic direction.

The corporate agenda is communicated to staff through regular briefings from the Chief Executive, a "cascade" system and the staff magazine as well as through staff engagement in the service planning process.

### **1.3.2 Reviewing and translating the vision**

The Council reviews its vision and the implications for its governance arrangements by regularly updating its five year strategy, reviewing the annual business plan and major strategy documents. The Medium Term Financial Strategy is the Council's key financial planning document. It is driven by our five year strategy and annual business plan and the four strategic priorities which lie at the heart of it:

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

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

The Council entered into joint working arrangements with South Northamptonshire Council in 2010. During 2017-18, the programme of joint working reviews was completed with all services apart from the Cherwell specific Bicester and Build! teams now shared. During 2017-18, a new senior management structure was put into place.

Cherwell District Council and South Northamptonshire Council remain separate independent entities, retaining their sovereignty. Elected members of both councils will remain in charge of decision making in line with their visions, strategic aims, objectives and priorities.

Governance is underpinned by a joint committee (called the Joint Commissioning Committee) which oversees shared services.

### **1.3.3 Measuring the quality of services**

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

- Performance Management - -a performance management system for monitoring and recording performance indicator data and business plans is in place with monthly and quarterly performance reporting.
- Quarterly Review of Financial Performance Reports
- Transformation Programme and Projects

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

The Council is constantly seeking to ensure that its resources are used economically, effectively and efficiently. The Council encourages staff involvement in the improvement process and actively uses the findings of external agencies and inspections and the national efficiency framework, to drive improvement in addition to the findings of the Annual Customer Satisfaction Survey.

### **1.3.4 Roles and responsibilities**

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

- The Constitution (available on the Council's website)
- Scheme of delegation

The budget and policy framework is determined by full Council. The Executive has delegated authority to take decisions within that framework other than legally specified non-executive decisions such as those relating to regulatory and staffing matters. Executive decisions are subject to scrutiny.

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

The Overview and Scrutiny Committee has overall responsibility for the performance of all overview and scrutiny functions (under the Local Government Act 2000 and Local Government and Public Involvement in Health Act 2007) on behalf of the Council. In particular it is responsible for scrutinising decisions and decision making, developing and reviewing policy, exercising call-in procedures and investigating matters of local concern.

A Joint Scrutiny Committee, which includes members from South Northamptonshire Council, has been established to scrutinise the work of the Joint Commissioning Committee when exercising executive functions delegated to it. It has not met to date and revised arrangements for progressing joint scrutiny are being developed.

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

The Standards Committee has responsibility for ensuring the highest standards of councillor behaviour. This meets when needed to consider reports on



investigations into complaints of breach of the Councillors' code of conduct by councillors of this authority or any Town or Parish Council in the district. There is a common code of conduct throughout all Oxfordshire councils with limited exceptions which means that any Cherwell district councillors who are also County and/or parish councillors have to abide by a single consistent set of rules. The Assistant Director Law and Governance as statutory Monitoring Officer has extensive delegated authority from the Committee to process and determine complaints in consultation with two statutory independent persons. It has not been necessary for the Committee to meet to consider any complaints against councillors in 2017/18.

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

The Section 151 officer, their deputy and the Monitoring officer meet informally as necessary to review the governance arrangements of the Council and provide input into this Annual Governance Statement. The senior officer management team is CEDR (Chief Executive's Direct Reports) which meets weekly and is attended by both the Section 151 and Monitoring Officer.

During 2017/18 the Council has undertaken a review of the scheme of delegation and has further implemented the scheme of sub delegations to ensure that roles and responsibilities are clear and transparent across the organisation.

**1.3.5 Standards of behaviour**

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

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

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

### **1.3.6 Decision Making**

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

### **1.3.7 Corporate Fraud and Risk Management**

One of the key aspects of the internal control environment is the management of risk. The Council has a risk management strategy which has been recently reviewed. Senior management are responsible for maintaining the risk management system and ensuring risks are appropriately mitigated and managed.

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

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

- A monthly process of risk review covering both the strategic and operational risk registers.
- Quarterly monitoring reports will be presented to relevant council committees to ensure Councillors have access to risk information.
- Risk management awareness training sessions will be facilitated for Councillors and employees. Members of the committees with specific responsibility for the management of risk will be offered dedicated training events.
- An internal audit of risk management will take place annually.

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

The Council has a dedicated whistle blowing hotline which is publicised on the Council's website and intranet. There were no incidents of whistleblowing reported in 2017/18.

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

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

An annual summary is provided in the Council's Annual Report which is published in June/July each year.

### **1.3.8 Ensuring compliance**

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

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

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

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

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

### **1.3.9 Development needs of members and senior officers**

Since 2017 the budget for member development has been devolved to political groups proportionally to be spent at the request of the leader according to the needs of elected members. Additionally there are a number of core sessions provided centrally including induction, planning, licensing and code of conduct. Members and officers are also invited to suggest topics for development sessions at any point during the year. The development programme for elected members offers a range of formal and informal learning events including conferences, briefings, seminars, workshops and forums.

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

### **1.3.10 Clear channels of communication**

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

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

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

### **1.3.11 Good governance arrangements in respect of partnerships**

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

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

To ensure the partnership listens to the wider views of the local community, it holds an annual conference which is open to all stakeholders and provides an annual report of its activity. Where appropriate the LSP sets up sub-committees to co-ordinate work programmes, examples include the Climate Change

Partnership and the Brighter Future in Banbury Steering Group. Sub-partnerships have their own terms of reference, agreed by the LSP Board, and report back to the Board with performance and progress updates on a regular basis.

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

#### **1.4 Review of Effectiveness of Governance**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of CEDR which has responsibility for the development and maintenance of the governance environment, Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

#### **1.5 The Authority's Assurance Framework**

The review of the effectiveness of the system of internal control is underpinned by an Assurance Framework for internal control. The Framework is managed by the statutory officers, who seek to provide assurance by adopting a dual approach, assessing information from a service perspective provided by service managers and a more corporate overview from CEDR.

#### **1.6 The Constitutional Framework**

##### **1.6.1 The Executive**

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

##### **1.6.2 Accounts, Audit and Risk Committee**

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

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

During 2017/18, the committee received the annual risk strategy and quarterly updates on the Risk Register.

### **1.6.3 Overview and Scrutiny**

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

The role of scrutiny in following up recommendations: At every meeting of each scrutiny committee, there is a standard agenda item: 'Overview and Scrutiny Annual Work Programme'. This includes a follow up schedule for all previous scrutiny reviews. The committees normally review progress on the implementation of their recommendations at six month intervals, unless the nature of the review suggests a shorter or longer timescale is appropriate. The Lead Member and relevant Director and/or Service Head are asked to provide a written progress report and to attend the meeting to brief the committee. There were no call-ins during 2017/18.

### **1.6.4 Standards Committee**

The Localism Act 2011 required the Council to adopt new arrangements for ensuring the maintenance of high standards of councillor conduct, including a code of conduct which is consistent with the Nolan principles of good conduct in public life with effect from 1 July 2012. A new code was duly adopted and the Standards Committee was re-constituted so that its membership met the requirements of the 2011 Act. Three statutory independent persons are also appointed as part of the arrangements, which was increased from two in 17/18 due to the number of parish standards complaints and to ensure resilience. An annual report of the Monitoring Officer detailing code of conduct complaints was presented to Council in February. During 2017/18 there have been no complaints heard by the Committee.

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

As Monitoring Officer, the Assistant Director Law and Governance continues to review the relevance and effectiveness of the constitution. This is particularly in the light of the shared arrangements with South Northamptonshire Council. As mentioned in section 1.3.6 above three key sections of the constitution have been redrafted and joined with South Northamptonshire Council to reflect the shared arrangements namely the scheme of officer delegations, the Financial Procedure Rules and the Contract Procedure Rules. Having common schemes

and procedures such as these significantly mitigates the risk of officers applying an incorrect rule with resultant unlawful action on the Council's behalf. The scheme of officer delegation has been revised to match current post titles created in the senior management restructure and the scheme is being reviewed with new post holders to ensure appropriate delegations are in place.

### **1.6.5 Section 151 Officer and Monitoring Officer**

During the 2017/18 financial year, the Chief Finance Officer was designated as the person responsible for the administration of the Council's finances under section 151 of the Local Government Act 1972 and ensured the financial management of the Council was conducted in accordance with the Financial Regulations and Corporate Financial Procedures.

With the implementation of joint working arrangements the Chief Finance Officer was the Council's nominated section 151 Officer and the Assistant Director, Finance and Procurement was deputy S151 officer.

The Monitoring Officer was provided by Assistant Director, Law and Governance and provides on-going advice in connection with the legal standing of Council business and advice to Councillors on their responsibilities.

The Chief Finance Officer and Assistant Director acknowledge and have demonstrated active management of their responsibilities for governance.

### **1.6.6 Internal Audit**

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

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

The draft Annual Internal Audit Report is presented to the Accounts Audit and Risk Committee in May 2018, which details the reviews completed and the number of critical, high, medium and low risk items identified within each individual review.

For 2017/18 the annual internal audit opinion provides the organisation with moderate assurance based on work undertaken during the year. The reporting, implementation and monitoring of audit recommendations will continue via Accounts, Audit and Risk Committee.

The Internal Audit work highlighted weaknesses which the organisation has already started addressing and will report progress upon during 2018/19. These weaknesses include:

- Income invoicing, collection and recovery, identification of issues relating to systems and procedures governing the invoicing, collection and recovery of income. Management have agreed action plans to address the findings and recommendations.
- An action plan for Commercial Property is in the process of being reviewed and agreed.

### **1.6.6 External Audit**

Following an 'Except for' Value for Money Conclusion in 2016/17 in relation to the Council's processes for Informed Decision Making. The Council has already taken steps to strengthen its processes by:

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

Overall, the Council has a good system of internal control and action plans in place to address the issues highlighted in the audit report and seeks to ensure continuous improvement of the systems is in place.

During 2017/18 the Council has worked closely with its External Auditors to improve and strengthen its value for money position.

### **1.6.8 Financial Management Arrangements, Performance and Value for Money**

The Council continues to go through a period of change, as it delivers the Council's objectives with fewer resources and through new mechanisms for delivery. The Council believes that it is even more important to ensure that strong governance continues throughout the organisation.

The Council recognises that it has increased the risks it is exposed to in relation to its investment activity undertaken during 2017/18. The corporate investment strategy implemented during the year has allowed the Council to further ensure that governance remains integral to all its decision making.

The financial statements have been prepared on a going concern basis. The Council believes that the functions and services delivered by the Council will continue in operational existence. The Council remains aware of potential changes to local government in its own and neighbouring areas. Members have up-to-date information about not only the current but also the medium term outlook, for decision making purposes.

Financial performance is measured across a range of indicators that are reported quarterly to Overview and Scrutiny Committee and to the Executive. Budget



monitoring is reported quarterly to Budget Planning Committee and to the Executive.

### **1.7 Declaration**

We have been advised on the implications of the result of the review of effectiveness of the Councils governance framework. The overall assessment is that the arrangements continue to be regarded as fit for purpose. We are satisfied that there are appropriate plans in place to address any weaknesses and ensure continuous improvement in the system of internal control.

This document has described our governance arrangements and assessed how closely we align with good practice. In overall terms this is a positive statement for 2017/18.

**Yvonne Rees**  
**Chief Executive**  
XX July 2018

**Cllr Barry Wood BSc ACMA**  
**Leader of the Council**  
XX July 2018