

*Cherwell*

DISTRICT COUNCIL  
NORTH OXFORDSHIRE

**Final**

**Statement of Accounts  
2019/20**

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## Introduction

Welcome to Cherwell District Council's Statement of Accounts for the year ending 31st March 2020. The Statement of Accounts is a statutory document providing information on the cost of services provided by Cherwell District Council to the council tax payer and detailing how those services were financed. In addition, it provides information, within the Balance Sheet on the value of our assets (what we own, what we are owed) and the value of our liabilities (what we owe).

Should you have any comments or wish to discuss this statement in further detail then please contact the finance team by email on [Finance@Cherwell-DC.gov.uk](mailto:Finance@Cherwell-DC.gov.uk) or contact the Finance Team direct on 0300 003 0103.

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

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

# Narrative Statement – Overview of 2019/20

## Executive Member’s Narrative

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

### Headlines of Our Achievements in the Year Include:

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

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

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

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

**Councillor Tony Ilott**  
**Executive Member for Finance and Governance**

# Director of Finance's Narrative

## Introduction

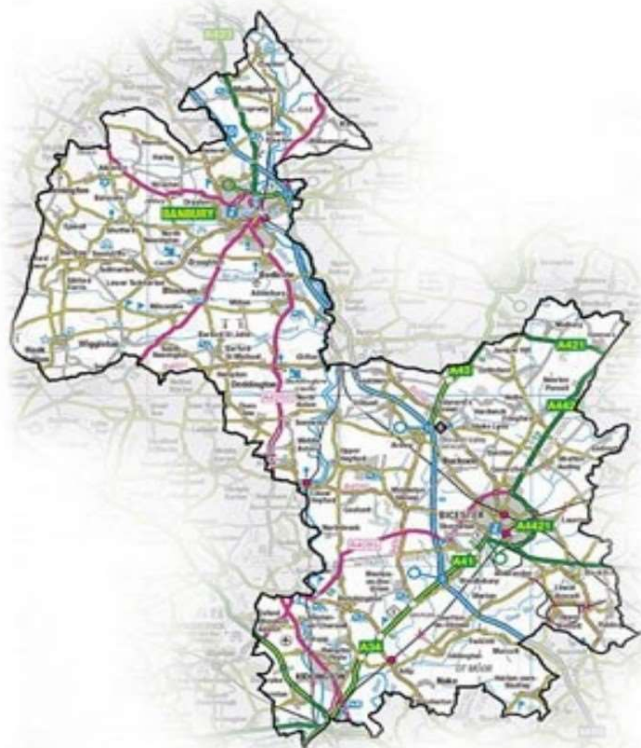
The purpose of this Narrative Report is to provide information on Cherwell District Council, its main objectives, strategies and the principal risks it faces. It sets out information to help readers understand the Council's financial position and performance during 2019/20.

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

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

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

## About the District



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

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

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

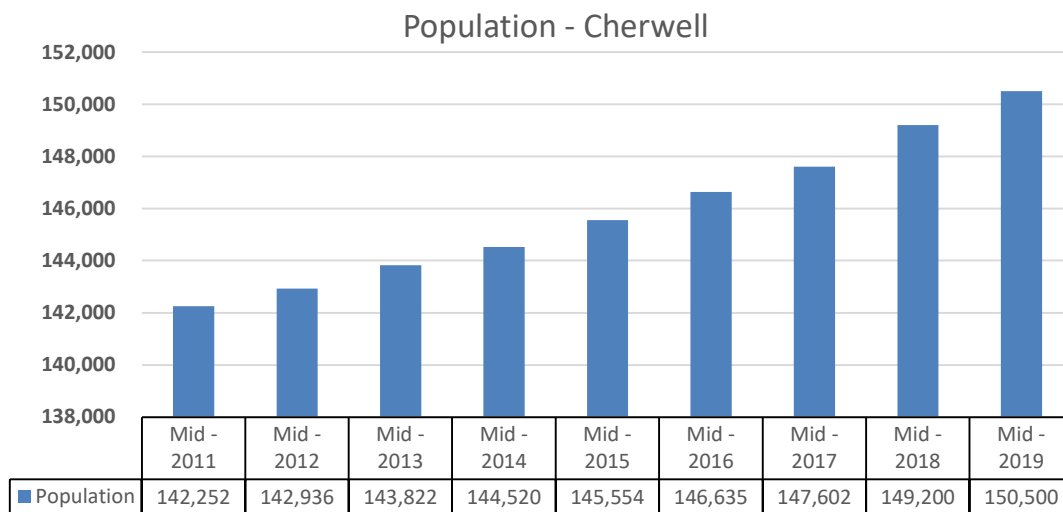


Figure 1- Time series bar chart showing the total population of Cherwell mid-2012 to mid- 2019

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

### **Strategic priorities for Cherwell District Council**

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

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

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

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

## Cherwell District Council Business Plan 2019-20



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

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



## ***“Clean, Green and Safe”***

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

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



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



## ***“Thriving Communities and Wellbeing”***

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



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



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



### **Number of Homeless Households living in Temporary Accommodation -**

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



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

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

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

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

### ***“District of Opportunity and Growth”***

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



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



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

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

### **Develop Our Town Centres and Increase Employment at Strategic Sites -**

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



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

### **Our Leadership and Workforce**

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

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

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

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

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

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

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

## **Risk management**

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

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

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

# Financial Overview

## Financial Performance

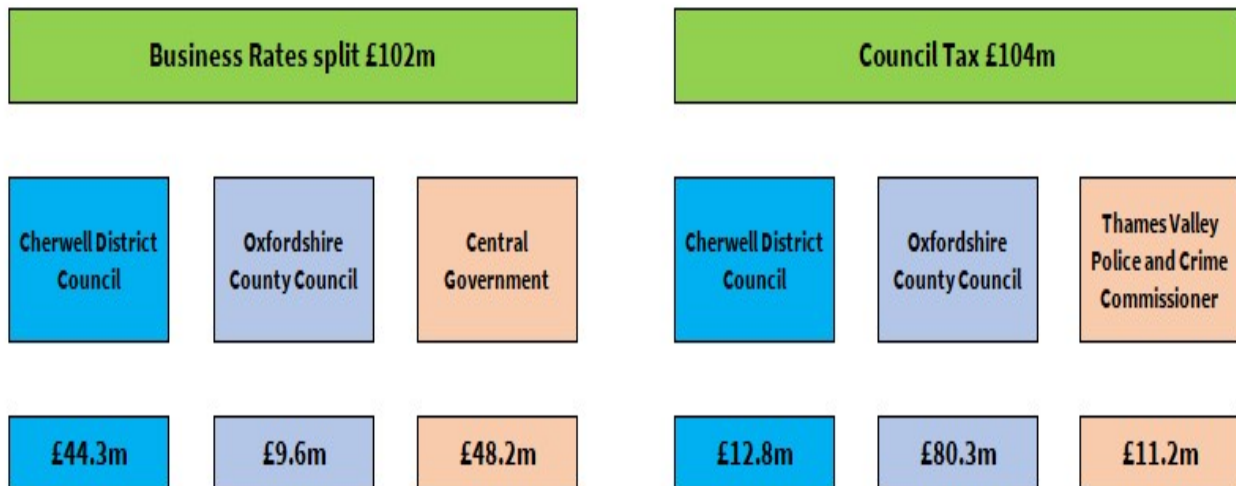
The Council sets a revenue budget, medium-term financial strategy (MTFS) and capital programme in the February preceding the start of the financial year. These are underpinned by a Financial Strategy, Capital & Investment Strategy, Treasury Management Strategy and a review and assessment of the adequacy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

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

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

## Resources

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



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

## Pension Liabilities

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

## Contingencies

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

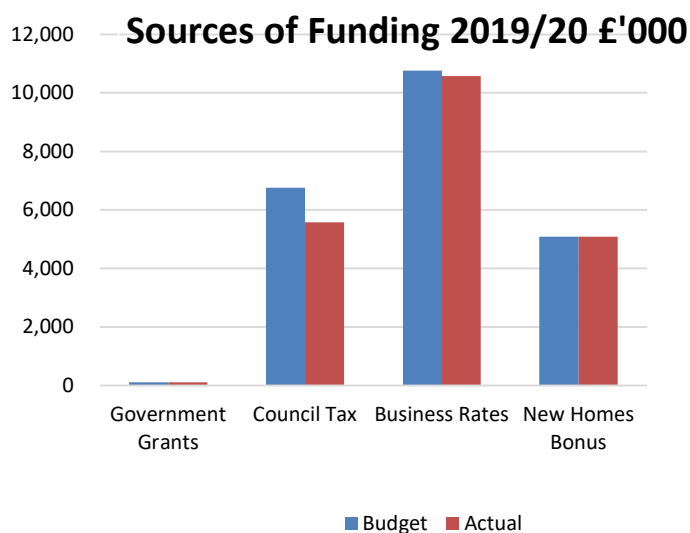
	2019/20	2018/19
<b>Appeals Provision</b>	<b>£6.8m</b>	<b>£4.9m</b>

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

## Council Funding 2019/20

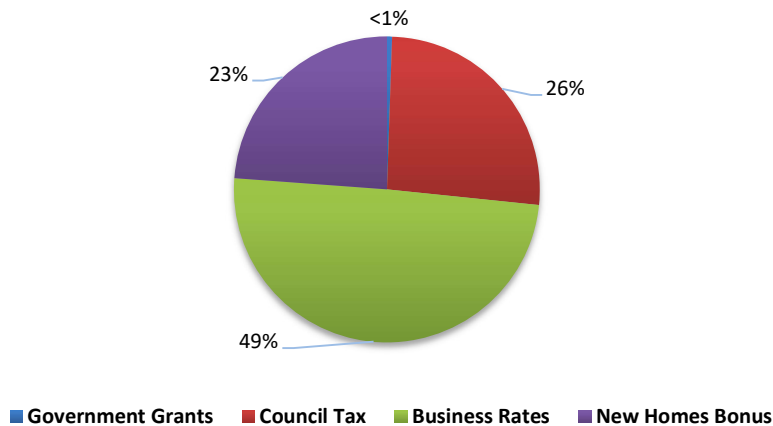
The Council's core funding from central government has been reducing and funding generated as a result of the economic growth development is increasing. Below the table and bar chart show where the council funding has come from. (The figures in brackets represent income received by the Council)

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



The pie chart below shows the percentage split of funding received

### Actual Funding % Split



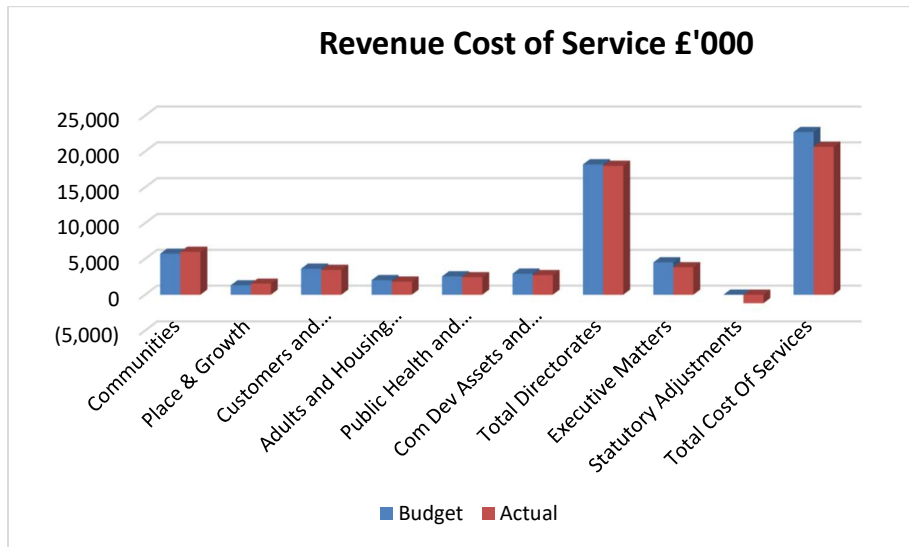
### Revenue Financial Outturn Position

The table below summarises the position across the Council:

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

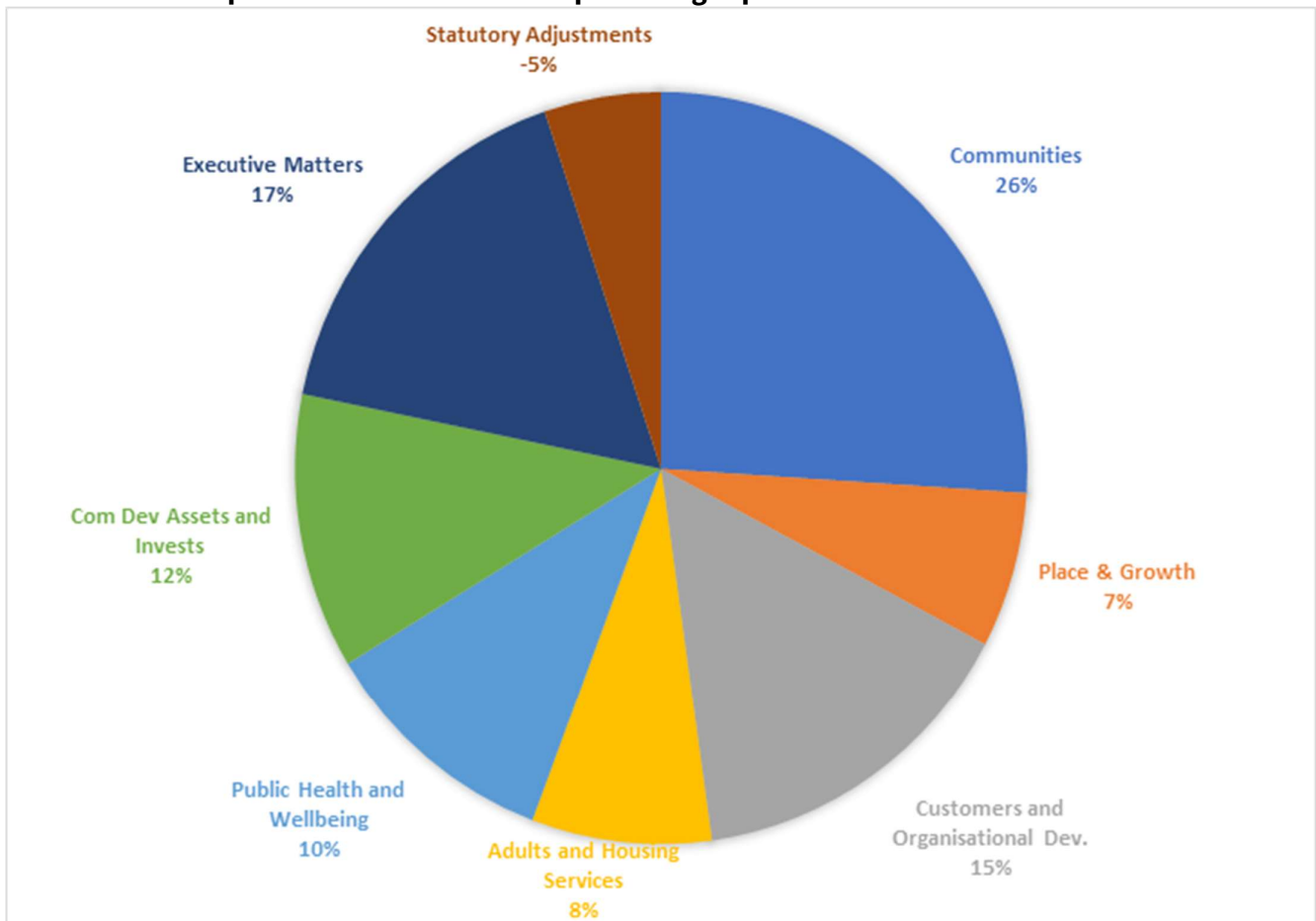
In summary, the Council saw an overall underspend of £2.06m (9%) across its directorates, against a budget of £22.7m.





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

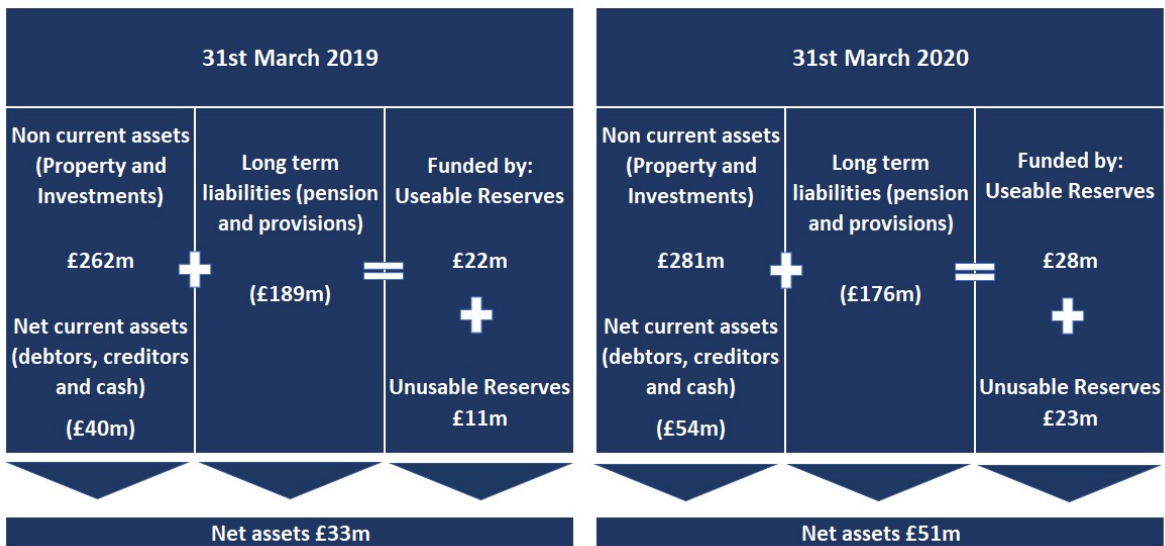
**The pie chart below shows the percentage split of actuals for each service**





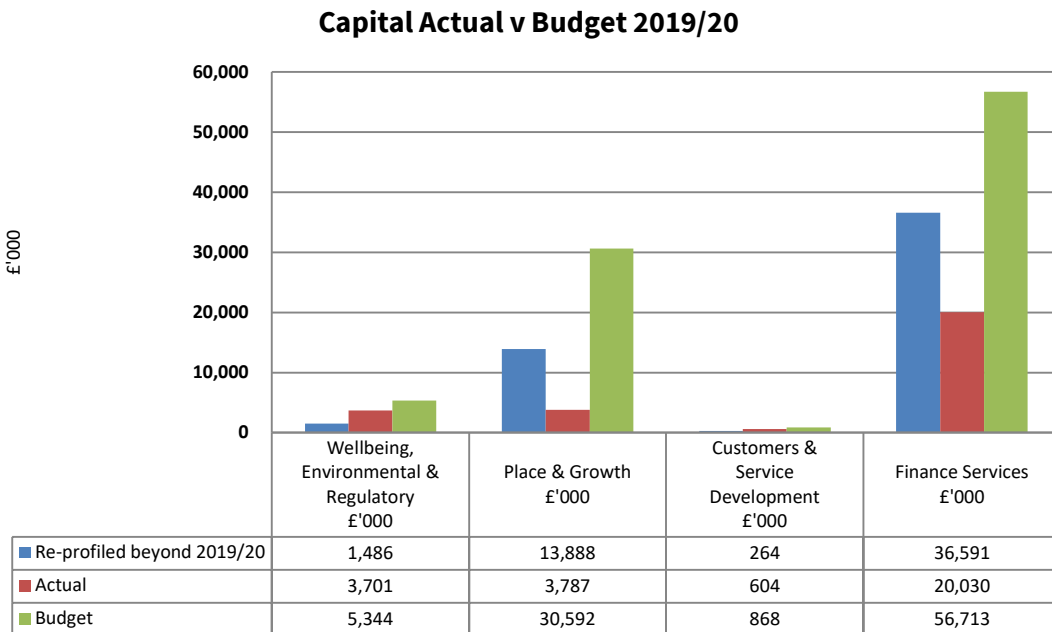
## Financial Position

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



## Capital Programme

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



## Capital investment plans for 2019/20

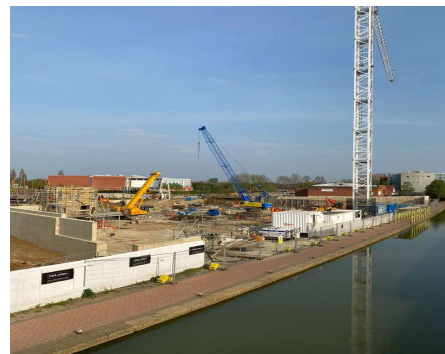
The information below describes our major schemes and projects and the outcomes that we will achieve. These major strands of our increasing commercial outlook on managing our resources for Cherwell.

### Castle Quay Waterfront

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



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



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



### **Castle Quay Shopping Centre**

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

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

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

### **Crown House Apartments**



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



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

### **Basis of Preparation and Presentation**

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

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

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

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



## **Financial Outlook and the Coronavirus COVID-19 Pandemic**

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

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

# The Financial Statements

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

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

## The Core Statements can be described as:

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

	by the authority, analysed between 'useable' and 'unusable' reserves.
<b>Cash Flow Statement</b>	This summarises the changes in cash and cash equivalents during 2019/20. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

**The Supplementary Financial Statements are:**

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

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

# Statement of Responsibilities for the Statement of Accounts

## The Council's Responsibilities:

The Council is required to:

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

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

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

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

The S151 Officer has also:

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

## S151 Officer's Certificate:

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31st March 2020.

**Lorna Baxter**

**Director of Finance and Section 151 Officer**

**Date: December 2020**

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

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

**Councillor Mike Kerford-Byrnes**

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

**Date: December 2020**



## Expenditure and Funding Analysis

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

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

Year Ending 31 March 2019				Year Ending 31 March 2020		
Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Services	Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
904	2,453	3,357	Adults and Housing Services	1,649	2,073	3,723
(7,136)	17,194	10,058	Comm Dev Assets and Invests	(13,024)	14,527	1,503
3,322	2,939	6,261	Communities	6,063	1,641	7,704
1,580	2,094	3,674	Cust and Org Dev	2,883	1,769	4,652
2,241	305	2,546	Finance S151	4,090	257	4,347
759	205	964	Governance Monitoring Officer	1,385	173	1,558
(3,600)	10,669	7,069	Place and Growth	(6,570)	9,014	2,444
(1,321)	6,957	5,636	Public Health and Wellbeing	(2,411)	5,878	3,467
0	0	0	Non Distributed Services	0	0	0
<b>(3,251)</b>	<b>42,815</b>	<b>39,564</b>	<b>Net Cost of Services</b>	<b>(5,935)</b>	<b>35,332</b>	<b>29,398</b>
(7,730)	(1,145)	(8,875)	Other Income and Expenditure	<b>33,752</b>	(42,334)	(8,582)
<b>(10,981)</b>	<b>41,670</b>	<b>30,689</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>27,817</b>	<b>(7,002)</b>	<b>20,816</b>
(16,849)			<b>Opening Combined General Fund Balance</b>	<b>(27,830)</b>		
<b>(10,981)</b>			Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	27,817		
<b>(27,830)</b>			<b>Closing Combined</b>	<b>(13)</b>		

# Comprehensive (Income) and Expenditure Statement

Year Ending 31 March 2019				Year Ending 31 March 2020		
Expenditure	Income	Net	Services	Expenditure	Income	Net
£'000	£'000	£'000	Notes	£'000	£'000	£'000
4,347	(944)	3,403	Adults and Housing Services	4,900	(1,177)	3,723
1,794	(391)	1,402	Comm Dev Assets and Invests	1,777	(274)	1,503
14,075	(5,753)	8,322	Communities	13,813	(6,109)	7,704
5,438	(276)	5,162	Cust and Org Dev	5,756	(1,104)	4,652
35,995	(34,655)	1,339	Finance S151	32,486	(28,139)	4,347
4,510	(140)	4,369	Governance Monitoring Officer	2,184	(626)	1,558
16,287	(4,033)	12,254	Place and Growth	7,172	(4,728)	2,444
5,236	(1,923)	3,312	Public Health and Wellbeing	5,254	(1,787)	3,467
<b>87,680</b>	<b>(48,116)</b>	<b>39,564</b>	<b>Cost of Services</b>	<b>73,342</b>	<b>(43,944)</b>	<b>29,398</b>
<b>5,259</b>	(2,731)	2,528	10 Other Operating Expenditure	5,480	(1,666)	3,814
<b>28,801</b>	(11,399)	17,402	11 Financing and Investment Income and Expenditure	29,969	(7,629)	22,340
<b>0</b>	(28,805)	(28,805)	12 Taxation and Non Specific Grant Income	0	(34,736)	(34,736)
<b>121,740</b>	<b>(91,051)</b>	<b>30,689</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>108,791</b>	<b>(87,975)</b>	<b>20,816</b>
		<b>(7,795)</b>	14 (Surplus) or deficit on revaluation of Property, Plant and Equipment			<b>(8,216)</b>
			24 (Surplus) or deficit on revaluation of available for sale financial assets			
		<b>6,100</b>	37 Remeasurement of the net defined benefit liability / (asset)			<b>(31,312)</b>
		<b>(1,695)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(39,528)</b>
		<b>28,994</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(18,712)</b>

## Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019	(2,925)	(20,365)	0	(145)	<b>(23,435)</b>	(9,015)	<b>(32,450)</b>
<b>Adjustment to opening balance</b>	1,671				<b>1,671</b>	(1,671)	<b>0</b>
Adjusted balance at 31 March 2019	(1,254)	<b>(20,365)</b>	<b>0</b>	<b>(145)</b>	<b>(21,764)</b>	<b>(10,686)</b>	<b>(32,450)</b>
Movement in reserves during 2019/20							
<b>Surplus or deficit on the provision of services</b>	<b>20,816</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,816</b>	<b>0</b>	<b>20,816</b>
<b>Other Comprehensive Income / Expenditure</b>	0	0	0	0	<b>0</b>	(39,528)	<b>(39,528)</b>
Total Comprehensive Income and Expenditure	<b>20,816</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,816</b>	<b>(39,528)</b>	<b>(18,712)</b>
<b>Adjustments between accounting basis and funding basis under regulations - Note 08</b>	(27,596)	0	0	(20)	<b>(27,616)</b>	27,616	<b>0</b>
Net Increase or Decrease before Transfers to Earmarked Reserves	<b>(6,780)</b>	<b>0</b>	<b>0</b>	<b>(20)</b>	<b>(6,800)</b>	<b>(11,912)</b>	<b>(18,712)</b>
<b>Transfers to / from Earmarked Reserves - Note 09</b>	6,016	(6,016)	0	0	<b>0</b>		<b>0</b>
Increase or Decrease in 2019/20	<b>(764)</b>	<b>(6,016)</b>	<b>0</b>	<b>(20)</b>	<b>(6,800)</b>	<b>(11,912)</b>	<b>(18,712)</b>
Balance at 31 March 2020	<b>(2,018)</b>	<b>(26,381)</b>	<b>0</b>	<b>(165)</b>	<b>(28,563)</b>	<b>(22,598)</b>	<b>(51,161)</b>
	<b>General Fund Balance</b>	<b>Earmarked General Fund Reserves</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Un-applied Account</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Reserves</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018	(1,001)	(15,693)	0	(378)	<b>(17,072)</b>	(44,372)	<b>(61,444)</b>
Movement in reserves during 2018/19							
<b>Surplus or deficit on the provision of services</b>	<b>30,689</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,689</b>	<b>0</b>	<b>30,698</b>
<b>Other Comprehensive Income / Expenditure</b>	0	0	0	0	<b>0</b>	(1,695)	<b>(1,695)</b>
Total Comprehensive Income and Expenditure	<b>30,689</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,689</b>	<b>(1,695)</b>	<b>28,994</b>
<b>Adjustments between accounting basis and funding basis under regulations - Note 08</b>	(37,285)	0	0	233	<b>(37,052)</b>	37,052	<b>0</b>
Net Increase or Decrease before Transfers to Earmarked Reserves	<b>(6,596)</b>	<b>0</b>	<b>0</b>	<b>233</b>	<b>(6,363)</b>	<b>35,537</b>	<b>28,994</b>
<b>Transfers to / from Earmarked Reserves - Note 09</b>	4,672	(4,672)	0	0	<b>0</b>	0	<b>0</b>
Increase or Decrease in 2018/19	<b>(1,924)</b>	<b>(4,672)</b>	<b>0</b>	<b>233</b>	<b>(6,363)</b>	<b>35,537</b>	<b>28,994</b>
Balance at 31 March 2019	<b>(2,925)</b>	<b>(20,365)</b>	<b>0</b>	<b>(145)</b>	<b>(23,435)</b>	<b>(9,015)</b>	<b>(32,450)</b>

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019	(2,925)	(20,365)	0	(145)	(23,435)	(9,015)	(32,450)
<b>Adjustment to opening balance</b>	1,671				1,671	(1,671)	0
Adjusted balance at 31 March 2019	(1,254)	(20,365)	0	(145)	(21,764)	(10,686)	(32,450)
Movement in reserves during 2019/20							
<b>Surplus or deficit on the provision of services</b>	21,658	0	0	0	21,658	0	21,658
<b>Other Comprehensive Income / Expenditure</b>	0	0	0	0	0	(39,528)	(39,528)
Total Comprehensive Income and Expenditure	21,658	0	0	0	21,658	(39,528)	(17,870)
<b>Adjustments between accounting basis and funding basis under regulations - Note 08</b>	(28,438)	0	0	(21)	(28,459)	28,458	0
Net Increase or Decrease before Transfers to Earmarked Reserves	(6,780)	0	0	(21)	(6,800)	(11,070)	(17,870)
<b>Transfers to / from Earmarked Reserves - Note 09</b>	6,016	(6,016)	0	0	0		0
Increase or Decrease in 2019/20	(764)	(6,016)	0	(21)	(6,800)	(11,070)	(17,870)
Balance at 31 March 2020	(2,018)	(26,381)	0	(165)	(28,564)	(21,756)	(50,319)
	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018	(1,001)	(15,693)	0	(378)	(17,072)	(44,372)	(61,444)
Movement in reserves during 2018/19							
<b>Surplus or deficit on the provision of services</b>	30,689	0	0	0	30,689	0	30,698
<b>Other Comprehensive Income / Expenditure</b>	0	0	0	0	0	(1,695)	(1,695)
Total Comprehensive Income and Expenditure	30,689	0	0	0	30,689	(1,695)	28,994
<b>Adjustments between accounting basis and funding basis under regulations - Note 08</b>	(37,285)	0	0	233	(37,052)	37,052	0
Net Increase or Decrease before Transfers to Earmarked Reserves	(6,596)	0	0	233	(6,363)	35,537	28,994
<b>Transfers to / from Earmarked Reserves - Note 09</b>	4,672	(4,672)	0	0	0	0	0
Increase or Decrease in 2018/19	(1,924)	(4,672)	0	233	(6,363)	35,537	28,994
Balance at 31 March 2019	(2,925)	(20,365)	0	(145)	(23,435)	(9,015)	(32,450)

# Balance Sheet

31 March 2019			31 March 2020
£'000	Notes		£'000
121,950	14	Property, Plant and Equipment	133,939
72,240	15	Investment Property	61,607
837	16	Intangible Assets	1,504
22,828	17	Long Term Investments	29,053
44,595	17	Long Term Debtors	54,623
<b>262,450</b>		<b>Long Term Assets</b>	<b>280,726</b>
6,008	17	Short-term Investments	17,048
220	18	Inventories	187
14,796	19	Short Term Debtors	20,320
9,313	20	Cash and Cash Equivalents	4,811
<b>30,337</b>		<b>Current Assets</b>	<b>42,366</b>
(43,128)	17	Short-Term Borrowing	(66,507)
(21,640)	22	Short-Term Creditors	(23,765)
(1,468)	23	Short - Term Provisions	(1,431)
(4,694)	31	Grants Receipts in Advance - Revenue	(4,523)
<b>(70,930)</b>		<b>Current Liabilities</b>	<b>(96,226)</b>
(3,717)	23	Long Term Provisions	(5,610)
(68,436)	17	Long Term Borrowing	(75,000)
(98,100)	37	Pension Liabilities	(72,770)
(1,582)	17	Long Term Creditors	(1,576)
(17,572)	31	Grants Receipts in Advance - Capital	(20,749)
<b>(189,407)</b>		<b>Long Term Liabilities</b>	<b>(175,705)</b>
<b>32,450</b>		<b>Net Assets</b>	<b>51,161</b>
(21,764)	24	Usable Reserves	(28,564)
(10,686)	25	Unusable Reserves	(22,597)
<b>(32,450)</b>		<b>Total Reserves</b>	<b>(51,161)</b>

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

Lorna Baxter  
Director of Finance and S151 Officer.

Date:

# Cash Flow Statement

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

Audited Figure from 2019/20

31 March 2019		31 March 2020	
£'000	Note		£'000
<b>Cash Flows from Operating Activities</b>			
30,689	Net (Surplus)/Deficit on Provision of Services		20,816
(2,779)	Depreciation & Impairment	14	(2,726)
(11,997)	Changes in Market Value of Property, Plant & Equipment	14	(9,987)
(250)	Amortisation of Intangible Assets	16	(237)
(19,280)	Changes in Fair Value of Investment Properties	15	(14,167)
2,394	Disposal of Assets	14	(2,359)
51	Changes in Inventory	18	(33)
(121)	Changes in Debtors	19	5,524
(8,145)	Changes in Creditors	22	(2,125)
(1,095)	Changes in Provisions	23	(1,856)
0	Changes in Deferred Capital Receipts	25	0
(12,853)	Changes in Net Pension Liability	25	25,330
(3,024)	Remeasurement of Net Defined Benefit Liability	37	(31,312)
6	Changes in long term creditors		6
-	Changes in long term debtors		10,028
(2,805)	Capital Grants Recognised	31	3,445
5,423	Proceeds on Disposal of Property, Plant & Equipment	24	4,042
<b>(23,786)</b>	<b>Net Cash Flows from Operating Activities</b>		<b>4,390</b>
<b>Cash Flows from Investing Activities</b>			
7,962	Purchase of Property, Plant & Equipment	14	19,004
9,980	Purchase of Investment Property	15	3,508
306	Purchase of Intangible Assets	16	771
(5,423)	Proceeds from the Disposal of Property, Plant and Equipment	24	(4,042)
(703)	Net Changes in Short-term and Long-term Investments	17	17,265
<b>12,122</b>	<b>Net Cash Flows from Investing Activities</b>		<b>36,506</b>
<b>Cash Flows from Financing Activities</b>			
4,000	Changes in Grants and Contributions	25	0
2,805	Capital Grants and Contributions Recognised	31	0
220	Cash Receipts of Short-term and Long-term Borrowing	17	(29,943)
1,114	Any other items for which the cash effects are investing or financing cash flows		(6,451)
209	Changes in Council Tax and Business Rates Collected for Third Parties	10	0
<b>8,348</b>	<b>Net Cash Flows from Financing Activities</b>		<b>(36,394)</b>
<b>(3,316)</b>	<b>Net Increase/Decrease in Cash and Cash Equivalents in the Period</b>		<b>4,502</b>
<b>12,629</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>		<b>9,313</b>
<b>9,313</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	<b>20</b>	<b>4,811</b>
<i>Items included in net cash flow from operating activities include:</i>			
(3,373)	Interest Receivable and similar income	17	(4,300)
1,587	Interest Payable (including Finance lease interest)	17	2,073
<b>(1,786)</b>			<b>(2,227)</b>

# Note 1 – Accounting Policies

## General principles

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

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

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

## 1.1 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.

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

The District Council has carried out a detailed assessment of the likely impact of COVID-19 on its financial position and performance during 2019/20, 2020/21 and beyond. This included consideration of the following:-

- Loss of income on a service by service basis, due to temporary closures, reduction in demand, and increased collection losses.
- Additional expenditure on a service by service basis, e.g. provision of new and expanded services in response to the crisis such as additional costs relating to provision of Personal Protective Equipment for waste collection crews.
- Changes to government policy, e.g. guidance on supplier relief, additional funding for local authorities, and additional responsibilities which sit alongside this.
- The impact on the District Council’s capital programme, e.g. delays caused by government restrictions, and whether there is a need to rephase work for other reasons.
- The impact of all of the above on the District Council’s cash flow and treasury management, including availability of liquid cash (as at 31 October 2020 the Council had £8.8m instant access deposits), impact on investment returns, and availability of external borrowing if required.
- The estimated overall impact on the District Council’s General Fund

As set out in the Financial Monitoring Report to Executive on 6 July 2020, this review has highlighted that COVID-19 poses a significant financial challenge for the Council, as it will for all local authorities.

To manage this, Executive agreed to ask officers to identify plans to address the potential overspend in 2020/21 arising from COVID-19 and report back to the next meeting with recommendations for action. On 20 August 2020, Executive considered a revised balanced budget for 2020/21 that includes budgets to meet the additional costs of COVID-19 and to enable effective budget management. The revised budget was agreed by full Council on 7 September.

Based on the District Council's latest monitoring report as at 30 September 2020 and considered by Executive on 2 November 2020, measures taken in setting the revised budget are sufficient to ensure that there is forecast to be a net underspend of £0.3m on the General Fund in 2020/21 when the vast majority of additional COVID 19 cost is expected to crystallise. Executive will continue to receive monthly updates on the financial position.

The District Council is in the process of introducing a new reserves policy. The draft policy was considered by Budget Planning Committee at its meeting on 29 September 2020. Following the development of the draft reserves policy a review of reserves and the purposes for which they are being held has taken place. It is anticipated that the Council will have £5m of general balances when setting the 2021/22 budget and £14m of other reserves which could be made available if absolutely necessary. In addition, the District Council's cashflow forecast demonstrates that the Council has access to sufficient cash over the medium term to support Council activities. The Treasury Management Quarter 2 Report was considered by the Accounts, Audit and Risk Committee on 18 November 2020.

It is therefore noted that there is significant headroom within the General Fund to absorb the estimated financial impact of COVID-19 in the short to medium-term. Furthermore, the Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

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

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- An exception to this policy is housing benefit transactions which are accounted for on a cash basis, that is, when the payment is made.
- Interest receivable on investments is accounted for respectively as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.



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

### **Cash and Cash Equivalents**

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

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

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

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

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

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

### **Charges to Revenue for Non-Current Assets**

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

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

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

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

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

### **Council Tax and Non-Domestic Rates**

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

Collection Fund surpluses/deficits declared by the Billing Authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For Cherwell District Council, the Council Tax precepting bodies are Oxfordshire County Council and Police and Crime Commissioner. For Cherwell District Council, the NDR precepting bodies are Central Government (50% share) Cherwell District Council (40% share) and Oxfordshire County Council (10% share).

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

### **Accounting for Council Tax and NDR**

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and

Expenditure line in the Comprehensive Income Expenditure Statement or CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### **Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance. The Council has no Exceptional Items in 2019/20.

## **1.2 Employee Benefits**

**Benefits Payable during Employment** - Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu, flex-leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the service account, but then reversed out through the Movement in Reserves Statement so that holiday benefits accrual has no impact on Council Tax and holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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

**Post-Employment Benefits** - Employees of the Council are members of the Local Government Pension Scheme, administered by Oxfordshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

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

The pension fund liability is calculated every three years by the fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with International Accounting Standard (IAS)19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 36. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

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

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

The iBoxx bond market indices are benchmarks for professional use and comprise liquid investment grade bond issues. They enable investors to analyse and select benchmarks that reflect their investment profile.

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

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

**Service cost comprising:**

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

**Re-measurements comprising:**

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

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the

amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

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

### **Events after the Reporting Period**

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

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

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

### **Financial Instruments**

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

### **Financial Liabilities**

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure

Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

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

### **Financial Assets**

Financial assets are classified into two types:

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

The Council has financial assets comprising of long-term and short-term investments, long-term debtors, short-term debtors (excluding statutory debts such as Council Tax, Non-Domestic Rates, rent allowances, precepts, etc.) and cash & cash equivalents. These are assets that have fixed or determinable payments but are not quoted in an active market. They are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

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

## **Available-for-Sale Assets**

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

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

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

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

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

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

## **Foreign Currency Translation**

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

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

### **Government Grants and Contributions**

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

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

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

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

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

### **Heritage Assets—measurement and valuation**

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on an annual basis.

There is an annual programme of valuations and items are valued by an external valuer. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

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



## **Intangible Assets**

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

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

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

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

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

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

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

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

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

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

## **Investment Property - Reference Castle Quay**

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

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

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

### **Joint Operations**

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

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

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

### **Leases**

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

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

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

## **1.3 The Council as Lessee**

### **Finance Leases**

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

Lease payments are apportioned between:

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

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

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

### **Operating Leases**

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

## **1.4 The Council as Lessor**

### **Finance Leases**

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

Lease rentals receivable are apportioned between:

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

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

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

### **Operating Leases**

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

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

### **Fair Value**

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

### **Property, Plant & Equipment**

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

### **Recognition**

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

### **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price;

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

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

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

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – Current value, determined using the basis of Existing Use Value for Social Housing (EUV-SH).
- Other land and buildings and operational assets where there is an active market – Current value determined as the amount that would be paid for the asset in its existing use (EUV).
- Operational assets where there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold (i.e. EUV cannot be determined), depreciated replacement cost using the ‘instant build’ approach as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- Fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

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

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

### **Impairment**

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### **Depreciation**

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

Depreciation is calculated on the following bases:

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

Newly acquired assets and capital enhancements are depreciated from the year after acquisition, unless the variation in change is considered material. In this respect only, the Council does not fully comply with

the requirements of IAS16 Property, Plant & Equipment but this is not a material consideration for the Council.

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

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

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

The Council has a de minimis limit of £10,000 for capital expenditure purposes which results in the capitalisation of expenditure above that limit as an asset in the balance sheet. Items below this limit charged to revenue.

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

- Land
- Structure of Building

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

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

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

### **Disposals and Non-current Assets Held for Sale**

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

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

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

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

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

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

### **Fair Value Measurement**

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

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

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

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



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

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

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

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

### **Minimum Revenue Provision**

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

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

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

### **Provisions**

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

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

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

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

### **Contingent Assets**

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

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

### **Contingent Liabilities**

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

### **Reserves**

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

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

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

### **VAT**

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

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

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

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

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

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

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

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

### **Lease Accounting**

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

### **Provision for Outstanding Business Rates Appeals**

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

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

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Valuations	<p>The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Market activity is being impacted in many sectors. As at the valuation date, consider that less weight can be attached to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that all are faced with an unprecedented set of circumstances on which to base a judgement.</p>	<p><b>Therefore the valuations are reported on the basis of ‘material valuation uncertainty’ as per the Valuation Technical and Performance Standards (VPS 3) and the Material Valuation Uncertainty Standard (VPGA 10) of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, it is recommended that the valuations of these properties need to be reviewed every six months. Further details at <a href="https://www.rics.org/uk/upholdingprofessional-standards/sector-standards/valuation/valuationcoronavirus">https://www.rics.org/uk/upholdingprofessional-standards/sector-standards/valuation/valuationcoronavirus</a>.</b></p>
<b>Depreciation of Property, Plant &amp; Equipment</b>	<p>The Council assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.</p>	<p><b>Where the Council determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset’s life or residual value is reflected in the Council’s accounts when the change in estimate is determined. The carrying value of depreciable assets in the balance sheet is £115,108k. This amount comprises of Land &amp; Buildings, Plant, Vehicles &amp; Equipment, Infrastructure Assets and Intangible Assets.</b></p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p><b>Impairment of Property, Plant &amp; Equipment &amp; Intangible Assets</b></p>	<p>The Council assesses the impairment of property, plant and equipment and intangible assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards</p> <p>Factors that are considered important and which could trigger an impairment review include the following:</p> <ul style="list-style-type: none"> <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 overall business;</li> <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>	<p><b>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.</b></p>
<p><b>Fair Value Measurements</b></p>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for <i>similar</i> assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation</p>	<p><b>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).</b></p> <p><b>Significant changes in any of the unobservable inputs would result in a significantly lower or</b></p>

	<p>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 14 and 15 below.</p>	<p><b>higher fair value measurement for the investment properties and financial assets.</b></p>
<p><b>Impairment allowance for doubtful debt</b></p>	<p>The Impairment allowance for doubtful debt reflects the Council's estimates of losses arising from the failure or inability of the Council's customers to make required payments. The allowance is based on the ageing of customer accounts, customer credit worthiness and the Council's historical write-off experience. One off debts for significant amounts have also been included if we have reasonable grounds to assume that we are unlikely to receive payment.</p>	<p><b>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.</b></p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Provision for Business Rates Appeals</b>	<b>Following the changes in accounting for Business Rates, the Council has set up a provision for Business Rates appeals. The provision has been calculated based upon the latest appeals list from the Valuation Office. Business Rates Pool has used its local knowledge to calculate their provisions, for Cherwell this equated to 16.4% of Net Rates Payable.</b>	<b>If the provision for appeals was increased by 1% the resulting increase would be £1,034,021 shared across Central Government (50%), the county council (10%) and Cherwell District Council (40%)</b>

## Note 5 - Material Items of Income and Expense

### Pensions

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

## Note 6 – Events after the Balance Sheet Date

Nothing To report

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

### Year Ending 31st March 2020

	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000	£'000
<b>Adults and Housing Services</b>	1,588	485	0	0	2,073
<b>Comm Dev Assets and Invests</b>	14,357	170	0	0	14,527
<b>Communities</b>	(354)	1,995	0	0	1,641
<b>Cust and Org Dev</b>	241	1,528	0	0	1,769
<b>Finance S151</b>	64	193	0	0	257
<b>Governance Monitoring Officer</b>	12	161	0	0	173
<b>Place and Growth</b>	7,818	1,196	0	0	9,014
<b>Public Health and Wellbeing</b>	5,580	298	0	0	5,878
<b>Non Distributed Services</b>	0	0	0	0	0
<b>Net Cost of Services</b>	<b>29,306</b>	<b>6,026</b>	<b>0</b>	<b>0</b>	<b>36,173</b>
<b>Other Income and Expenditure</b>	(5,111)	2,485	(39,708)	0	(42,334)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	<b>24,195</b>	<b>8,511</b>	<b>(39,708)</b>	<b>0</b>	<b>(7,002)</b>

### Year Ending 31st March 2019

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



### **Net Capital Statutory Adjustments**

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

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

### **Net Pensions Statutory Adjustments**

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

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

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

### **Other Statutory Adjustments**

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

### **Other Non-statutory Adjustments**

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

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

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

### Year Ending 31st March 2020

	Revenues from External Customers	Revenues from Other Segments	Interest Revenue	Interest Expense	Depreciation and Amortisation
	£'000	£'000	£'000	£'000	£'000
<b>Adults and Housing Services</b>	(1,069)	(35)	0	0	241
<b>Comm Dev Assets and Invests</b>	(241)	(937)	0	0	110
<b>Communities</b>	(539)	(1,249)	0	0	1,133
<b>Cust and Org Dev</b>	(3,541)	(1,187)	(0)	0	200
<b>Finance S151</b>	(127)	(499)	0	0	12
<b>Governance Monitoring Officer</b>	(982)	(27,090)	0	0	64
<b>Place and Growth</b>	(274)	0	0	0	365
<b>Public Health and Wellbeing</b>	(5,209)	(900)	0	0	839
<b>Non Distributed Services</b>	(5,731)	(21,652)	(4,298)	2,069	0
Total Managed by Segments	<b>(17,713)</b>	<b>(53,549)</b>	<b>(4,298)</b>	<b>2,069</b>	<b>2,964</b>

### Year Ending 31st March 2019

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

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

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

### **General Fund Balance**

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

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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

## Note 8 Continued...

31 March 2020	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
<b>Pension cost (transferred to (or from) the Pensions Reserve)</b>	(5,982)	0	0	5,982
<b>Council tax and NDR (transfers to or (from) the Collection Fund)</b>	926	0	0	(926)
<b>Holiday pay (transferred to/(from) the Accumulated Absences reserve)</b>	(1)	0	0	1
<b>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)</b>	(31,653)	0	0	31,653
Total Adjustments to Revenue Resources	<b>(36,710)</b>	<b>0</b>	<b>0</b>	<b>36,710</b>
				0
Adjustments between Revenue and Capital Resources				0
<b>Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve</b>	4,039	(4,039)	0	0
<b>Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)</b>	1,630	0	0	(1,630)
Total Adjustments between Revenue and Capital Resources	<b>5,669</b>	<b>(4,039)</b>	<b>0</b>	<b>(1,630)</b>
				0
Adjustments to Capital Resources				
<b>Use of the Capital Receipts Reserve to finance capital expenditure</b>	0	4,039	0	(4,039)
<b>Application of capital grants to finance capital expenditure</b>	3,445	0	(20)	(3,425)
Total Adjustments to Capital Resources	<b>3,445</b>	<b>4,039</b>	<b>(20)</b>	<b>(7,464)</b>
				0
Total Adjustments	<b>(27,596)</b>	<b>0</b>	<b>(20)</b>	<b>27,616</b>

31 March 2019

General Fund Balance    Capital Receipts Reserve    Capital Grants Unapplied    Movement in Unusable Reserves

	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
<b>Pension cost (transferred to (or from) the Pensions</b>	<b>(6,753)</b>	0	0	<b>6,753</b>
<b>Council tax and NDR (transfers to or from the</b>	<b>143</b>	0	0	<b>(143)</b>
<b>Holiday pay (transferred to the Accumulated Absences</b>	<b>12</b>	0	0	<b>(12)</b>
<b>Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital</b>	<b>(37,162)</b>	0	(1,136)	<b>38,298</b>
<b>Adjustment Account)</b>				
Total Adjustments to Revenue Resources	(43,760)	0	(1,136)	44,896
Adjustments between Revenue and Capital Resources				
<b>Transfer of non-current asset sale proceeds from</b>	<b>5,423</b>	(5,423)	0	<b>0</b>
<b>Statutory Provision for the repayment of debt (transfer</b>	<b>1,052</b>	0	0	<b>(1,052)</b>
Total Adjustments between Revenue and Capital	6,475	(5,423)	0	(1,052)
Adjustments to Capital Resources				
<b>Use of the Capital Receipts Reserve to finance capital expenditure</b>	<b>0</b>	5,423	0	<b>(5,423)</b>
<b>Application of capital grants to finance capital expenditure</b>	<b>0</b>	0	1,369	<b>(1,369)</b>
Total Adjustments to Capital Resources	0	5,423	1,369	(6,792)
Total Adjustments	(37,285)	0	233	37,052

## Note 9 - Transfers to/from Earmarked Reserves

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

	Balance at 31 March 2018	Transfers In 2018/19	Transfers Out 2018/19	Balance at 31 March 2019	Transfers In 2019/20	Transfers Out 2019/20	Balance at 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Reserves:							
<b>General Fund Reserves - Other</b>	<b>(13,051)</b>	<b>(7,074)</b>	<b>2,645</b>	<b>(17,480)</b>	<b>(6,943)</b>	<b>466</b>	<b>(23,957)</b>
<b>Area Based Grant</b>	<b>(83)</b>	<b>0</b>	<b>0</b>	<b>(83)</b>			<b>(83)</b>
<b>Bicester Fields Main Park</b>	<b>(97)</b>	<b>0</b>	<b>0</b>	<b>(97)</b>			<b>(97)</b>
<b>Brighter Futures - Skills Reward Grant</b>	<b>(66)</b>	<b>0</b>	<b>49</b>	<b>(17)</b>		<b>8</b>	<b>(9)</b>
<b>Bicester Garden Town</b>	<b>(955)</b>	<b>(483)</b>	<b>433</b>	<b>(1,005)</b>		<b>223</b>	<b>(782)</b>
<b>Bicester Youth Bus</b>	<b>(65)</b>	<b>0</b>	<b>0</b>	<b>(65)</b>		<b>30</b>	<b>(35)</b>
<b>Courtyard Youth Arts</b>	<b>(39)</b>	<b>0</b>	<b>0</b>	<b>(39)</b>		<b>30</b>	<b>(9)</b>
<b>Dovecote Milcombe</b>	<b>(56)</b>	<b>0</b>	<b>0</b>	<b>(56)</b>		<b>24</b>	<b>(32)</b>
<b>Eco Town Revenue</b>	<b>(30)</b>	<b>0</b>	<b>0</b>	<b>(30)</b>	<b>(88)</b>	<b>114</b>	<b>(4)</b>
<b>Flood Recovery Grant</b>	<b>(40)</b>	<b>0</b>	<b>0</b>	<b>(40)</b>			<b>(40)</b>
<b>Green Deal Pioneer Places</b>	<b>(67)</b>	<b>0</b>	<b>0</b>	<b>(67)</b>			<b>(67)</b>
<b>Home Improvement Agency</b>	<b>(261)</b>	<b>0</b>	<b>40</b>	<b>(221)</b>			<b>(221)</b>
<b>Homelessness Prevention</b>	<b>(70)</b>	<b>(384)</b>	<b>65</b>	<b>(389)</b>		<b>34</b>	<b>(355)</b>
<b>New Burdens Grant</b>	<b>(248)</b>	<b>0</b>	<b>0</b>	<b>(248)</b>			<b>(248)</b>
<b>Elections Reserve</b>	<b>(21)</b>	<b>0</b>	<b>0</b>	<b>(21)</b>		<b>21</b>	<b>0</b>
<b>Police &amp; Crime Commissioner</b>	<b>(64)</b>	<b>0</b>	<b>0</b>	<b>(64)</b>			<b>(64)</b>
<b>Thames Valley Police</b>	<b>(65)</b>	<b>0</b>	<b>37</b>	<b>(28)</b>		<b>28</b>	<b>0</b>
<b>Sportivate Grant</b>	<b>(33)</b>	<b>0</b>	<b>0</b>	<b>(33)</b>	<b>(22)</b>		<b>(55)</b>
<b>Active Women</b>	<b>(22)</b>	<b>0</b>	<b>0</b>	<b>(22)</b>		<b>22</b>	<b>0</b>
<b>Housing and Planning Initiatives</b>	<b>(322)</b>	<b>0</b>	<b>0</b>	<b>(322)</b>			<b>(322)</b>
<b>Laburnham Cres Ambrosden</b>	<b>(38)</b>	<b>0</b>	<b>0</b>	<b>(38)</b>		<b>38</b>	<b>0</b>
<b>Total General Fund</b>	<b>(15,693)</b>	<b>(7,941)</b>	<b>3,269</b>	<b>(20,365)</b>	<b>(7,053)</b>	<b>1,038</b>	<b>(26,380)</b>

## Note 10 - Other Operating Expenditure

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

## Note 11 - Financing and Investment Income and Expenditure

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

31 March 2019		31 March 2020
£'000		£'000
2,222	Interest payable and similar charges	2,069
2,273	Net interest on the net defined benefit liability (asset)	2,402
(3,366)	Interest receivable and similar income	(4,298)
19,281	Income and expenditure in relation to investment properties and changes in their fair value	13,774
(3,008)	Other investment income and expenditure	8,394
<b>17,402</b>	<b>Total</b>	<b>22,341</b>

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

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

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

## Note 13 – Expenditure and Income Analysed by Nature

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

<b>Nature of Expenditure or Income</b>		
<b>31 March 2019</b>		<b>31 March 2020</b>
<b>£'000</b>		<b>£'000</b>
	<b>Expenditure</b>	
23,984	Employee benefits expenses	24,033
82,742	Other expenditure	75,087
7,197	Interest payments	2,071
5,259	Precepts and levies	5,480
3,028	Depreciation, amortisation and impairment	2,121
<b>122,210</b>	<b>Total Expenditure</b>	<b>108,792</b>
	<b>Income</b>	
(18,696)	Fees, charges and other service income	(17,829)
(6,068)	Interest and investment income	(1,898)
(11,800)	Income from local taxation	(12,303)
(52,226)	Government grants and contributions	(54,280)
(2,731)	Gain or loss on disposal of non-current assets	(1,666)
<b>(91,521)</b>	<b>Total Income</b>	<b>(87,976)</b>
<b>30,689</b>	<b>(Surplus) or Deficit for Year</b>	<b>20,816</b>



## Note 14 – Property, Plant and Equipment

Movements to 31 March 2020							
	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
<b>Balance Brought Forward</b>	104,612	13,250	5,443	24	10	12,759	136,098
<b>Adjustments to Cost/Value **</b>		(253)					
At 1 April 2019	<b>104,612</b>	<b>12,997</b>	<b>5,443</b>	<b>24</b>	<b>10</b>	<b>12,759</b>	<b>135,845</b>
<b>Additions</b>	2,252	1,212	113	14		15,412	<b>19,003</b>
<b>Acc Dep &amp; Imp WO to GCA</b>	(2,089)						<b>(2,089)</b>
<b>Revaluation increases/(decreases) recognised in the Revaluation Reserve</b>	8,216						<b>8,216</b>
<b>Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services</b>	(9,987)						<b>(9,987)</b>
<b>Derecognition - Disposals</b>	(2,350)	(201)				(37)	<b>(2,588)</b>
<b>Assets reclassified (to)/from Investment Property</b>	(34)						<b>(34)</b>
<b>Other movements in Cost or Valuation</b>	7,155					(7,155)	
At 31 March 2020	<b>107,775</b>	<b>14,008</b>	<b>5,556</b>	<b>38</b>	<b>10</b>	<b>20,979</b>	<b>148,366</b>
Accumulated Depreciation & Impairment							
<b>Balance Brought Forward</b>	(2,367)	(9,098)	(2,683)				(14,148)
<b>Adjustments to Cost/Value***</b>		120					
At 1 April 2019	(2,367)	(8,978)	(2,683)	0	0	0	<b>(14,028)</b>
<b>Depreciation Charge for 2019/20</b>	(1,626)	(852)	(154)			(94)	<b>(2,726)</b>
<b>Acc. Depreciation WO to GCA</b>	2,089						<b>2,089</b>
<b>Derecognition - Disposals</b>	29	201					<b>230</b>
<b>Assets reclassified (to)/from Investment Property</b>	8						<b>8</b>
<b>Other movements in Depreciation and Impairment</b>	(94)					94	
At 31 March 2020	<b>(1,961)</b>	<b>(9,629)</b>	<b>(2,837)</b>				<b>(14,427)</b>
Net Book Value							
At 31 March 2020	<b>105,814</b>	<b>4,380</b>	<b>2,718</b>	<b>38</b>	<b>10</b>	<b>20,979</b>	<b>133,939</b>
At 31 March 2019	<b>102,245</b>	<b>4,019</b>	<b>2,760</b>	<b>24</b>	<b>10</b>	<b>12,759</b>	<b>121,817</b>
Plus net adjustment for 2019							<b>133</b>
At 31 March 2019							<b>121,950</b>

## Movements to 31 March 2019

	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2018	89,866	12,586	5,443	24	10	28,637	136,565
<b>Additions</b>	5,073	834				2,054	7,962
<b>Acc Dep &amp; Imp WO to GCA</b>	(1,166)						(1,166)
<b>Revaluation increases/(decreases) recognised in the Revaluation Reserve</b>	7,795						7,795
<b>Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services</b>	(11,997)						(11,997)
<b>Derecognition - Disposals</b>	(2,224)	(170)					(2,394)
<b>Assets reclassified (to)/from Investment Property</b>						(669)	(669)
<b>Other movements in Cost or Valuation</b>	17,264					(17,263)	
At 31 March 2019	104,612	13,250	5,443	24	10	12,759	136,098
Accumulated Depreciation & Impairment							
At 1 April 2018	(1,813)	(8,367)	(2,524)				(12,705)
<b>Depreciation Charge for 2018/19</b>	(1,700)	(900)	(159)			(20)	(2,779)
<b>Acc. Depreciation WO to GCA</b>	1,166						1,166
<b>Derecognition - Disposals</b>		170					170
<b>Other movements in Depreciation and Impairment</b>	(20)					20	
At 31 March 2019	(2,367)	(9,098)	(2,683)				(14,148)
Net Book Value							
At 31 March 2019	102,245	4,152	2,760	24	10	12,759	121,950
At 31 March 2018	88,053	4,218	2,919	24	10	28,637	123,861

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

## Property, Plant And Equipment Revaluations -

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	3,886	14,008	38	0	17,932
Valued at current value as at:					
31/03/2020	74,995	0	0	0	74,995
31/03/2019	27,845	0	0	0	27,845
31/03/2018	544	0	0	10	554
31/03/2017	505	0	0	0	505
31/03/2016					
<b>Total Cost or Valuation</b>	<b>107,775</b>	<b>14,008</b>	<b>38</b>	<b>10</b>	<b>121,831</b>

## Note 15 – Investment Properties

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

Investment Property Income and Expenditure		
31-Mar-19		31-Mar-20
£'000		£'000
(5,060)	Rental income from investment property	(5,233)
2,662	Direct operating expenses from investment property	1,754
<b>(2,398)</b>	<b>Net (gain)/loss</b>	<b>(3,479)</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-March-19			31-March-20	
Non-Current	Investment Property Movements in Year		Non-Current	
£000			£000	
80,871	Balance at Start of Year		72,240	
9,603	Additions: Purchases			
377	Enhancements		3,508	
0	Disposals		0	
(19,281)	Net gains/losses from fair value adjustments		(14,167)	
669	To/from Property, Plant and Equipment		26	
<b>72,240</b>	<b>Balance at End of Year</b>		<b>61,607</b>	

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

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

**Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2019 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 2019
	£'000	£'000	£'000	£'000
Residential (market rental) properties	0	0	0	0
Office Units	0	1,735	0	1,735
Commercial Units	0	70,505	0	70,505
	<b>0</b>	<b>72,240</b>	<b>0</b>	<b>72,240</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 externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

**Castle Quay Valuation**

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

The valuation of our property has been undertaken independently and takes into account not only the specific financial returns within the centre but also market sentiment which at a national level is pessimistic. It should also be noted that valuations usually take into account prices that were actually achieved in year from sales of similar property which help to gauge purchaser's view of value. For the first

time in a significant period of time, no such transactions have taken place in year so valuations are not able to take this into account.

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

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

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

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

## Note 16 – Intangible Assets

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

Intangible Assets		
31st March 2019		31st March 2020
Total		Total
£000		£000
	<b>Balance at Start of Year :</b>	
5,123	Gross Carrying Amount	5,429
	Adjustments to cost/value	253
	Opening Balance as at 1 April 2019	5,682
(4,342)	Accumulated Amortisation & Impairment	(4,591)
	Adjustments to cost/value	(120)
	Opening Balance as at 1 April 2019	(4,711)
<b>781</b>	<b>Net Carrying Amount</b>	<b>970</b>
306	Additions	771
(250)	Amortisation for the Period	(237)
<b>837</b>	<b>Net Carrying Amount at End of Year</b>	<b>1,504</b>
	<b>Comprising :</b>	
5,429	Gross Carrying Amount	6,453
(4,592)	Accumulated Amortisation & Impairment	(4,949)
<b>837</b>		<b>1,504</b>

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

Useful Life (Years)	Internally Generated Assets	Other Assets
<b>1 Years</b>	None	Software and Licences
<b>3 Years</b>	None	Software and Licences
<b>4 Years</b>	None	Software and Licences
<b>5 Years</b>	None	Software and Licences

## Note 17 – Financial Instruments

### Balance Sheet items

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

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

### Financial Instruments – Liabilities

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

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

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



## Financial Instruments – Assets

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

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

### Offsetting Financial Assets and Liabilities

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

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

## Financial Instruments - Gains and Losses

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

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

## Financial Instruments - Fair Value – Liabilities

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

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

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

## Financial Instruments - Fair Value - Assets

		Balance Sheet	Fair Value	Balance Sheet	Fair Value
		31-Mar-19	31-Mar-19	31-Mar-20	31-Mar-20
	Fair Value Level	£'000	£'000	£'000	£'000
Financial assets held at fair value:					
<b>Money market funds</b>	<b>1</b>	8,791	8,791	3,967	3,967
<b>Shares in unlisted companies</b>	<b>3</b>	22,828	22,828	29,053	29,053
<b>Financial assets held at amortised cost:</b>					
<b>Bank deposits &amp; repos</b>	<b>2</b>	6,531	6,527	17,892	17,921
<b>Loans to companies</b>	<b>3</b>	47,465	47,465	57,792	57,792
<b>TOTAL</b>		<b>85,615</b>	<b>85,611</b>	<b>108,704</b>	<b>108,733</b>
<b>Assets for which fair value is not disclosed</b>		11,926		17,151	
<b>TOTAL FINANCIAL ASSETS</b>		<b>97,541</b>		<b>125,855</b>	
<b>Recorded on balance sheet as:</b>					
<b>Long-term debtors</b>		44,595		54,623	
<b>Long-term investments</b>		22,828		29,053	
<b>Short-term debtors</b>		14,797		20,320	
<b>Short-term investments</b>		6,008		17,048	
<b>Cash and cash equivalents</b>		9,313		4,811	
<b>TOTAL FINANCIAL ASSETS</b>		<b>97,541</b>		<b>125,855</b>	

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

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

### Note 17.1 - Nature and Extent of Risks Arising from Financial Instruments

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

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

### Credit Risk: Investments

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

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

Long Term Credit Rating (Fitch)	31-Mar-19	31-Mar-20
	£'000	£'000
AA	3,000	0
AA-	1,002	17,048
A+	2,006	0
	<b>6,008</b>	<b>17,048</b>

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

### Credit Risk: Debtors

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

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

### Credit Risk: Loan Commitments and Financial Guarantees

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

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

## Liquidity Risk

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

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

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

	31-Mar-19	31-Mar-20
Time to maturity	<b>£'000</b>	<b>£'000</b>
<b>Less than 1 year</b>	(43,128)	(66,183)
<b>1 - 2 years</b>	(27,110)	0
<b>2 - 5 years</b>	0	(21,160)
<b>5-10 years</b>	(31,243)	(28,075)
<b>10-20 years</b>	(5,040)	(21,047)
<b>20-30 years</b>	(5,042)	(5,042)
	<b>(111,563)</b>	<b>(141,507)</b>

### Market Risk: Interest Rates

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

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

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

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

### Market Risk - Other:

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

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

## Note 18 – Inventories

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

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

## Note 19a – Debtors

An analysis of the debtor's balance is shown below

31-Mar-19		31-Mar-20
£'000		£'000
2,321	Trade Receivables	3,674
474	Pre Payments	545
12,001	Other Receivable Amounts	16,102
<b>14,796</b>	<b>Total Debtors</b>	<b>20,321</b>

## Note 19b Debtors for Local Taxation

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

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

## Note 20 – Cash and Cash Equivalents

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

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

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

## Note 21– Assets Held for Sale

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

## Note 22 – Creditors

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

31-Mar-19		31-Mar-20
£000		£000
(13,534)	Trade Payables	(9,692)
(8,106)	Other Payable Amounts	(14,073)
<b>(21,640)</b>	<b>Total Creditors</b>	<b>(23,765)</b>



## Note 23 - Provisions

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

### Current Provisions

31-Mar-20	Sports and Leisure Provision	Health Walks Training Provision	NNDR Appeals Provision	Total
	£'000	£'000	£'000	£'000
<b>Opening Balance</b>	0	(4)	(1,464)	(1,468)
<b>Increase in provision during year</b>	0	0	(38)	(38)
<b>Utilised during the year</b>	0	0	74	74
Closing Balance	<b>0</b>	<b>(4)</b>	<b>(1,428)</b>	<b>(1,432)</b>
31-Mar-19	Sports and Leisure Provision	Health Walks Training Provision	NNDR Appeals Provision	Total
	£'000	£'000	£'000	£'000
<b>Opening Balance</b>	(52)	(4)	(2,116)	(2,172)
<b>Increase in provision during year</b>	0	0	(225)	(225)
<b>Utilised during the year</b>	52	0	877	929
Closing Balance	<b>0</b>	<b>(4)</b>	<b>(1,464)</b>	<b>(1,468)</b>

## Long Term Provisions

31-Mar-20	NNDR Appeals	Landlord Rent Guarantee	Landlord Rent Ex-Charter	Banbury Bowls Club	58 Bridge Street - Repair & Renewals	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Balance</b>	(3,470)	(109)	(18)	(47)	(73)	(3,717)
<b>Increase in provision during year</b>	(2,160)	(9)	0	0	(10)	(2,179)
<b>Utilised during year</b>	270	16	0	0	0	286
Closing Balance	<b>(5,360)</b>	<b>(102)</b>	<b>(18)</b>	<b>(47)</b>	<b>(83)</b>	<b>(5,610)</b>
31-Mar-19	NNDR Appeals	Landlord Rent Guarantee	Landlord Rent Ex-Charter	Banbury Bowls Club	58 Bridge Street - Repair & Renewals	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Balance</b>	(1,681)	(107)	(18)	(47)	(63)	(1,916)
<b>Increase in provision during year</b>	(1,837)	(13)	0	0	(10)	(1,860)
<b>Utilised during year</b>	48	11	0	0	0	59
Closing Balance	<b>(3,470)</b>	<b>(109)</b>	<b>(18)</b>	<b>(47)</b>	<b>(73)</b>	<b>(3,717)</b>

## Total Provisions

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

## Note 24 – Usable Reserves

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

### Capital Receipts Reserve

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

### Capital Grants Unapplied

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

## Note 25 - Unusable Reserves

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

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

31-Mar-19		31-Mar-20
£'000		£'000
<b>(34,206)</b>	Revaluation Reserve	(41,218)
<b>(72,924)</b>	Capital Adjustment Account	(51,569)
<b>98,100</b>	Pension Reserve	72,770
<b>(739)</b>	Deferred Capital Receipts Reserve	(740)
<b>(1,119)</b>	Collection Fund Adjustment Account	(2,045)
<b>202</b>	Accumulated Absences Account	204
<b>(10,686)</b>	<b>Total</b>	<b>(22,598)</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.

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

31-Mar-19		31-Mar-20
£'000		£'000
<b>(101,006)</b>	Opening Balance as at 1 April	(72,924)
<b>2,779</b>	Charges for depreciation and impairment of non-current assets	2,726
<b>11,997</b>	Revaluation losses on non-current assets	9,987
<b>250</b>	Amortisation of intangible assets	237
<b>1,890</b>	Revenue expenditure funded from capital under statute	2,177
<b>2,222</b>	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,359
<b>19,138</b>	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	17,486
<b>700</b>	Adjusting Amounts written out of the Revaluation Reserve	1,204
18,438	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>16,282</b>
<b>(5,423)</b>	Use of Capital Receipts Reserve to finance new capital expenditure	(4,039)
<b>(3,162)</b>	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,425)
<b>(1,052)</b>	Statutory provision for the financing of capital investment charged against the General Fund	(1,630)
<b>0</b>	Capital expenditure charged against the General Fund	0
(9,637)	<b>Capital financing applied in year:</b>	<b>(9,094)</b>
<b>0</b>		
<b>19,281</b>	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	14,167
(72,924)	<b>Balance 31 March</b>	<b>(51,569)</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.

31-Mar-19		31-Mar-20
£'000		£'000
85,247	<b>Balance 1 April</b>	<b>98,100</b>
<b>6,100</b>	Remeasurements of the net defined benefit (liability)/asset	(31,312)
<b>9,176</b>	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	8,532
<b>(2,423)</b>	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,550)
98,100	<b>Balance 31 March</b>	<b>72,770</b>

## Note 26 - Trading Operations

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

<b>31 March 2019</b>	<b>Building Control</b>	<b>31 March 2020</b>
£'000		<b>£'000</b>
<b>(417)</b>	Income	(440)
<b>388</b>	Expenditure	395
(29)	<b>Net (Surplus) / Deficit for Year</b>	<b>(45)</b>
<b>31 March 2019</b>	<b>Corporate Properties &amp; Industrial Estates</b>	<b>31 March 2020</b>
£'000		<b>£'000</b>
<b>(4,208)</b>	Income	(3,804)
<b>1,000</b>	Expenditure	14,640
(3,208)	<b>Net Surplus / Deficit for Year</b>	<b>10,836</b>
<b>31 March 2019</b>	<b>Markets</b>	<b>31 March 2020</b>
£'000		<b>£'000</b>
<b>(93)</b>	Income	(80)
<b>76</b>	Expenditure	70
(17)	<b>Net Surplus / Deficit for Year</b>	<b>(10)</b>
<b>31 March 2019</b>	<b>Trading Operations Total Income and Expenditure:</b>	<b>31 March 2020</b>
£'000		<b>£'000</b>
<b>(4,718)</b>	Income	(4,324)
<b>1,464</b>	Expenditure	15,105
(3,254)	<b>Net Surplus / Deficit for Year</b>	<b>10,781</b>
<b>31 March 2019</b>	<b>Analysis of Inclusion in The Comprehensive Income and Expenditure Statement:</b>	<b>31 March 2020</b>
£'000		<b>£'000</b>
<b>(3,254)</b>	Net surplus on trading operations	10,781
<b>0</b>	Services to the public included in Expenditure of Continuing Operations	0
<b>0</b>	Support services recharged to Expenditure of Continuing Operations	0
<b>(3,254)</b>	<b>Net surplus / deficit included in Financing and Investment Income and Expenditure</b>	<b>10,781</b>

## Note 27 - Agency Services

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

31-Mar-19	Bicester Town Council	31-Mar-20
£'000		<b>£'000</b>
<b>(250)</b>	Income	(353)
<b>309</b>	Expenditure	337
59	<b>Net Surplus/Deficit on the Agency Arrangement</b>	<b>(16)</b>
31-Mar-19	<b>Oxfordshire County Council</b>	<b>31-Mar-20</b>
£'000		<b>£'000</b>
<b>(100)</b>	Income	(150)
<b>206</b>	Expenditure	211
106	<b>Net Surplus/Deficit on the Agency Arrangement</b>	<b>61</b>
31-Mar-19	<b>Kidlington Parish Council</b>	<b>31-Mar-20</b>
£'000		<b>£'000</b>
<b>(117)</b>	Income	(136)
<b>143</b>	Expenditure	133
26	<b>Net Surplus/Deficit on the Agency Arrangement</b>	<b>(3)</b>
31-Mar-19	<b>South Northants Council</b>	<b>31-Mar-20</b>
£'000		<b>£'000</b>
<b>(46)</b>	Income	(76)
<b>65</b>	Expenditure	77
19	<b>Net Surplus/Deficit on the Agency Arrangement</b>	<b>1</b>
31-Mar-19	<b>Brackley Town Council</b>	<b>31-Mar-20</b>
£'000		<b>£'000</b>
<b>(54)</b>	Income	(59)
<b>74</b>	Expenditure	61
20	<b>Net Surplus/Deficit on the Agency Arrangement</b>	<b>2</b>



## Note 28 - Members' Allowances

The total of Members' Allowances paid in the year 2019/20 amounted to £317k. This compares to £312k in 2018/19. A detailed list of allowances paid to each member is available for examination on the Council's website under "Councillors – Members' Allowances"

The Local Councils (Members' Allowances) Regulations 2003 requires local Councils to publish the amounts paid to members under the members' allowances scheme. The allowances available in 2019/20 were as follows:

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

## Note 29 - Officers' Remuneration

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

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

**Note 29 Continued...** The Remuneration paid to senior employees in Cherwell District Council 2019/20 is as follows: Please note - Due to roundings to the whole number, there may be a difference of plus or minus 1 figure.

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

**Table continued on next page...**

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

<b>Post Title</b>	<b>Salary (Including Fees &amp; Allowances)</b>	<b>Expense Allowances and Other Emoluments</b>	<b>Compensations for Loss of Employment</b>	<b>Total Remuneration Excluding Pension Contribution</b>	<b>Pension Contribution</b>	<b>Total Remuneration Including Pension Contribution</b>	<b>Contribution to Oxfordshire County Council</b>	<b>Cost to Cherwell District Council</b>	<b>Date in post 2019/20</b>
<b>Assistant Director of Property Investment and Contract Management</b>	£76,206	£4,258	-	<b>£80,464</b>	£11,246	<b>£91,710</b>		<b>£91,710</b>	
<b>Assistant Director of Growth and Economy</b>	£75,780	£2,505	-	<b>£78,285</b>	£11,246	<b>£89,531</b>		<b>£89,531</b>	
<b>Joint Chief Executive - Yvonne Rees**</b>	£73,859	£486	-	<b>£74,346</b>	£28,989	<b>£85,937</b>		<b>£85,937</b>	
<b>Corporate Director of Communities*</b>	-	-	-	-	-	-	£14,278	<b>£14,278</b>	Sep 2019 only
<b>Director of Finance S151*</b>	-	-	-	-	-	-	£5,328	<b>£5,328</b>	From 26 Feb 2020
<b>Corporate Director Commercial Development Assets &amp; Investments*</b>	-	-	-	-	-	-	£2,268	<b>£2,268</b>	From 16 Mar 2020
<b>Director of Law &amp; Governance*</b>	-	-	-	-	-	-	£30,888	<b>£30,888</b>	
<b>Director of Digital &amp; IT*</b>	-	-	-	-	-	-	£5,609	<b>£5,609</b>	From 6 Mar 2020
<b>Head of Procurement &amp; Contract Management*</b>	-	-	-	-	-	-	£14,683	<b>£14,683</b>	From July 2019
<b>Total</b>	<b>£696,002</b>	<b>£18,059</b>	-	<b>£714,063</b>	<b>£161,958</b>	<b>£840,071</b>	<b>£73,054</b>	<b>£913,125</b>	

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

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

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

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

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

<b>Assistant Director Wellbeing</b>	£40,995	£1,887		<b>£42,882</b>	£6,108	<b>£48,990</b>	01 April 2018	<b>£65,164</b>
<b>Assistant Director Property, Investment and Contract Management</b>	£33,830	£5,487		<b>£39,318</b>	£4,974	<b>£44,292</b>	01 August 2018	<b>£73,710</b>
<b>Assistant Director Planning and Economy</b>	£36,618	£945		<b>£37,563</b>	£5,367	<b>£42,929</b>	01 July 2018	<b>£73,710</b>
<b>Assistant Director Leisure and Sport</b>	<b>£22,495</b>	<b>£176</b>	<b>£25,017</b>	£47,688	<b>£3,335</b>	£51,023	<b>Left Nov 18</b>	<b>£65,164</b>

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

## Note 30 - External Audit Costs

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

<b>31 March 2019</b>		<b>31 March 2020</b>	
£'000s		£'000s	
<b>40</b>	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	61	
<b>16</b>	Fees payable to the Audit Commission for the certification of grant claims and returns	0	
56	<b>Total</b>	<b>61</b>	

## Note 31 - Grant Income

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

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

31-Mar-19		31-Mar-20
£'000		£'000
<b>0</b>	Revenue Support Grant	(114)
<b>(13,259)</b>	Non Domestic Rates (incl. Section 31 grant)	(13,787)
<b>0</b>	New Homes Bonus	(5,087)
<b>0</b>	Disabled Facilities Grant	(1,093)
<b>(4,312)</b>	Other Capital Grants and Contributions	(2,353)
(17,571)	<b>Total</b>	<b>(22,433)</b>

## Credited to Services

31-Mar-19		31-Mar-20
£'000		£'000
(30,268)	Rent Allowances Subsidy Grant	(26,024)
(324)	Housing Benefit Administration Subsidy Grant	(291)
(51)	Family Annex Council Tax Discount Grant	(51)
(19)	Individual Election Registration	(18)
(116)	LCTS Administration Subsidy Grant	(112)
(227)	NDR Cost of Collection Grant	(231)
(384)	Flexible Homeless Support Grant	(192)
(17)	Brexit Preparation	(35)
0	Rough Sleeper Initiative	(157)
(59)	Universal Credit	(32)
(203)	Developer contributions (S106)	(140)
(30)	New Burdens	(165)
(260)	Discretionary Housing Payments	(250)
(996)	Other Grants & Contributions	(1,021)
(1,619)	Contributions from other Local Authorities	(1,542)
(321)	Bicester Healthy New Towns	(204)
(139)	Home Office - Syrian Refugees	(365)
0	Homes England - Garden Town Funding	(1,090)
(40)	Neighbourhood Planning	0
(35,072)	<b>Total</b>	<b>(31,920)</b>

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

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

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

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

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

## Note 32 - Related Parties

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

### Central Government

Central Government has significant influence over the general operations of the Council including:

- Providing the statutory framework within which the Council operates,
- Provides the majority of its funding in the form of grants
- Prescribing the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

### Members

Members of the Council have direct control over the Council's financial and operating policies.

- During 2019/20 payments for works and services to the value of £18.578million (2018/19 £2.22million) were made to parties where Members had declared an interest.
- Contracts were entered into in full compliance with the Council's Standing Orders.
- All transactions are recorded in the Register of Members' Interests, open to public inspection at Bodicote House, Bodicote, Banbury, OX15 4AA.

### Officers

- Officers of the Council made disclosures of £17.986m relating to their directorships of the Council's 6 wholly owned and JV companies as listed below. All transactions are fully compliant with the CIPFA Code and documented in the Group Accounts.



- There were no other material disclosures other than being a shared resource as noted below.

## **Oxfordshire County Council**

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

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

## **Other Public Bodies**

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

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

## **Subsidiaries and Joint Operations**

The following subsidiaries and joint operations are set out in a separate section at the end of these Statements. A number of Officers and Councillors are directors of these companies:

**Graven Hill Village Holdings Ltd:**

<b>Councillor Ian Corkin</b>	
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<b>Councillor Dan Sames</b>	
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<b>Mr Hedd Vaughan-Evans</b>	Resigned Dec 2019
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**Graven Hill Village Development Company Ltd:**

<b>Councillor Ian Corkin</b>	
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<b>Councillor Dan Sames</b>	
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<b>Mr Hedd Vaughan-Evans</b>	Resigned Dec 2019
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**Crown House Banbury Ltd:**

<b>Councillor Nicholas Turner</b>	Resigned Apr 2019
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<b>Councillor Simon Holland</b>	
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<b>Mrs Karen Edwards</b>	Resigned July 2019
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<b>Ms Gillian Douglas</b>	
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**Crown Apartments Banbury Ltd:**

<b>Councillor Nicholas Turner</b>	Resigned Apr 2019
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<b>Councillor Simon Holland</b>	
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<b>Mrs Karen Edwards</b>	Resigned July 2019
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<b>Ms Gillian Douglas</b>	
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**CSN Resources Ltd:**

<b>Councillor Debbie Pickford</b>	Resigned May 2019
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<b>Councillor Jason Slaymaker</b>	
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<b>Councillor Hugo Brown</b>	Appointed June 2019
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<b>Ms Claire Taylor</b>	
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**CSN Associates Ltd:**

<b>Councillor Debbie Pickford</b>	Resigned May 2019
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<b>Councillor Jason Slaymaker</b>	
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<b>Councillor Hugo Brown</b>	
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<b>Ms Claire Taylor</b>	
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**Entities Controlled or Significantly Influenced by the Authority**

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



## Note 34 – Leases

### 34.1 Authority as Lessee - Finance Leases

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

31-Mar-19		31-Mar-20
£'000		£'000
2,380	Other Land and Buildings	6,400
0	Vehicles, Plant, Furniture, Equipment and Other	0
<b>2,380</b>	<b>Total</b>	<b>6,400</b>

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

31-Mar-19		31-Mar-20
£'000		£'000
	<b>Finance lease liabilities (net present value of minimum lease payments):</b>	
<b>5</b>	- current	6
<b>1,582</b>	- non-current	1576
<b>0</b>	Finance costs payable in future years	0
1,587	<b>Minimum lease payments</b>	<b>1,582</b>

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

Minimum Lease payments			Finance Lease Liabilities	
31-Mar-19	31-Mar-20		31-Mar-19	31-Mar-20
£'000	£'000		£'000	£'000
<b>5</b>	6	Not later than one year	(191)	(204)
<b>28</b>	32	Later than one year and not later than five years	(765)	(817)
<b>1,554</b>	1544	Later than five years	(5,210)	(5393)
1,587	<b>1,582</b>	<b>Total</b>	<b>(6,166)</b>	<b>(6,414)</b>

### 34.2 Authority as Lessee - Operating Leases

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

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

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

31-Mar-19		31-Mar-20
£'000		£'000
<b>29</b>	Minimum lease payments	40
29	<b>Total</b>	<b>40</b>

### 34.3 Authority as Lessor - Finance Leases

31-Mar-19		31-Mar-20
£'000		£'000
	<b>Finance lease debtor (net present value of minimum lease payments):</b>	
<b>0</b>	- current	0
<b>725</b>	- non-current	725
<b>0</b>	Unearned finance income	0
<b>0</b>	Unguaranteed residual value of property	0
725	<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-19	31-Mar-20		31-Mar-19	31-Mar-20
£'000	£'000		£'000	£'000
0	0	Not later than one year	0	0
0	0	Later than one year and not later than five years	0	0
725	725	Later than five years	725	725
725	725	<b>Total</b>	<b>725</b>	<b>725</b>

### 34.4 Authority as Lessor - Operating Leases

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

31-Mar-19		31-Mar-20
£'000		£'000
5,739	Not later than one year	5,118
19,246	Later than one year and not later than five years	16,116
21,373	Later than five years	36,211
46,358	<b>Total</b>	<b>57,444</b>

### Note 35 - Impairment Losses

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

*There are no impairment losses or impairment reversal in 2019/20.*

## Note 36 - Termination Benefits

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

[a] Exit package cost band (including special payments)	[b] Number of compulsory redundancies		[c] Number of other departures		[d] Total number of exit packages by cost band [(b) +		[e] Total cost of exit packages in each band	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
£0-£20,000	0	0	0	1	0	1	£0	£11,892
£20,001-£100,000	0	0	0	0	0	0	£0	£0
£100,001-£140,000	0	0	0	0	0	0	£0	£0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>£0.00</b>	<b>£11,892</b>

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

[a] Exit package cost band (including special payments)	[b] Number of compulsory redundancies		[c] Number of other departures agreed		[d] Total number of exit packages by cost band [(b) + (c)]		[e] Total cost of exit packages in each band £'000	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
£0-£20,000	0	0	0	0	0	0	£0	£0
£20,001-£100,000	0	2	0	1	0	3	£0	£119
£100,001-£240,000	0	0	0	0	0	0	£0	£0
<b>Total</b>	<b>£0</b>	<b>£2</b>	<b>£0</b>	<b>£1</b>	<b>£0</b>	<b>£3</b>	<b>£0</b>	<b>£119</b>

## **Note 37 - Defined Benefit Pension Scheme**

### **37.1 Participation in Pension Schemes**

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

The Cherwell District Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Oxfordshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, and structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

### **37.2 Transactions Relating to Post-employment Benefits**

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year;



	31-Mar-19	31 March 20
Comprehensive Income & Expenditure Statement	<b>£'000</b>	<b>£'000</b>
Cost of Services:		
<b>Current Service Cost</b>	5,490	6,018
<b>Past Service Cost/(Gain) – Including Curtailments</b>	1,355	54
<b>Administration Expense</b>	58	58
Financing and Investment Income and Expenditure:		
<b>Net Interest Expense</b>	2,273	2,402
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	<b>9,176</b>	<b>8,532</b>
Other Comprehensive Income & Expenditure:		
<b>Return on Plan Assets (excluding amounts included in net interest expense)</b>	4,332	(9,113)
<b>Actuarial (Gains) &amp; Losses Arising on Changes in Demographic Assumptions</b>	0	7,918
<b>Actuarial Gains &amp; Losses Arising on Changes in Financial Assumptions</b>	(10,387)	20,165
<b>Experience (Gain)/loss on defined benefit obligation</b>	0	0
<b>Other actuarial (Gains) &amp; Losses on assets</b>	(45)	12,342
Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	<b>(6,100)</b>	<b>31,312</b>
	<b>31-Mar-19</b>	<b>31-Mar-20</b>
Movement in Reserves Statement	<b>£'000</b>	<b>£'000</b>
<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</b>	(9,176)	(8,532)
<b>Employer's Contributions Payable to the Pension Scheme</b>	2,423	2,550
Total	<b>(6,753)</b>	<b>(5,982)</b>

### 37.3 Pension Assets and Liabilities Recognised in the Balance Sheet

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

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

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

	31 March 19	31 March 20
Reconciliation of Present Value of Scheme Liabilities	<b>£'000</b>	£'000
<b>Liabilities as of the Beginning of the Period</b>	(190,019)	<b>(208,340)</b>
<b>Current Service Cost</b>	(5,548)	<b>(6,076)</b>
<b>Interest Cost</b>	(4,975)	<b>(5,031)</b>
<b>Contributions by Scheme Participants</b>	(1,009)	<b>(1,006)</b>
<b>Change in financial assumptions</b>	(10,387)	<b>20,165</b>
<b>Change in demographic assumptions</b>	0	<b>7,918</b>
<b>Experience (Losses)/Gains on defined benefit obligation</b>	(45)	<b>12,342</b>
<b>Losses on Curtailments</b>	0	<b>0</b>
<b>Benefits Paid</b>	4,998	<b>5,421</b>
<b>Past Service Costs</b>	(1,355)	<b>(54)</b>
Liabilities as of the End of the Period	<b>(208,340)</b>	(174,661)
	<b>31 March 19</b>	31 March 20
Reconciliation of Fair Value of Scheme Assets	<b>£'000</b>	£'000
<b>Assets as of the Beginning of the Period</b>	104,772	<b>110,240</b>
<b>Interest on Assets</b>	2,702	<b>2,629</b>
<b>Return assets less interest</b>	4,332	<b>(9,113)</b>
<b>Actuarial Gains/(Losses)</b>	0	<b>0</b>
<b>Administration expenses</b>	0	<b>0</b>
<b>Employer Contributions</b>	2,423	<b>2,550</b>
<b>Contributions by Scheme Participants</b>	1,009	<b>1,006</b>
<b>Benefits Paid</b>	(4,998)	<b>(5,421)</b>
Assets as of the End of the Period	110,240	101,891

## Impact on the Council's cash Flow

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

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

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

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

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

## Sensitivity Analysis

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

## Measurement of Pension Liability

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

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

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

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

### 37.5 Basis for Estimating Assets and Liabilities

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

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

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

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

The discount rate is the annualised yield at the 21 year point on the iBoxx AA-rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities.

The Retail Prices Index (RPI) increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England (BoE), specifically the 21 year point on the BoE market implied inflation curve.

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

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

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

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

**37.6 McCloud Judgement & Guaranteed Minimum Pension (GMP) Indexation**

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

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

## **Note 38 - Contingent Liabilities**

### **NHS Trust**

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

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

The High Court ruled in favour of the councils in December 2019. In February 2020 the group of NHS Trusts applied for permission to appeal the ruling.

### **Oxfordshire County Council Bond**

Cherwell District Council issued a Bond to Oxfordshire County Council in December 2019 on behalf of its wholly owned subsidiary, Graven Hill Village Development Company Ltd (GHVDC), relating to GHVDC's obligations under the S106 Agreement for payment of contributions and direct delivery of a primary school. The Bond Sum is £22m.

## **Note 39 - Contingent Assets**

### **VAT Share**

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

## Collection Fund Accounts

31-Mar-19			31-Mar-20			
Business Rates	Council Tax	Total	Collection Fund	Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Income:</b>			
0	(98,267)	(98,267)	Council Tax Receivable	0	(105,076)	(105,076)
(92,273)	0	(92,273)	Business Rates Receivable	(103,401)	0	(103,401)
(4,121)	0	(4,121)	Transitional Protection Payments Receivable	(818)	0	(818)
(96,394)	(98,267)	(194,661)	<b>Total Income</b>	<b>(104,219)</b>	<b>(105,076)</b>	<b>(209,295)</b>
			<b>Expenditure:</b>			
			<b>Contribution to Previous Year's estimated Surplus/Deficit:</b>			
279	0	279	Central Government	938	0	938
223	58	281	Cherwell District Council	750	176	926
56	364	420	Oxfordshire County Council	188	1,160	1,348
0	46	46	Thames Valley Police and Crime Commissioner	0	148	148
			<b>Precepts, demands and shares:</b>			
46,286	0	46,286	Central Government	47,225	0	47,225
37,029	11,416	48,445	Cherwell District Council	37,780	12,054	49,834
9,257	75,134	84,391	Oxfordshire County Council	9,445	79,136	88,581
0	9,603	9,603	Thames Valley Police and Crime Commissioner	0	11,114	11,114
			<b>Charges to Collection Fund:</b>			
159	(302)	(143)	Write-offs of uncollectable amounts	294	21	315
(558)	296	(262)	Increase/(decrease) in allowance for impairment	98	593	691
2,843	0	2,843	Increase/(decrease) in allowance for appeals	4,634	0	4,634
227	0	227	Charge to General Fund for allowable collection costs for non-domestic rates	231	0	231
			<b>Other transfers to General Fund in accordance with non-domestic rates regulations</b>			
500		500	Renewable Energy	481	0	481
96,301	96,615	192,916	<b>Total Expenditure</b>	<b>102,064</b>	<b>104,402</b>	<b>206,465</b>
(93)	(1,652)	(1,745)	Movement on Fund Balance	(2,156)	(674)	(2,830)
(2,002)	(638)	(2,641)	Balance at the beginning of the Year	(2,095)	(2,290)	(4,385)
(2,095)	(2,290)	(4,386)	<b>Balance at the end of the Year</b>	<b>(4,251)</b>	<b>(2,965)</b>	<b>(7,215)</b>
			<b>Shares of Balance</b>			
(1,047)	0	(1,047)	Central Government	(2,125)	0	(2,125)
(838)	(271)	(1,109)	Cherwell District Council	(1,700)	(349)	(2,049)
(210)	(1,784)	(1,994)	Oxfordshire County Council	(425)	(2,294)	(2,719)
0	(236)	(236)	Thames Valley Police and Crime Commissioner	0	(322)	(322)
(2,095)	(2,291)	(4,386)	<b>Total</b>	<b>(4,251)</b>	<b>(2,965)</b>	<b>(7,216)</b>

## Notes (1 – 4) to the Collection Fund

### **Note 1. General**

This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates, council tax and the distribution to the major preceptors and the General Fund. The account is consolidated with other accounts of the Council.

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

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

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

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

Business rates are calculated and collected by the Council. The Government specifies an amount (50.4p in 2019/20; 49.1p for small businesses) and, subject to the effects of transitional arrangements, local businesses pay NNDR calculated by multiplying their rateable value by that amount. The income raised in Cherwell is distributed between Cherwell District Council, Oxfordshire County Council and Central Government in line with the distribution rules set out in Business Rates legislation.

NDR income was £104.1 m in 2019/20. The rateable value for the Council's area was £231.0 m at 31 March 2020 VOA valuation (2018/19: £228.6m).

### **Note 3. Provision for Un-collectable Amounts**

Provision has been made within the accounts for un-collectable amounts based on guidelines. At the end of 2019/20 the accumulated provision for bad debts stood at £2.759m (£2.068m for 2018/19) made up as follows:



	31-Mar-20	31-Mar-19
Provision for Uncollectable Amounts	<b>£'000</b>	<b>£'000</b>
<b>Non Domestic Rates</b>	377	279
<b>Council Tax</b>	2,382	1,789
Total Provision	2,759	2,068

#### Note 4. Council Tax Base

The Council tax Base, for tax setting purposes, is calculated by reference to the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, and adjustments made for exempt properties and anticipated amendments. This is then converted to an equivalent number of band D dwellings which is the amount the authority estimates would be collected if a tax of £1 is set.

#### The figures for 2019/20 are:

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio	Band D Equivalent Dwellings
<b>A</b>	4,269	6/9ths	2,846
<b>B</b>	12,866	7/9ths	10,007
<b>C</b>	15,290	8/9ths	13,591
<b>D</b>	9,937	9/9ths	9,937
<b>E</b>	7,269	11/9ths	8,884
<b>F</b>	3,503	13/9ths	5,060
<b>G</b>	2,384	15/9ths	3,973
<b>H</b>	211	18/9ths	422
<b>Totals</b>	<b>55,729</b>		<b>54,720</b>
<b>Adjustment for non- collection (-2.0%)</b>			(1,094)
<b>Contribution from MOD Properties</b>			251
<b>Council Tax Base 2019/20</b>			<b>53,877</b>
<b>Council Tax Base 2018/19</b>			<b>52,682</b>

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

Band	Multiplier	Cherwell Council	Oxfordshire County Council	Thames Valley Police and Crime Commissioner	Total £s
<b>A</b>	6/9ths	85.67	979.22	137.52	1,202.41
<b>B</b>	7/9ths	99.94	1,142.42	160.44	1,402.80
<b>C</b>	8/9ths	114.22	1,305.63	183.36	1,603.21
<b>D</b>	9/9ths	128.50	1,468.83	206.28	1,803.61
<b>E</b>	11/9ths	157.06	1,795.24	252.12	2,204.42
<b>F</b>	13/9ths	185.61	2,121.64	297.96	2,605.21
<b>G</b>	15/9ths	214.17	2,448.05	343.80	3,006.02
<b>H</b>	18/9ths	257.00	2,937.66	412.56	3,607.22

## **Group Accounts and Explanatory Notes**

### **Introduction**

The purpose of the Group Accounts is to provide a picture of Cherwell District Council' and the group of companies and other entities, which are either controlled or are significantly influenced by the Council. The Group Accounts show the full extent of the Authority's wider assets and liabilities. While the Group Accounts are not primary statement, they provide transparency and enable comparison with other entities that have different corporate entities.

The Group Accounts include the following:

- Group Comprehensive Income and Expenditure Statement – summarises the resources that have been generated and consumed in providing services and managing the Group during the year. It includes all day-to-day expenses and related income on an accruals basis.
- Group Movement in Reserves – shows the movement in the year on the Council's single entity usable and unusable reserves together with the Council's share of the Group expenses.
- Group Balance Sheet – reports the Council Group financial position at the year-end.
- Group Cash Flow Statement – shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cashflows as operating, financing and investing activities.
- Notes to the Group Accounts where the balances are materially different to those in the single entity accounts.

### **Results of the Subsidiaries**

The following notes provide additional details about the Authority's involvement in the entities consolidated to form the group accounts.

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

The company is a holding company and does not trade. The council holds 100% of the shares in the company. The council has dominant control of the company by virtue of guaranteed majority voting rights on the board. The board consists of Councilors and Officers who are appointed by the council. It is intended that the company will continue as a holding company for the foreseeable future. The company borrows and lends funds from its parent company to its subsidiary company, Graven Hill Village Development Company Ltd.

For 2019/20, the company's results showed a loss of £0.029m (£0.059m loss in 2018/19), and net assets of £27.795m (£21.599m at 31 March 2019). Loans outstanding owed to the group total £13.091m (£11,642m at 31 March 2019).

A full copy of the company's accounts can be obtained from the Directors, Graven Hill Village Holding Company Ltd, The Plot Shop, Pioneer Square, Bicester, OX26 6JU.

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

The company is a subsidiary of Graven Hill Village Holdings Ltd. The holding company holds 99% of the shares and the council holds 1%. The council has dominant control of the company by virtue of its control of the holding company. The board consists of the Councilors, Officers and appropriately experienced non-executive directors. The principal activity of the company during the period was that of a property development company. The development company has a subsidiary, Graven Hill Village Management Company Ltd, for residents' property management.

For 2019/20, the company's results showed a surplus of £0.475m (£0.344m surplus in 2018/19), and net assets of £26.148m (£19.449m at 31 March 2019). Loans outstanding from the group to the company total £42.617m (£35.085m at 31 March 2019).

A full copy of the company's accounts can be obtained from the Directors, Graven Hill Village Development Company Ltd, The Plot Shop, Pioneer Square, Bicester, OX26 6JU.

### **Crown House Banbury Ltd**

The company was purchased in Aug 2017. The principal activity of the company during the period was that of a property development company. The council holds 100% of the shares in the company. The council has dominant control of the company by virtue of guaranteed majority voting rights on the board. The board consists of Councilors and Officers who are appointed by the council.

For 2019/20, the company's results showed a loss of £1.906m (£0.132m surplus in 2018/19), and net liabilities of £2.874m (£0.968m at 31 March 2019). This is primarily due to the accounting entries required to recognize the revaluation loss on the building at completion of the refurbishment works. Loans outstanding from the council total £10.006m (£7.539m at 31 March 2019).

A full copy of the company's accounts can be obtained from the Directors, Crown House Banbury Ltd, Bodicote House, White Post Lane, Bodicote OX15 4AA.

## Other entities within the Group

The other entities within the Group in which the council has an interest are:

- CSN Resources Ltd, provides Revenues and Benefits services to the council. The company is a Teckal company limited by guarantee. Liability is shared equally with South Northamptonshire District Council. The company showed a surplus of £0.191m attributable to the Group in 2019/20 (£0.086m in 2018/19) and has been included in the group, according to IFRS 11:23, at 50%.
- CSN Associates Ltd, which is intended to trade the services of CSN Resources with third parties, has not begun trading.
- Graven Hill Village Management Company Ltd is a subsidiary of Graven Hill Village Development Company which manages the property retained within the group. The only activity for the company in this financial year relates to service charges resulting in offsetting Debtor and Creditor balances of £0.002m.
- Crown Apartments Banbury Ltd is a subsidiary of Crown House Banbury Ltd which manages the residential property. The only activity for the company this financial year relates to service charges resulting in a loss for the year of £0.013m and net liabilities of £0.012m owed to the group.

## Summary of Group

<b>Company Name</b>	<b>Date of Incorporation / Acquisition</b>
Graven Hill Village Holdings Ltd	25 Jun 2014
Graven Hill Village Development Company Ltd	25 Jun 2014
CSN Resources Ltd	25 April 2017
CSN Associates Ltd	25 April 2017
Crown House Banbury Ltd	4 Aug 2017
Graven Hill Village Management Company Ltd	26 Feb 2018
Crown Apartments Banbury Ltd	7 June 2018

## Group Comprehensive Income and Expenditure Account

Group Accounts Net Expenditure		Group Accounts Net Expenditure
<b>31-Mar-19</b>		<b>31-Mar-20</b>
<b>£000</b>		<b>£000</b>
4,369	Governance Monitoring Officer	1,562
3,312	Public Health and Wellbeing	1,242
12,341	Place & Growth	2,469
8,323	Communities	7,709
762	Adults and Housing Services	29
1,402	Community Development Assets and Investments	1,503
966	Finance S151	3,905
5,736	Customers and Organisational Development	5,267
<b>37,211</b>	<b>Net Cost of Services</b>	<b>23,686</b>
3,822	Other Operating Expenditure	5,149
20,670	Financing and Investment Income & Expenditure	26,127
(577)	Movement in Fair value of investment properties	1,504
(28,645)	Taxation and Non-Specific Grant Income	(34,679)
<b>32,482</b>	<b>(Surplus) / deficit on Provision of Service</b>	<b>21,787</b>
(7,795)	(Surplus) / deficit on the revaluation of non-current assets	(8,216)
6,100	Actuarial (gains) / losses on pension assets & liabilities	(31,312)
0	(Surplus)/Deficit on Other items	0
(1,695)	Other Comprehensive Income & Expenditure	(39,528)
<b>30,787</b>	<b>(Surplus)/ deficit on Total Comprehensive Income &amp; Expenditure</b>	<b>(17,741)</b>

## Group Movement in Reserves Statement

Group Accounts 31/03/2020	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Receipts Un-applied Account	Total Usable Reserves £000	Unusable Reserves	Total Reserves £000
<b>Balance at 31 March 2019</b>	7,982	(21,661)	0	(145)	<b>(13,824)</b>	(9,608)	<b>(23,433)</b>
Adjustment to opening balances to correct final reserves positions	374	1,296			<b>1,670</b>	(1,670)	<b>0</b>
<b>Restated Balance at 31 March 2019</b>	<b>8,356</b>	<b>(20,365)</b>	<b>0</b>	<b>(145)</b>	<b>(12,154)</b>	<b>(11,278)</b>	<b>(23,433)</b>
<b>Movement in Reserves during 2019/20</b>							
Surplus or deficit on the provision of services	21,787	0	0	0	<b>21,787</b>	0	<b>21,787</b>
Other Comprehensive Income / Expenditure		0	0	0	<b>0</b>	(39,528)	<b>(39,528)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>21,787</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,787</b>	<b>(39,528)</b>	<b>-17,741</b>
Adjustments between accounting basis and funding basis under regulations	(27,463)		0	(20)	<b>(27,483)</b>	27,483	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(5,676)</b>	<b>0</b>	<b>0</b>	<b>(20)</b>	<b>(5,696)</b>	<b>(12,046)</b>	<b>(17,741)</b>
Transfers to / from Earmarked Reserves	6,016	(6,016)		0	<b>0</b>		<b>0</b>
<b>Increase or Decrease in 2019/20</b>	<b>340</b>	<b>(6,016)</b>	<b>0</b>	<b>(20)</b>	<b>(5,696)</b>	<b>(12,046)</b>	<b>(17,741)</b>
<b>Balance at 31 March 2020</b>	<b>8,696</b>	<b>(26,381)</b>	<b>0</b>	<b>(165)</b>	<b>(17,851)</b>	<b>(23,325)</b>	<b>(41,176)</b>

Group Accounts 31/03/2019	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Receipts Un-applied Account	Total Usable Reserves £000	Unusable Reserves	Total Reserves £000
<b>Balance at 31 March 2018</b>	8,936	(16,989)	(0)	(378)	<b>(8,432)</b>	(45,206)	<b>(53,638)</b>
Adjustment to opening balances to correct recorded liabilities at acquisition	(1,415)				<b>(1,415)</b>	834	<b>(581)</b>
<b>Restated Balance at 31 March 2019</b>	<b>7,521</b>	<b>(16,989)</b>	<b>(0)</b>	<b>(378)</b>	<b>(9,847)</b>	<b>(44,372)</b>	<b>(54,219)</b>
<b>Movement in Reserves during 2018/19</b>							
Surplus or deficit on the provision of services	32,482	0	0	0	<b>32,482</b>	0	<b>32,482</b>
Other Comprehensive Income / Expenditure		0	0	0	<b>0</b>	(1,695)	<b>(1,695)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>32,482</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32,482</b>	<b>(1,695)</b>	<b>30,787</b>
Adjustments between accounting basis and funding basis under regulations	(36,692)		0	233	<b>(36,459)</b>	36,459	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(4,210)</b>	<b>0</b>	<b>0</b>	<b>233</b>	<b>(3,977)</b>	<b>34,764</b>	<b>30,787</b>
Transfers to / from Earmarked Reserves	4,672	(4,672)		0	<b>0</b>		<b>0</b>
<b>Increase or Decrease in 2018/19</b>	<b>462</b>	<b>(4,672)</b>	<b>0</b>	<b>233</b>	<b>(3,977)</b>	<b>34,764</b>	<b>30,787</b>
<b>Balance at 31 March 2019</b>	<b>7,983</b>	<b>(21,661)</b>	<b>(0)</b>	<b>(145)</b>	<b>(13,824)</b>	<b>(9,608)</b>	<b>(23,433)</b>

## Group Balance Sheet

Group Accounts		Group Accounts
31-Mar-19		31-Mar-20
£000		£000
122,125	Property, Plant & Equipment	134,430
79,661	Investment Property	69,284
837	Intangible Assets	1,504
0	Assets held for sale	0
1,111	Long Term Investments	1,110
5,694	Long Term Debtors	2,120
<b>209,427</b>	<b>Long Term Assets</b>	<b>208,448</b>
6,008	Short Term Investments	17,048
71,544	Inventories	70,555
8,817	Short Term Debtors	17,098
14,932	Cash and Cash Equivalents	14,426
<b>101,300</b>	<b>Current Assets</b>	<b>119,127</b>
(43,128)	Short Term Borrowing	(66,183)
(47,023)	Short Term Creditors	(38,243)
(1,468)	Receipts in Advance	(1,387)
(4,694)	Provisions	(4,523)
<b>(96,313)</b>	<b>Current Liabilities</b>	<b>(110,336)</b>
(3,790)	Provisions	(5,610)
(71,520)	Long Term Creditors	(76,934)
(98,100)	Pension Liability	(72,770)
(17,572)	Capital Grants Receipts in Advance	(20,749)
<b>(190,982)</b>	<b>Long Term Liabilities</b>	<b>(176,063)</b>
<b>23,433</b>	<b>Net Assets</b>	<b>41,176</b>
(12,154)	Useable Reserves	(17,851)
(11,279)	Unusable Reserves	(23,325)
<b>(23,433)</b>	<b>Total Reserves</b>	<b>(41,176)</b>



# Group Cashflow

2018/19		2019/20						
GROUP		CDC	GHH	GHD	CHB	CAB	CSN	GROUP
£'000	Note	£000	£000	£000	£000	£000	£000	£000
<b>Cash Flows from Operating Activities</b>								
31,149		20,817	29	(475)	1,906	13	(191)	22,099
(2,779)	14	(2,726)	0	(86)	0	0	0	(2,812)
(11,997)	14	(9,987)	0	0	(1,504)	0	0	(11,491)
(250)	16	(237)	0	0	0	0	0	(237)
(19,280)	15	(14,167)	0	0	0	0	0	(14,167)
2,394	14	(2,359)	0	0	0	0	0	(2,359)
(9,126)	18	(33)	0	(1,240)	0	0	0	(1,273)
19,448	19	5,524	1,429	1,930	(13)	0	(29)	8,841
5,901	22	(2,125)	(8)	8,575	76	(21)	(453)	6,044
(1,022)	23	(1,856)	0	0	73	0	0	(1,783)
0	25	25,330	0	0	0	0	0	25,330
(12,853)	25	(31,312)	0	0	0	0	0	(31,312)
(3,024)	37	6	0	0	0	0	0	6
(23,876)		10,028	(1,449)	(6,179)	(2,467)	0	0	(67)
(2,805)	31	3,445	0	0	0	0	0	3,445
5,423	24	4,042	0	0	0	0	0	4,042
<b>(22,695)</b>		<b>4,390</b>	<b>1</b>	<b>2,525</b>	<b>(1,929)</b>	<b>(8)</b>	<b>(673)</b>	<b>4,306</b>
<b>Cash Flows from Investing Activities</b>								
8,001	14	19,004	0	403	0	0	0	19,407
7,201	15	3,508	0	0	1,911	0	0	5,419
306	16	771	0	0	0	0	0	771
(5,423)	24	(4,042)	0	0	0	0	0	(4,042)
(0)		0	0	0	0	0	0	0
(993)		17,265	6,225	0	0	0	0	23,490
<b>9,091</b>		<b>36,506</b>	<b>6,225</b>	<b>403</b>	<b>1,911</b>	<b>0</b>	<b>0</b>	<b>45,045</b>
<b>Cash Flows from Financing Activities</b>								
4,000	31	0	0	0	0	0	0	0
580		0	(6,225)	(6,225)	0	0	0	(12,450)
2,805	31	0	0	0	0	0	0	0
220	17	(29,943)	0	0	0	0	0	(29,943)
1,114		(6,451)	0	0	0	0	0	(6,451)
209	10	0	0	0	0	0	0	0
<b>8,928</b>		<b>(36,394)</b>	<b>(6,225)</b>	<b>(6,225)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(48,844)</b>
<b>(4,676)</b>		<b>4,502</b>	<b>1</b>	<b>(3,297)</b>	<b>(18)</b>	<b>(8)</b>	<b>(673)</b>	<b>507</b>
19,608		9,313	1	5,273	13	0	333	14,933
<b>14,932</b>		<b>4,811</b>	<b>0</b>	<b>8,570</b>	<b>31</b>	<b>8</b>	<b>1,006</b>	<b>14,426</b>

2018/19 GROUP £'000		2019/20 CDC £000	GHH £000	GHD £000	CHB £000	CAB £000	CSN £000	GROUP £000
	Note							
<b>Cash Flows from Operating Activities</b>								
31,149		21,659	29	(475)	1,906	13	(191)	22,941
(2,779)								
	14	(2,726)	0	(86)	0	0	0	(2,812)
(11,997)	14	(10,829)	0	0	(1,504)	0	0	(12,333)
(250)	16	(237)	0	0	0	0	0	(237)
(19,280)	15	(14,167)	0	0	0	0	0	(14,167)
2,394	14	(2,359)	0	0	0	0	0	(2,359)
(9,126)	18	(33)	0	(1,240)	0	0	0	(1,273)
19,448	19	5,524	1,429	1,930	(13)	0	(29)	8,841
5,901	22	(2,125)	(8)	8,575	76	(21)	(453)	6,044
(1,022)	23	(1,856)	0	0	73	0	0	(1,783)
0	25	25,330	0	0	0	0	0	25,330
(12,853)	25	(31,312)	0	0	0	0	0	(31,312)
(3,024)	37	6	0	0	0	0	0	6
(23,876)		10,028	(1,449)	(6,179)	(2,467)	0	0	(67)
(2,805)	31	3,445	0	0	0	0	0	3,445
5,423	24	4,042	0	0	0	0	0	4,042
<b>(22,695)</b>		<b>4,390</b>	<b>1</b>	<b>2,525</b>	<b>(1,929)</b>	<b>(8)</b>	<b>(673)</b>	<b>4,306</b>
<b>Cash Flows from Investing Activities</b>								
8,001	14	19,004	0	403	0	0	0	19,407
7,201	15	3,508	0	0	1,911	0	0	5,419
306	16	771	0	0	0	0	0	771
(5,423)	24	(4,042)	0	0	0	0	0	(4,042)
(0)		0	0	0	0	0	0	0
(993)		17,265	6,225	0	0	0	0	23,490
<b>9,091</b>		<b>36,506</b>	<b>6,225</b>	<b>403</b>	<b>1,911</b>	<b>0</b>	<b>0</b>	<b>45,045</b>
<b>Cash Flows from Financing Activities</b>								
4,000	31	0	0	0	0	0	0	0
580		0	(6,225)	(6,225)	0	0	0	(12,450)
2,805	31	0	0	0	0	0	0	0
220	17	(29,943)	0	0	0	0	0	(29,943)
1,114		(6,451)	0	0	0	0	0	(6,451)
209	10	0	0	0	0	0	0	0
<b>8,928</b>		<b>(36,394)</b>	<b>(6,225)</b>	<b>(6,225)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(48,844)</b>
<b>(4,676)</b>		<b>4,502</b>	<b>1</b>	<b>(3,297)</b>	<b>(18)</b>	<b>(8)</b>	<b>(673)</b>	<b>507</b>
19,608		<b>9,313</b>	1	5,273	13	0	333	14,933
<b>14,932</b>		<b>4,811</b>	<b>0</b>	<b>8,570</b>	<b>31</b>	<b>8</b>	<b>1,006</b>	<b>14,426</b>

## **Note 1 Accounting Policies of for the Group**

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Council has consolidated its interests in all the entities over which it exercises control or significant influence. Graven Hill Holding Company Ltd, Graven Hill Development Company Ltd and Crown House Banbury Ltd have been consolidated because together they are material to the Council's balance sheet. In addition, the Council has consolidated CSN Resources to provide a full picture of the Council's arrangements for good governance.

Where group entities use different accounting policies to the Council, their accounts have been restated to re-align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Intra-group transactions have been eliminated before consolidation on a line by line basis.

## Note 2 Group Property Plant and Equipment

Movements to 31 March 2020							
	Land and Buildings	Vehicles Plant & Equipment	Infrastructure Assets	Surplus Assets	Community Assets	Assets under Construction	Total Plant and Equipment
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
at 1 April 2019	104,818	13,305	5,443	10	24	12,759	136,359
Adjustments to cost/value & depreciation impairment		(253)					(253)
Adjusted opening balance as at 1 April 2019	104,818	13,052	5,443	10	24	12,759	136,106
Additions	2,653	1,214	113	0	14	15,412	19,406
Acc Dep & Imp WO to GCA	(2,089)	0	0	0	0	0	(2,089)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,216	0	0	0	0	0	8,216
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,987)	0	0	0	0	0	(9,987)
Derecognition – disposals	(2,350)	(201)	0	0	0	(37)	(2,588)
Reclassifications and transfer	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	(34)	0	0	0	0	0	(34)
Other movements in cost or valuation	7,155	0	0	0	0	(7,155)	0
at 31 March 2020	108,382	14,065	5,556	10	38	20,979	149,030
Accumulated Depreciation and Impairment							
at 1 April 2019	(2,432)	(9,121)	(2,683)	0	0	0	(14,236)
Adjustment to cost/value		120					120
Adjusted opening balance 1 April 2019	(2,432)	(9,001)	(2,683)	0	0	0	(14,116)
Depreciation charge	(1,697)	(866)	(154)	0	0	(94)	(2,811)
Acc. Depreciation WO to GCA	2,089						2,089
Derecognition – disposals	29	201	0	0	0	0	230
Assets reclassified (to)/from Investment Property	8						8
Other movements in depreciation and impairment	(94)	0	0	0	0	94	(0)
at 31 March 2020	(2,097)	(9,666)	(2,837)	0	0	0	(14,599)
Net Book Value							
at 31 March 2020	106,284	4,399	2,719	10	38	20,979	134,430
at 31 March 2019	102,386	4,184	2,760	10	24	12,759	122,123

Property, plant and equipment within the Group is measured at current value and revalued at least every five years by the Council's valuers Montague Evans. Details of when the Council's property plant and equipment were revalued are shown in Note 14 to the single entity accounts.

### Note 3 Group Inventories

31 <sup>st</sup> Mar 2019		31 <sup>st</sup> Mar 2020
£'000		£'000
<b>25,579</b>	Land	25,854
<b>42,863</b>	Development Costs	44,515
<b>220</b>	Stock	187
70,662	<b>Total Inventories</b>	<b>70,555</b>

# Annual Governance Statement 2019/20

## INTRODUCTION

1. This is Cherwell District Council's Annual Governance Statement for 2019/20. It provides:
  - An *opinion* on the Council's governance arrangements from the Council's senior managers and the leader of the Council
  - A review of the *effectiveness* of the Council's governance arrangements during 2019/20;
  - A *conclusion* in relation to the effectiveness
  - A review of the *action plan* completed in 2019/20
  - An new *action plan* for 2020/21
  - An *annex* summarising our governance framework

The Annual Governance Statement is required by law<sup>1</sup> and follows the best practice guidance from the Chartered Institute of Public Finance and Accounting (CIPFA). This year, the Statement also highlights the governance issues posed by the COVID-19 pandemic.

## STATEMENT OF OPINION

2. It is our opinion that the Council's governance arrangements in 2019/20 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2020/21. It is our opinion that this has remained the case during the COVID-19 pandemic; and that despite the challenges posed by this, the Council's governance in dealing with the pandemic and our ability to maintain sound governance during the outbreak, has been effective.

## SIGNATURES

Signed on behalf of Cherwell District Council:

..... **Date** .....      ..... **Date** .....

**Yvonne Rees**

Lorna Baxter

**Chief Executive**

Chief Finance Officer

..... **Date** .....      ..... **Date** .....

**Councillor Barry Wood**

Steve Jordan

**Leader of the Council**

Monitoring Officer

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<sup>1</sup> Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015

## REVIEWING OUR EFFECTIVENESS DURING 2019/20

This review looks at:

- Effectiveness of our governance – generally and in relation to COVID-19
- Conclusion about this effectiveness
- Internal Audit function during 2019/20
- Our statutory governance roles
- Review of actions from 2019/20
- Actions for 2020/21
- Outline of our governance

### Overview

3. We have reviewed our overall effectiveness both in general and with regard to the COVID-19 pandemic

### Generally:

4. Specific action points for 2020/21 are set out in Annex 1. We believe these actions will help to embed some key governance issues arising out of our experience in 2019/20, including the implications of the COVID-19 pandemic. Our experience is also very much allied to that of our partner authority, Oxfordshire County Council. There were no specific action points identified to 2019/20.
5. Here are just some ways in which our governance has proved effective during 2019/20
  - In partnership with Oxfordshire County Council, the Council has delivered a joint senior management structure across both authorities .
  - The council set and operated within an agreed budget that included a council tax increase in line with government requirements.
  - Improved Information Governance arrangements across the Council following the separation from South Northants Council and the partnership with Oxfordshire County Council through the creation of a new Information Governance Group
  - The Council successfully delivered its elections in May 2019, with one third of members elected for a four-year period.
  - The Overview & Scrutiny Committee received a briefing from the Monitoring Officer on the revised statutory guidance on scrutiny in local government published by the Ministry of Housing, Communities and Local Government (MHCLG) in May 2019. The Committee undertook to put in place an Executive-Scrutiny Protocol.
  - During the year, the Council was re-accredited with Cyber Essentials plus, which is the highest level of certification available for cyber security.
  - The Council has a well embedded formal complaints handling processes, this was further improved during the year with the addition of an online form for tracking.

### **During COVID-19**

6. Common with other authorities, we had to act swiftly to meet the demands of the pandemic. We are confident that we were able to do so without compromising good governance and democratic accountability. Our reaction benefited from:
  - Clear leadership structure
  - Dedicated Gold and Silver Command structures
  - Partnership working with Oxfordshire County Council
  - Risk assessments
  - Flexible and reactive approach.
  - Regular engagement with the administration and Political Group Leaders so as to aid transparency of actions being taken
  - Regular and timely communications with councillors, staff and stakeholders

### **Impact**

7. Given lockdown and social distancing rules, **democratic decision-making** was moved to a virtual setting. A fast-track project was soon established to create viable online decision-making through MS Teams, with councillor and officer training.
8. This also included the facility for members of the public to take part in virtual meetings e.g. for questions and the presentation of petitions. A **revised Constitution and protocol** was devised, consistent with our Constitution's key principles of openness, transparency and accountability. The councillor constituency voice was also maintained through the designation of a specific email address for councillors to raise COVID-19 related issues on behalf of their communities.
9. Clearly some services, more reliant on physical space, were also impacted – e.g. Reception. The Council reviewed the options in the light of legislation, its business continuity processes and has prioritised Reception and the front line services it provides in its reopening of Bodicote House, with socially distanced and risk-assessed measures in place to ensure the Council continues to be accessible to the public. Access was kept open throughout to a number of buildings and parts of core offices for essential legal business. It was part of the Council's learning curve to see how much Council business could be successfully done remotely, with secure and effective technology. Our **business continuity plans** were put to the test and found to be effective.

### **Command structure**

10. The Council's **Gold and Silver Command** structures worked very well. Quickly put in place, the Command structures enabled the Council to keep a grip on the bigger picture while getting into the essential detail: e.g. community and voluntary sector co-ordination, the supply of personal protective equipment; the flow of communications to support for businesses; and business continuity.



Plugging this into the wider **regional structures** (e.g. **Thames Valley Local Resilience Forum**) ensured the flow of essential information and experience. Such partnership working has been key to our response to the pandemic, in particular our close working with other District/City Councils and the County Council. Annex 2 is a one-page illustration of the Command structure and how in its local and regional setting.

### **Beyond COVID-19**

11. The Council's reaction to the pandemic has **fast-tracked the development** of key governance issues: the safe and reactive deployment of technology (to enable almost seamless homeworking and virtual meetings); business continuity awareness and practices; working without silos, service-planning becoming more aware the cross-cutting interplay of services; reviewing the portfolio of property; enhanced focus on security, wellbeing and health and safety; greater day to day senior manager co-operation and commitment; and the deepening of the Cherwell District Council/Oxfordshire County Council partnership, with the whole pandemic management being undertaken jointly through the Gold and Silver command structures.
12. **Going forward**, the resource implications of the pandemic will be a challenge for the local government sector. The Council's governance experience of COVID-19, alongside our partner, Oxfordshire County Council, will shape future planning as we manage the delivery of quality services and democracy in the post-COVID-19 world:
  - Use of buildings and remote working
  - Business continuity, risk assessment and project planning
  - Fluidity and accountability of decision making
  - Smart use of technology and digital engagement and solutions
  - Financial management
13. The Council has approved (jointly with Oxfordshire County Council) a robust recovery strategy – "**Restart Recover Renew**". Importantly, this strategy will enable the Council to move from recovery to normal business. It also recognises the opportunity to learn from our experience and to transform our services for the better.

### **Internal audit in 2019/20**

14. The 2019 CIPFA Statement on the "Role of the Head of Internal Audit in public service organisations" outlines the principles that define the core activities and behaviours that belong to the role of the 'Head of Internal Audit' and the governance requirements needed to support them. The Council's arrangements conform with the governance requirements of the CIPFA statement as our Chief Internal Auditor:
  - objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control

- championing best practice in governance and commenting on responses to emerging risks and proposed developments.
  - be a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the audit committee
  - lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively
  - be professionally qualified and suitably experienced.
15. The Internal Audit Service delivered through CW Audit Services, operates in accordance with the Public Sector Internal Audit Standards (PSIAS). CW Audit's systems and processes for complying with PSIAS were confirmed as appropriate by an external assessment that was carried out in April 2018.
16. One of the key assurance statements is the annual report and opinion of the Head of Internal Audit, which during 2019/20 was provided by CW Audit Services. An annual opinion of '**significant assurance**' was provided on the Council's internal control environment and systems of internal control. This was based on the results of individual audits completed over the course of the year, including key financial systems and risk management.
17. Where Internal Audit identifies areas for improvement, management action plans are in place and are routinely monitored by the Internal Audit team. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

### **Our statutory governance roles**

18. The Council is required to appoint to three specific posts, each of which oversees a key aspect of the Council's governance:
- **Head of the Paid Service** (HOPS) role – which is our Chief Executive, Yvonne Rees: how the Council's functions are delivered, the appointment and proper management of staff
  - **Monitoring Officer** – throughout 2019/20 and early 2020/21 this was Nick Graham, Director of Law and Governance: responsible for the Council's Constitution, the lawfulness and integrity of its decision-making and the quality of its ethical governance. With Nick leaving in early June, Steve Jorden, Corporate Director for Commercial Development, Assets and Investment, was duly appointed as interim Monitoring Officer, with recruitment started to the permanent post of Director of Law & Governance and Monitoring Officer.
  - '**Section 151 Officer**' – during 2019/20 until late February the Chief Finance Officer was Adele Taylor. Lorna Baxter was duly appointed to the role and is responsible for the financial management of the authority.

19. Each of these roles continued to be performed soundly during 2019/20. Each of the postholders is an integral member of the Council's most senior leadership team (CEDR – Chief Executive Direct Reports). As such, they are fully sighted on all of the Council's objectives, workstreams and emerging plans; and their perspectives and voices continue to be heard in, and to influence, this senior forum.
20. The Chief Finance Officer and the Monitoring Officer both have open access to the Chief Executive at all times. They carry a statutory responsibility to report issues to Full Council, if needed. As such, the posts remain pivotal to the Council's good governance.

#### **Governance Actions – Review of 2019/20 and priorities for 2020/21**

21. Although no actions were highlighted through our Internal Audit opinion for 2018/19, one identified area where there was a focus for action in 2019/20 related to increasing training and development around our commercial activities. The outcome was to ensure that as an organisation we continue to fully engage and understand the implications of our decision-making in respect of these models. A governance review has now been commissioned which will bring forward best practice approaches including approaches to training and development.
22. Annex 1 sets out the actions for 2020/21. In addition to the specific actions a review of the constitution is also being undertaken. Actions will be monitored by the Corporate Governance Assurance Group and the Accounts, Audit & Risk Committee.

#### **Governance in Outline**

23. Annex 3 sets out the Council's governance framework in outline.

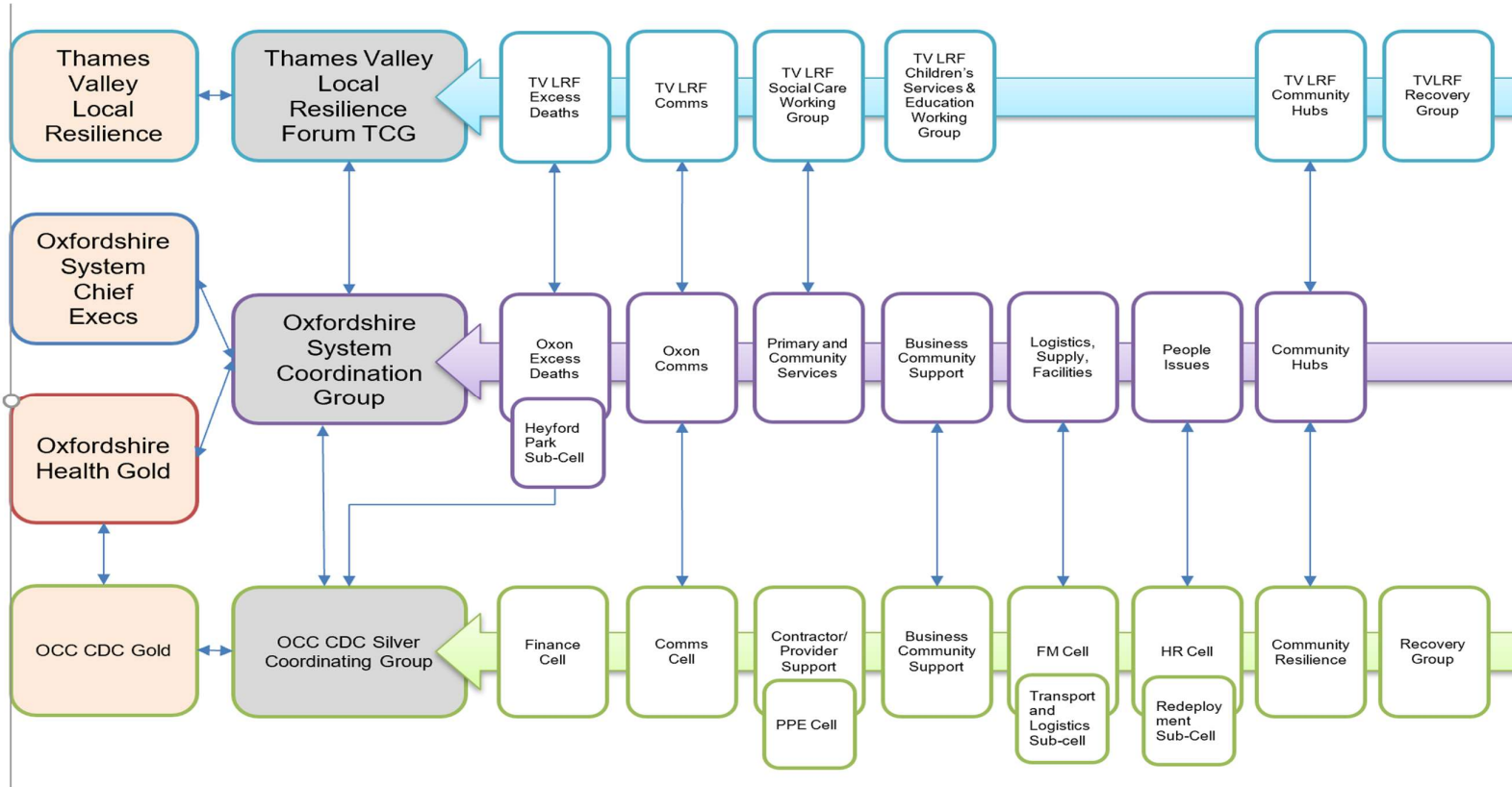
August 2020

## Annex 1 – Significant Governance Issues – Actions Identified for 2020/21

	Action now planned for 2020/21	Timescale for Completion	Responsible Officer	Monitoring Body
1	<p>Alignment of Annual Governance Statement preparation – Oxfordshire CC and Cherwell District Council:</p> <p>achieving a more streamlined approach to AGS preparation across both authorities which...</p> <ul style="list-style-type: none"> <li>engages senior managers and is clearly aligned to corporate objectives</li> <li>achieves revised and more meaningful Directors Certificate of Assurance process</li> <li>establishes a joint Corporate Governance Assurance Group of key governance officers with a view across both authorities</li> <li>becomes a ‘living, year-round activity’ not simply one about producing a ‘document’</li> <li>reviews the current arrangement of ‘lead statements’ and establishing a corporate governance lead for Property-Security</li> <li>establishes a relevant Local Codes of Corporate Governance which better reflects the Councils’ current work</li> </ul>	<p>June – September 2020</p> <p>June-July 2020</p> <p>June 2020</p> <p>Ongoing</p> <p>September 2020</p> <p>September 2020</p>	Glenn Watson Principal Governance Officer	Corporate Governance Assurance Group
2	<p>Review of post-COVID governance arrangements:</p> <ul style="list-style-type: none"> <li>Corporate Governance Assurance</li> </ul>	Ongoing June 2020– March 2021	Monitoring Officer	Corporate Governance Assurance

<p>Group to keep under review the Council's governance as we emerge from COVID including</p> <ul style="list-style-type: none"> <li>• Linkage to any ongoing Gold-Silver command activity/experience</li> <li>• Lessons for key governance activities across the Corporate Lead areas – e.g. business continuity, risk, procurement, democratic decision making, ICT security, health and safety and property management; financial management.</li> </ul>			Group
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## Annex 2 – COVID-19 Oxfordshire Response Structure



## Annex 3 Overview Governance Framework

# Cherwell District Council – Governance Framework

Council, Cabinet and Leader	Decision Making	Risk Management	Scrutiny and Review	Senior Officer Leadership
<ul style="list-style-type: none"> <li>Provide leadership and set policy</li> <li>Develop and set policy to ensure the Council's communities thrive and prosper.</li> </ul>	<ul style="list-style-type: none"> <li>All meetings are held in public</li> <li>Decisions are recorded and accessible via the Council's website.</li> </ul>	<ul style="list-style-type: none"> <li>Risk registers identify strategic and operational risks</li> <li>Key risks are considered by senior managers at least monthly</li> <li>Monitoring of performance and finances is considered by senior managers on a monthly basis</li> </ul>	<ul style="list-style-type: none"> <li>The Council operates scrutiny arrangements</li> <li>Scrutiny committees review Council policy and can challenge decisions</li> <li>The Accounts, Audit and Risk Committee (AARC) and the Budget Planning Committee (BPC) reviews the financial governance of the Council at regular intervals</li> </ul>	<ul style="list-style-type: none"> <li>The head of paid service is the Chief Executive who is responsible for all staff and leading an effective senior leadership team, the Chief Executive's Direct Reports (CEDR)</li> <li>The Director of Finance is the Council's Section 151 officer and is responsible for safeguarding the Council's financial responsibilities and ensuring value for money</li> <li>The Monitoring Officer is the Council's Director of Law and Governance who is responsible for ensuring the legality and promoting high standards of conduct.</li> </ul>

## Foot Notes

These Foot Notes relate to information in the Finance Director’s Narrative Statement and provide links to documents containing supporting information referenced under the sub headings “About the District” and “Our Leadership and Workforce”

Foot Note1: <https://www.nomisweb.co.uk/reports/lmp/la/1946157323/report.aspx?pc=OX154AA#tabresp>

Foot Note2:

<http://modgov.cherwell.gov.uk/documents/g3456/Public%20reports%20pack%20Tuesday%202017-Dec-2019%20Constitution.pdf?T=10&Info=1>

Foot Note 3:

<https://www.cherwell.gov.uk/info/5/your-council>

Foot Note 4:

<http://modgov.cherwell.gov.uk/mgListExecPosts.aspx?bcr=1>