

Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

DRAFT

**Statement of Accounts
2020/21**

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Introduction

Welcome to Cherwell District Council's Statement of Accounts for the year ending 31st March 2021. The Statement of Accounts is a statutory document providing information on the cost of services provided by Cherwell District Council to the council tax payer and detailing how those services were financed. In addition, it provides information, within the Balance Sheet on the value of our assets (what we own, what we are owed) and the value of our liabilities (what we owe).

Should you have any comments or wish to discuss this statement in further detail then please contact the finance team by email on finance@cherwell-dc.gov.uk or contact the Finance Team direct on 0300 003 0103.

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

Yvonne Rees
Chief Executive
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Narrative Statement – Overview of 2020/21

Executive Member's Narrative

2020/21 proved to be a hugely challenging but successful year for Cherwell District Council delivering on its objectives and playing a vital role supporting residents and businesses through the COVID-19 pandemic.

Headlines of Our Achievements in the Year Include:

- **We delivered 295** Affordable homes and 1,172 housing completions during 2020/21 (exceeding the 1,140 required in the local plan).
- The UK's largest custom and self-build housing development site, Graven Hill, has been named the best residential development of the year in the Oxfordshire property awards.
- Our waste crews emptied 5.4 million bins and collected an additional 7,067 tonnes (an increase of just over 4000 tonnes in the last 10years).
- **Over 1,900** families and 6,500 individuals signed up to our families active sporting together (FAST) programme to help families in Banbury, Bicester and Kidlington get active. Children and adults enjoyed free after school activities and money-off sports deals for the whole family.
- We supported the opening of a food and drink market, Lock29 in Castle Quay, the UK's first centre to celebrate food and drink provenance.
- **£41.3m** grants paid to businesses to support them through the Covid-19 pandemic
- **3,523** residents supported by providing reductions in council tax bills of up to £150 for Council Tax Support claimants
- 42 schools and 1,824 players took part in 'Street tag' with their family and friends. This is a friendly game app that rewards pupils, communities and schools for physical activity.
- Launch of our equality, diversity and inclusion framework, **Including Everyone**. This is a joint framework with Oxfordshire County Council, that outlines our joint approach to equalities, diversity and inclusion and sets out our vision to be leaders in our field providing inclusive services, workplaces and communities, equitable access to services and equality of opportunity.
- The **Climate Action Framework** was approved in October 2020, which describes how we will transform the way we work in order to "systematically drive lower-carbon outcomes". Cherwell's own emissions account for less than half a per cent of the total emissions of the district. Recognising this, the council will not only drive its own carbon footprint down, it is also committing to use its local influence to help reduce emissions across the district

- The Council agreed a revised budget in September 2020 in response to Covid. £4.0m of in-year savings were identified, including £1.2m use of reserves, in order to mitigate £3.5m of forecast net Covid-19 costs and losses of income and £0.5m of business as usual pressures.

In addition, we have set a budget for 2021/22 which will:

- allow the Council to support Cherwell in its recovery from the Covid-19 pandemic
- ensure the Council has contingencies in place to support its services through the recovery from the pandemic
- 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;
 - the changes we face with business rates reset; and
 - the government's Spending Review.

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

I acknowledge the importance of the support that Cherwell District Council can bring to its residents and businesses and many of the achievements during 2020/21. 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 arising from the pandemic, the Council remains absolutely committed to deliver its priorities and ensure that Cherwell remains a place for all.

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

Councillor 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 2020/21.

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 –with the remainder of the population living in 70 smaller settlements. Cherwell continues to change, with a population currently totalling 151.7k (2020) projected to increase to around 161.0k by 2030.

Since 2019, the population of Cherwell district increased by 1,276 to 151,724. (By comparison the total population in Oxfordshire is 695,890 of which Cherwell's population is 22%).

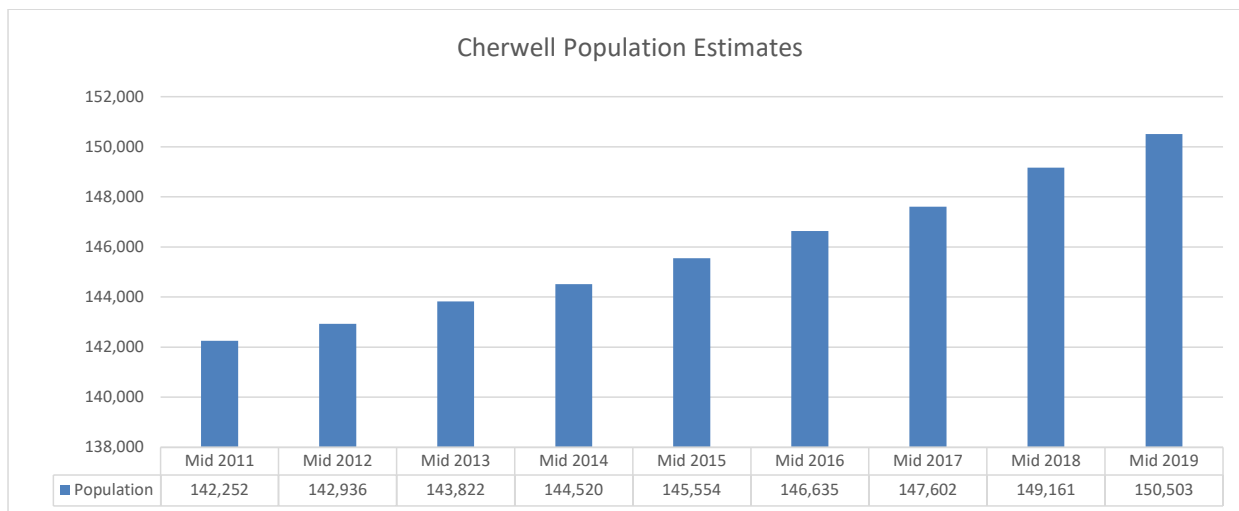


Figure 1- Time series bar chart showing the total population of Cherwell mid-2011 to mid- 2019

There are currently 67,935 houses that are subject to council tax (December 2020).

Strategic priorities for Cherwell District Council

Cherwell District Council's ambition, as set out in our published Business Plan 2020/21, is for a district where communities can thrive, and businesses grow.

The Business Plan has four strategic priorities. The strategic priorities are underpinned by four themes, representing the basis upon which we continue to develop our organisation. The business plan informs the development of the annual budget and the operational Service Plans for the delivery of all Council services.

Our strategic priorities: for 2020/21 reflect the Council's commitment for the district to achieve:

Housing that meets your needs

- Deliver affordable housing;
- Raise standards in rented housing;
- Find new and innovative ways to prevent homelessness;
- Promote innovative housing schemes;
- Deliver the Local Plan;
- Support the most vulnerable people.

Leading on environmental sustainability

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

An enterprising economy with strong and vibrant local centres

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

Healthy, resilient and engaged communities

- Enable all residents to lead an active life;
- Improve and develop the quality of local sport and leisure facilities;
- Promote health and wellbeing in our communities;
- Support community and cultural development;
- Working with partners to address the cause of health inequality and deprivation;
- Working with partners to reduce crime and anti-social behaviour.

Strategic Priorities:



Themes

The themes on which we develop the organisation are:

Customers

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

Healthy Places

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

Partnerships

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

Continuous Improvement

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

Annual review of priorities

The Council reports monthly on performance against 40 Business Plan Measures, with 22 Programme Measures and 19 Key Performance Indicators.

Programme Measures and Key Performance Indicators (40)

Status	Description	Year to date	Year to date %
Green	On target	28	68%
Amber	Slightly off target	9	22%
Red	Off target	3	7%
No status	No data	1	3%

The KPI measure “High risk food businesses inspected” is the ‘no data’ measures, due to the Food Standards Agency changing the national food law enforcement programme as a consequence of COVID-19. Food safety will be assured through alternative, targeted measures.

Housing that meets your needs

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

- Number of Homeless Households living in Temporary Accommodation

Overall, 145 individuals have been accommodated by Cherwell District Council as a result of the COVID-19 emergency. Of those, 56 moved from hotels to supported housing, 32 moved into permanent accommodation and 14 remain in hotels, however, 9 of those have an identified move-on plan.

- Average time taken to process Housing Benefit New Claims

This is reporting Green at year end, which is an excellent 10 days average against a target of 13 days. COVID-19 presented a challenge as we registered a sharp increase on the number of new claims, but our team has delivered outstandingly delivering better than the national average of 20 days.

Leading in environmental sustainability

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

- Delivering high Quality Waste & Collection Service to all Properties

Reporting Green for the year. We have managed collection of an additional 7,000 tons of waste, during this pandemic and preparations for development of separate food waste collections from this Autumn is well under way.

- Waste Recycled & Composted

With the tonnage increased by 0.5%, 7,067 additional tons of waste have been collected (10 times the annual increase) which equals 10 more bins collected per household in Cherwell. 677 additional journeys have been completed and still residents received uninterrupted service throughout.

An enterprising economy with strong and vibrant local centres

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

- Support Business Enterprise, Retention, Growth and Promote Inward Investment

Support has been maintained by updated webpages, directly with enterprises and collaborations. The focus was COVID-19 and EU transition. Collaboration with Oxfordshire County Council and partners continued enabling enhancement of digital infrastructure throughout the district. 98% of premises, in the district, can access Superfast Broadband services.

- Deliver the Growth Deal

We are still engaged and active participants in the Oxfordshire Housing and Growth Deal. A local officer Programme Board has been established for Cherwell, which meets on a monthly basis, covering the four workstreams of affordable housing. In this 5-year programme Cherwell enters year four and has plans to progress through the Council's officer decision-making process.

Healthy, resilient and engaged communities

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

- Support Community Safety and Reduce Anti-Social Behaviour

Commitments to reduce crime and anti-social behaviour include; patrols around schools and parks, responding to claims of bullying raised by parents, concerns of drug dealings, off-road motorbikes and anti-social behaviour in general.

Seizure of an illegal scrap metal collector van was featured by the Banbury Guardian and social media communications, with crime prevention advice and information sharing, which was read by over 25,000 people, although cycling initiatives are still pending due to discussions with Oxfordshire County Council. The focus now is to oversee the distribution of an additional £50,000 in winter support grant.

- Support the Voluntary Sector

Several events have been successfully supported to mention Cherwell Food Network, North Banbury Network partnership, Age Friendly Banbury partnership, with Community Link March publication distributed to voluntary organisations and two new older people's information & activity sheets produced. Activities and partnerships that bring together key stakeholders and voluntary organisations, to work on initiatives together with us and support people specially during lockdown restrictions.

Our Leadership and Workforce

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

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

The Leader of the Council is Councillor Barry Wood. Councillor Wood appoints an Executive, responsible for taking key decisions to manage the Council's business. Details of Executive members and their responsibilities can be found on our [website](#).

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 2021 the Council's staff complement stood at 460.82 FTE (full-time equivalent) posts, representing 496 employees. The FTE and headcount figures differ because the Council has a number of staff that work part time hours. Staff are structured into directorates, each responsible for a group of services and functions in support of the delivery of the Council's Vision and Business Plan.

The Council has been working in partnership with Oxfordshire County Council since October 2018. The partnership has developed 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 2020/21 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 the 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 and Capital programme in February. The Council approves the budget at its Annual Budget meeting each February.

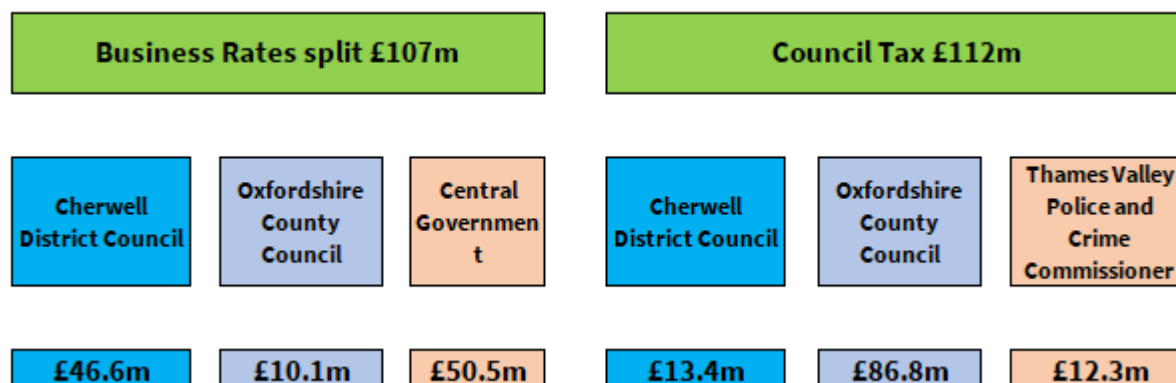
Due to the extraordinary circumstances of the global COVID-19 pandemic, the Council agreed a revised budget in September 2020. This reflected the additional costs that the Council was incurring as a result of Covid-19, the additional general grant income that the Council forecast would be received from the Government as well as a number of savings proposals to maintain a balanced budget.

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 £107m and Council Tax of £112m were distributed in 2020/21 based on the budget set for 2020/21.



Under the current business rates scheme, income is shared between Central Government, the County Council, and Cherwell District Council. From the Council's share, the Government then charges a tariff, which is redistributed to other Local Authorities based on their need to spend. For the year ending 31 March 2021, the Council expected to retain a net £12m of business rates related income after all the allocations.

The Council is required to distribute the business rates and council tax according to how it has set its budget in the February before the beginning of the financial year. Normally the Council would expect to collect business rates and council tax in line with its budget assumptions with relatively small variances. However, due to the Covid-19 pandemic, the Government provided up to 100% business rates relief to those businesses identified as being most severely impacted by the pandemic. This meant that the actual business rates income to be collected in 2020/21 was far lower than expected when the budget was set.

In response, the Government compensated authorities for the loss of business rates as a result of COVID-19 related reliefs, allowing the Council to meet its budgetary commitments to the County and Central Government, pay its tariff and retain resources to support services. The Council collected £43m Business Rates compared to the £107m it budgeted to collect and distribute.

Pension Liabilities

The amounts payable by the Council in future years are partly offset by the value of the assets invested in the pension fund. The value of the pension fund deficit at 31 March 2021 is £96m; this reflects a deterioration of £23m from the 31 March 2020 deficit position of £73m.

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		2020/21
£6.8m	Appeals Provision	£8.7m

The increase in appeals provisions is due in part to revaluations which took place towards the end of the financial year and end of year invoices raised but also reflect the potential detrimental economic impact of the pandemic.

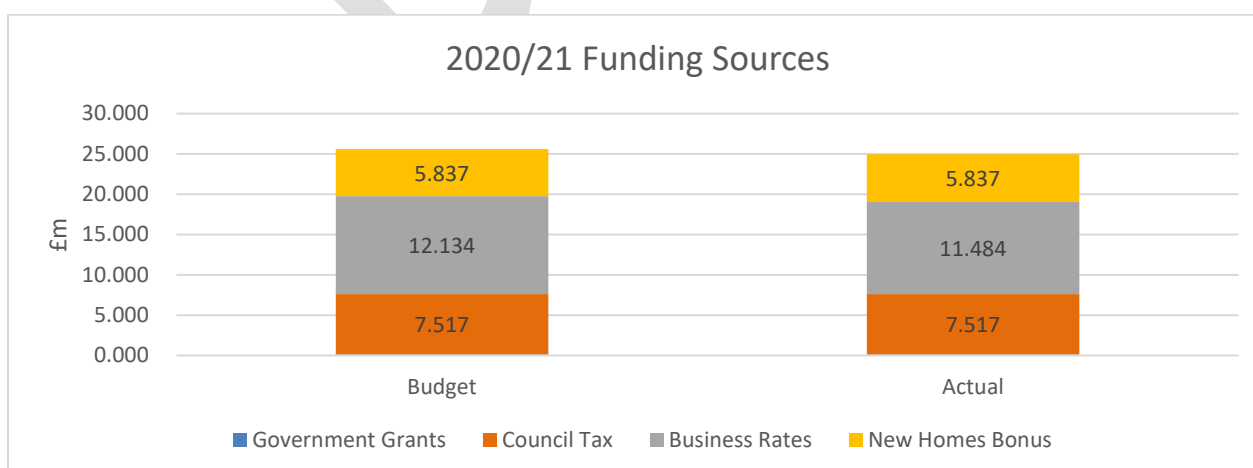
Council Funding 2020/21

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).

2020/21 Revenue Budget Funding	Budget £m	Actual £m	Variance m
Government Grants	(0.116)	(0.116)	0.000
Council Tax	(7.517)	(7.517)	0.000
Business Rates related income	(12.134)	(11.484)	0.650
New Homes Bonus	(5.837)	(5.837)	0.000
Total Funding	(25.604)	(24.954)	0.650

The stacked bar chart below shows the split in funding for the budget and outturn positions.



Revenue Financial Outturn Position

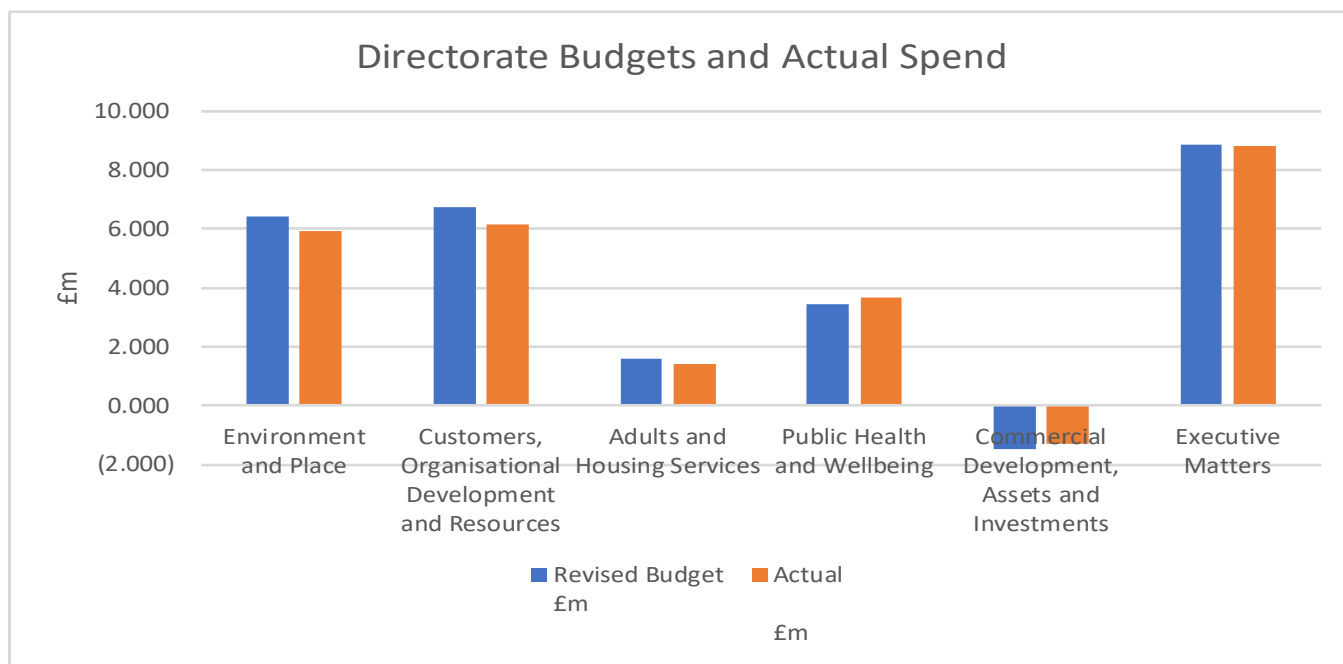
Cherwell District Council set a balanced budget in February 2020 for the 2020/21 financial year which anticipated the Council retaining sufficient reserves to cover unexpected financial impacts on the Council, with a number of specific reserves to help cover the Council's commercial activities. During March 2020 the coronavirus COVID-19 pandemic started to impact on the Council and measures were put in place to record the related additional spending and loss of income across Cherwell District Council's activities. The total financial impact of the pandemic has been calculated to be £7.4m during 2020/21 with some additional government funding provided to local authorities to help manage those additional costs.

The government has provided additional funding of £3.7m (including £1.6m for lost income), leaving the Council with a net gap of £3.7m to manage. A revised budget was agreed by Council in September 2020 to introduce in year budget reductions and use of £1.2m reserves in order to address the gap. Regular reports were considered by the Council's Executive and the Council expected to deliver the balanced budget by the 2021 year end. At the year end an overall underspend of £0.087m against the revised budget was delivered after taking into account the variances on both the Cost of Services (underspend of £0.737m) and Total Income (under budget by £0.650m).

The table below summarises the 2020/21 financial outturn position across the Council:

Financial Outturn	Revised Budget £m	Actual £m	Variance £m
Environment and Place	6.435	5.908	(0.527)
Customers, Organisational Development and Resources	6.520	6.089	(0.431)
Adults and Housing Services	1.577	1.396	(0.181)
Public Health and Wellbeing	3.453	3.693	0.240
Commercial Development Assets and Investments	(1.479)	(1.270)	0.209
Total Directorates	16.506	15.816	(0.690)
Executive Matters	9.098	9.051	(0.047)
Total Cost of Services	25.604	24.867	(0.737)
Income	(25.604)	(24.954)	0.65
Total Net Cost of Services	0	(0.087)	(0.087)

In summary, the Council saw an overall underspend of £0.737m (2.9%) across its directorates, against a budget of £25.6m.



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, lower consultancy costs than budgeted.

COVID-19 Impact

Whilst COVID-19 began to have an impact on the Council and its services towards the end of 2019/20, it has had a major impact on the Council's services and financial situation throughout 2020/21. The Council has suffered major losses of anticipated income, in particular from car parks, planning fee income and from its commercial properties. It has also suffered increased costs in some service areas, the most significant being Leisure Services.

As a result of proactive monitoring of the budget and forecast of the outturn position, the Council recognised the financial challenge it was facing and agreed a revised budget in September 2020 which identified £4.0m of in-year savings, including use of £1.2m reserves. These interventions were put in place to mitigate the forecast net revenue impact of Covid-19 on the Council.

Overall the cost of COVID-19 to the Council has been £7.4m in 2020/21. This was offset by £2.1m support from the Government and an estimated £1.6m compensation for 75% losses of fees and charges income. No support was provided for losses in commercial income. Overall the net cost of COVID-19 to the Council was £3.7m.

Alongside the Council learning how to provide its services remotely wherever possible, the Council has also been challenged with the significant task of paying out grant support to businesses and individuals.

Business Grants

Overall the Council has paid out £41.3m of grants to businesses to support them through the pandemic. £38.9m grant payments have been made in line with national requirements where the Council has acted as agent, on behalf of the Government. A further £2.4m have been paid using local, discretionary policies, where the Council has received funding from the Government and determined the most appropriate way in which it can be allocated to local businesses.

The table below provides a breakdown of the Grant payments made to businesses in 2020/21:

COVID-19 Business Grant Payments in 2020/21	£m
National Schemes	
Business Grants Scheme 1 & 2	26.805
Local Restrictions Support:	
Closed Addendum Lockdown 2	1.667
Open (Tier 2)	0.345
Closed (Tier 2)	0.043
Closed Addendum (Tier 4)	0.550
Closed Addendum (05/01/21 onwards)	4.769
Closed Business Lockdown (CBLP)	4.678
Christmas (CSP)	0.065
Subtotal National Schemes	38.922
Local Discretionary Schemes:	
Discretionary Grants	0.980
Additional Restrictions	1.417
Subtotal Local Discretionary Schemes	2.397
Total Business Grant Payments	41.319

The Council has carried forward £2.9m Additional Restrictions Grant into 2021/22 to continue paying grants to business and provide business support whilst emerging from lockdown.

Individual Funding

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

The Council has used £0.5m of the £0.8m Hardship Grant it received to reduce council tax bills for residents of Cherwell in receipt of Council Tax Support payments by up to £150. A further £0.1m has been used to fund advice for those in financial hardship. The remaining £0.2m will be carried forward to be used to support those in financial hardship in 2021/22.

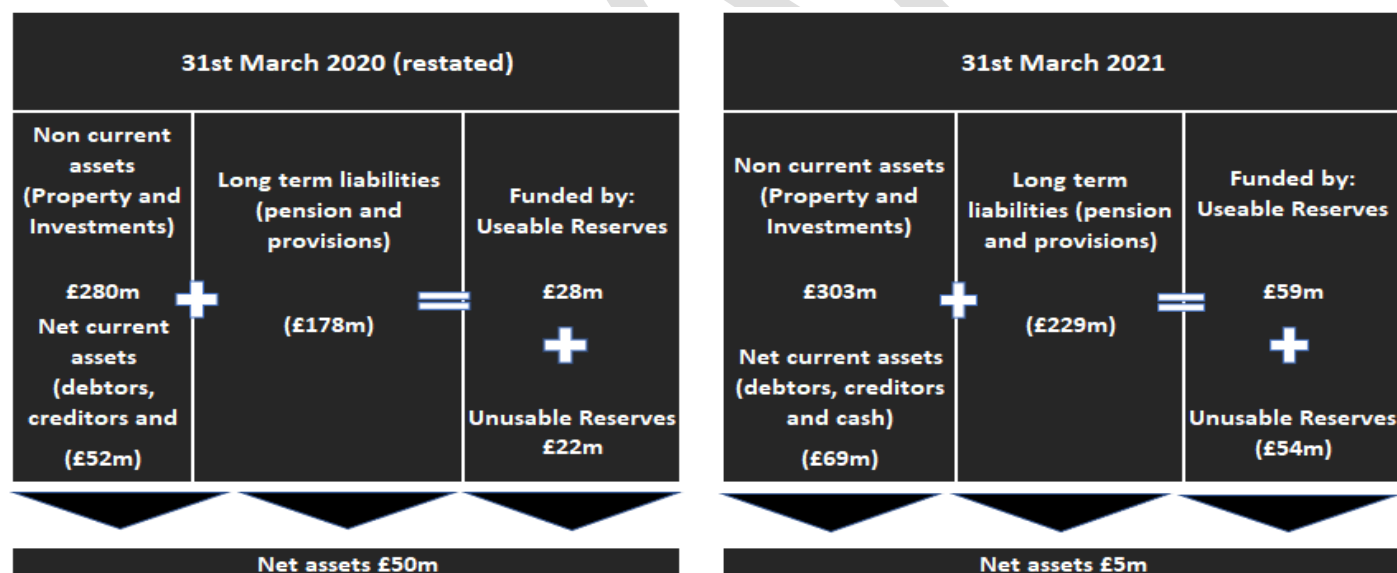
The Council has also made payments to those who have been required to isolate and have suffered financial hardship throughout 2020/21 as shown in the table below.

Test and Trace Grant Payments

Scheme	Number of payments	£m
Statutory Scheme	280	0.140
Discretionary Scheme	157	0.079

Financial Position

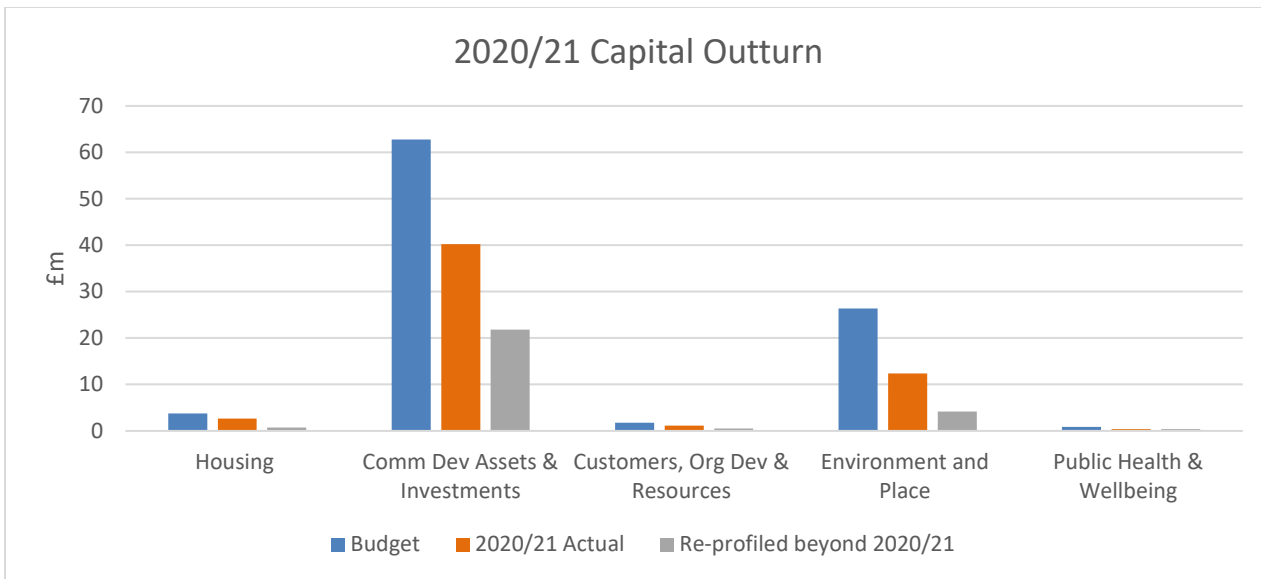
The Council maintains a sound financial position in the current financial climate.



The reduction in net assets can be primarily attributed to the increase in the pension liability and the business rates collection fund deficit.

Capital Programme

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



Capital investment plans for 2020 /21

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 new restaurant and leisure offering for Banbury, anchored by Lidl, The Light Cinema and a Premier Inn hotel. The 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 within the development will open out onto the canal, incorporating the heritage of the town and becoming an experience-led destination, where visitors socialise in a welcoming, outdoor environment.

The council is committed to creating a Banbury that is forward-looking and well positioned to meet the needs and expectations of residents, visitors and businesses. This investment will diversify and strengthen the offer within the town in what is considered a major step-change for Banbury, acting as a catalyst for further inward economic investment and growth.

Construction is well underway, with the supermarket and hotel due to open in the summer.



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



Basis of Preparation and Presentation

The Council produces a Statement of Accounts to provide transparency about the Council's finances, to give assurance to stakeholders that public money has been properly accounted for and that the financial standing of the council is on a secure basis. The accounts (including notes to the accounts) for 2020/21 are set out on pages 25 to 127.

The accounts bring together all the Council's financial statements for the year 2020/21 and show its financial position as at 31 March 2021. 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 2021 and of its income and expenditure for the 2020/21 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 2021 for the 2021/22 financial year. In setting the 2021/22 budget, the Council considered the future financial impacts of the Covid-19 pandemic. A policy contingency budget of £3.5m has been developed which includes contingencies of £2.6m for potential increased costs and losses of income. The level of business rates income and council tax base were reviewed resulting in losses of income against original plans due to forecast increases in council tax support claimants and a reduction in the number of businesses eligible to pay business rates. A further £1.6m is being put into reserves in 2021/22 as a Covid-19 reserve to provide further contingency against the impacts of the pandemic. General Balances have also been increased to £5m taking into account the S151 officer's risk assessments of the current financial outlook.

The Government confirmed that the Review of Relative Needs and Resource and 75% business rates retention would not be implemented in 2021/22. Planning assumptions within the 2021/22 Medium-Term Financial Strategy now assume that there will be a business rates reset in 2022/23. A Spending Review is also expected in 2021, though it is unclear what period this will cover. Any announcements about specific local authority funding allocations would not be expected to be made until the Provisional Local Government Finance Settlement, currently anticipated in December 2021.

The Financial Statements

The Statement of Accounts sets out the Council's income levels and spending for the year and its financial position at 31st March 2021. The accounts include core and supplementary statements along with notes providing additional insight.

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

The Core Statements can be described as:

Comprehensive Income and Expenditure Statement	Shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.
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Movement in Reserves Statement	<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' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves' (for example the Revaluation Reserve which holds unrealised gains and losses or the Capital Adjustment Account which holds adjustments between the accounting basis and funding basis under regulations). This statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance in the year following those adjustments.</p>
Balance Sheet	<p>The balance sheet shows the values as at 31 March 2021 of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority, analysed between 'useable' and 'unusable' reserves.</p>
Cash Flow Statement	<p>This summarises the changes in cash and cash equivalents during 2020/21. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.</p>

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

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 (Chartered Institute of Public Finance and Accountancy) Code of Practice on Local Council Accounting in the United Kingdom (the Code of Practice).

In preparing this Statement of Accounts, the 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: dd mmm 2021

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: dd mmm 2021

Expenditure and Funding Analysis

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

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

Year Ending 31 Mar 20 (restated)				Year Ending 31 Mar 21		
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
1,650	2,073	3,723	Adults and Housing Services	1,254	1,560	2,814
(10,685)	11,954	1,269	Comm Dev Assets and Invests	3,843	3,980	4,553
5,836	2,012	7,848	Cust and Org Dev & Resources	5,232	1,209	6,441
(711)	10,231	9,520	Environment & Place	6,034	14,233	20,267
(2,023)	5,490	3,467	Public Health and Wellbeing	3,272	1,511	4,783
(5,934)	31,760	25,826	Net Cost of Services	19,636	22,492	38,858
(846)	(7,882)	(8,728)	Other Income and Expenditure	(49,208)	26,772	(22,436)
(6,780)	23,878	17,098	(Surplus) or Deficit on Provision of Services	(29,572)	49,264	16,422
(23,290)		Opening Combined General Fund Balance		(28,399)		
1,671		Adjustment to opening balance		0		
(6,780)		Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)		(29,572)		
(28,399)		Closing Combined General Fund Balance		(57,972)		

Comprehensive (Income) and Expenditure Statement

Year Ending 31 Mar 20 (restated)			Directorates	Year Ending 31 Mar 21		
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000	Notes	£'000	£'000	£'000
4,900	(1,177)	3,723		4,838	(2,024)	2,814
2,779	(1,510)	1,269		8,928	(1,105)	7,823
37,096	(29,248)	7,848		36,014	(29,573)	6,441
19,741	(10,222)	9,520		34,544	(14,277)	20,267
5,254	(1,787)	3,467		6,973	(2,190)	4,783
69,770	(43,944)	25,826		91,297	(49,169)	42,128
5,480	(1,666)	3,814	10	5,713	0	5,713
29,823	(7,629)	22,194	11	24,455	(9,590)	14,865
0	(34,736)	(34,736)	12	0	(43,014)	(43,014)
105,073	(87,975)	17,098		121,465	(101,773)	19,692
		(9,046)	14			2,038
		(31,312)	37			23,517
		(40,358)				25,555
		(23,260)				45,247

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 2020							
-As previously reported	(2,018)	(26,381)	(0)	(165)	(28,564)	(16,389)	(44,953)
-Prior year adjustment						(5,373)	(5,373)
Restated balance	(2,018)	(26,381)	(0)	(165)	(28,564)	(21,761)	(50,325)
Movement in reserves during 2020/21							
(Surplus) or deficit on the provision of services	19,692	0	0	0	19,692	0	19,692
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	25,555	25,555
Total Comprehensive (Income) and Expenditure	19,692	0	0	0	19,692	25,555	45,247
Adjustments between accounting basis and funding basis under regulations - Note 08	(49,265)	0	(79)	(511)	(49,855)	49,855	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(29,573)	0	(79)	(511)	(30,163)	75,410	45,247
Transfers (to) / from Earmarked Reserves - Note 09	26,504	(26,504)	0	0	0	0	0
(Increase) or Decrease in 2020/21	(3,069)	(26,504)	(79)	(511)	(30,163)	75,410	45,247
Balance at 31 March 2021	(5,087)	(52,885)	(79)	(676)	(58,727)	53,650	(5,077)
	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 (adjusted)	(1,254)	(20,365)	0	(145)	(21,764)	(5,303)	(27,067)
Movement in reserves during 2019/20							
(Surplus) or deficit on the provision of services	17,098	0	0	0	17,098	0	17,098
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(40,358)	(40,358)
Total Comprehensive (Income) and Expenditure	17,098	0	0	0	17,098	(40,358)	(23,260)
Adjustments between accounting basis and funding basis under regulations - Note 08	(23,878)	0	(0)	(20)	(23,898)	23,898	0
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(6,780)	0	(0)	(20)	(6,800)	(16,460)	(23,260)
Transfers (to) / from Earmarked Reserves - Note 09	6,016	(6,016)	0	0	0	0	0
(Increase) or Decrease in 19/20	(764)	(6,016)	(0)	(20)	(6,800)	(16,460)	(23,260)
Balance at 31 March 2020 (restated)	(2,018)	(26,381)	(0)	(165)	(28,564)	(21,761)	(50,325)

Balance Sheet

31-Mar-20 (restated)			31-Mar-21
£'000	Notes		£'000
133,589	14	Property, Plant and Equipment	162,482
61,121	15	Investment Property	45,306
1,504	16	Intangible Assets	2,282
29,053	17	Long Term Investments	33,053
54,623	17	Long Term Debtors	60,326
279,890		Long Term Assets	303,449
17,048	17	Short-term Investments	31,028
187	18	Inventories	224
20,320	19	Short Term Debtors	41,929
4,811	20	Cash and Cash Equivalents	7,750
42,366		Current Assets	80,931
(66,507)	17	Short-Term Borrowing	(82,584)
(24,185)	22	Short-Term Creditors	(52,349)
(1,431)	23	Provisions	(5,206)
(1,160)	31	Grants Receipts in Advance - Revenue	(8,612)
(613)	31	Grants Receipts in Advance - Capital	(777)
(93,896)		Current Liabilities	(149,528)
(5,610)	23	Provisions	(3,823)
(75,000)	17	Long Term Borrowing	(102,000)
(72,770)	37	Pension Liabilities	(95,654)
(1,576)	17	Long Term Creditors	(1,570)
(4,516)	31	Grants Receipts in Advance - Revenue	(4,174)
(18,563)	31	Grants Receipts in Advance - Capital	(22,555)
(178,035)		Long Term Liabilities	(229,776)
50,325		Net Assets	5,077
(28,564)	24	Usable Reserves	(58,727)
(21,761)	25	Unusable Reserves	53,650
(50,325)		Total Reserves	(5,077)

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2021 and its income and expenditure for the year to 31 March 2021.

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.

31-Mar-20 (restated)			31-Mar-21
£'000	Cash Flows from Operating Activities	Note	£'000
17,098	Net (Surplus)/Deficit on Provision of Services		19,692
(2,726)	Depreciation & Impairment	14	(3,096)
(6,415)	Changes in Market Value of Property, Plant, Equipment	14	(4,721)
(237)	Amortisation of Intangible Assets	16	(367)
(14,021)	Changes in Fair Value of Investment Properties	15	(17,787)
(2,359)	Disposal of Assets	14	(2,042)
(33)	Changes in Inventory	18	37
5,524	Changes in Short term Debtors	19	21,609
(2,125)	Changes in Short term Creditors	22	(28,164)
(1,856)	Changes in Provisions	23	(1,988)
0	Changes in Deferred Capital Receipts	25	
25,330	Changes in Net Pension Liability	25	(22,884)
(31,312)	Remeasurement of Net Defined Benefit Liability	37	23,517
6	Changes in long term creditors	17	6
10,028	Changes in long term debtors	17	5,703
3,445	Capital Grants Recognised	31	13,056
4,042	Proceeds on Disposal of Property, Plant & Equipment	24	1,883
4,389	Net Cash Flows from Operating Activities		4,455
Cash Flows from Investing Activities			
19,004	Purchase of Property, Plant & Equipment	14	40,764
3,508	Purchase of Investment Property	15	1,999
771	Purchase of Intangible Assets	16	1,146
(4,042)	Proceeds from the Disposal of Property, Plant and Equipment	24	(1,883)
17,265	Net Changes in Short-term and Long-term Investments	17	17,980
36,506	Net Cash Flows from Investing Activities		60,005
Cash Flows from Financing Activities			
0	Changes in Grants and Contributions	25	0
0	Capital Grants and Contributions Recognised	31	0
(29,943)	Cash Receipts of Short-term and Long-term Borrowing	17	(43,077)
(6,451)	Any other items for which the cash effects are investing or financing cash flows		(24,322)
0	Changes in Council Tax and Business Rates Collected for Third Parties	10	
(36,394)	Net Cash Flows from Financing Activities		(67,399)
4,501	Net (Increase)/Decrease in Cash and Cash Equivalents in the Period		(2,939)
9,313	Cash and Cash Equivalents at the Beginning of the Period		4,811
4,811	Cash and Cash Equivalents at the End of the Period	20	7,750
<i>Items included in net cash flow from operating activities include:</i>			
(4,300)	Interest Receivable and similar income	17	(4,374)
2,073	Interest Payable (including Finance lease interest)	17	2,531
(2,227)			(1,843)

Notes

Note 1 – Accounting Policies

General principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31st March 2021. 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 2020/21 and the Service Reporting Code of Practice 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

1.1 Going Concern

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

The District Council has carried out a detailed assessment of the likely impact of COVID-19 on its financial position and performance during 2021/22 as part of the budget setting process. 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. additional costs linked to the provision of leisure services.
- 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 30 April 2021 the Council had £4.5m 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 2021/22 Budget and Medium-Term Financial Strategy 2025/26 approved by Council in February 2021, the Council has set aside a contingency to cover potential Covid-19 costs and losses of income of £2.6m. In addition, £1.6m has been set aside in an earmarked Covid-19 reserve to meet unidentified costs associated with the pandemic.

The Council's Medium-Term Financial Strategy identifies that the Council needs to identify savings of £7.3m in 2022/23. This is primarily due to a forecast loss of resources from an anticipated business rates reset and phasing out of the New Homes Bonus Grant.

The Council's Medium-Term Financial Strategy to address this gap is:

- Continue its partnering arrangements in the future including:
 - a) alignment with Oxfordshire County Council services where this will benefit our residents and businesses and make financial sense to do so
 - b) joint contracting and commissioning arrangements
 - c) continuing our journey to transform the way in which we deliver with other partners
- Overarching review of the Council's priorities for 2022/23 and beyond and alignment of the Council's resources in order to maximise delivery against these. This will require savings proposals to be identified that focus on those areas that are of a lower priority to the Council.
- Begin a fundamental review of the services provided by CDC, taking into account the changing needs of the residents of Cherwell. Ensure future service provision is focussed on the delivery of the Council's priorities.
- Considering further approaches to maximise the levels of income the Council can generate to support frontline services.
- "Growing our way" out of trouble by identifying opportunities with the right business cases
- Continuing to lobby policy makers, highlighting where we have been delivering growth and driving benefits to others

Whilst identifying £7.3m savings in 2022/23 will be a challenge, the Council has demonstrated that it is capable of identifying and delivering significant savings in recent years, following the revised budget introduced in 2020/21 and the £4.3m savings identified in the 2021/22 budget. Executive will receive monthly updates on the financial position throughout 2021/22.

The Council introduced a new reserves policy in February 2021. 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. The Council has set aside £5m of general balances when setting the 2021/22 budget and £14m of other earmarked 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.

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 CIPFA Code of Practice on Local Authority Accounting in England requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

Management has assessed that for the going concern period to March 2023, the Council will have £5m of general balances and £14m of other earmarked reserves which could be made available if necessary. The cashflow forecast to March 2023 demonstrates that the Council has access to sufficient cash over the medium term to support Council and Group activities. This assumes maximum planned borrowing of £176m in the period and includes flexibility for additional borrowing up to £124m should income be less than forecast or expenditure more than forecast in the period.

Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- An exception to this policy is housing benefit transactions which are accounted for on a cash basis, that is, when the payment is made.
- Interest receivable on investments is accounted for respectively as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The de minimis level for manual accruals has been maintained at £20,000, which is reviewed annually. This removes small transactions at the end of the financial year that do not materially affect the accounts. Purchase orders raised automatically through the financial information system are processed with no de minimis level.
- For business rates, the levy or safety net payments owed to or from Central Government for the financial year are reported in the year they relate to on an accruals basis. Cherwell is the lead authority for the North Oxfordshire Pool and has accounted for the amounts owing to the Pool for levy payments and owed to the other pool members for the gain from the pool on an accruals basis.

Cash and Cash Equivalents

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

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

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

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

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

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

Charges to Revenue for Non-Current Assets

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

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

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

Collection Fund Income and Expenditure Account

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

Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR.

Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

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

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

Accounting for Council Tax and NDR

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

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

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

Exceptional Items

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

The Council has no Exceptional Items in 2020/21.

1.2 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu, flex-leave) earned by employees but not taken before the year-end which

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

Termination Benefit

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

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

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

The pension fund liability is calculated every three years by the fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with International Accounting Standard (IAS) 19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 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 2021, based on observed market rates for similar transactions.

Financial Assets

Financial assets are classified into two types:

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

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

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

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

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

Available-for-Sale Assets

The Council has available for sale financial assets in the form of 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 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 2020/21:

- 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 2020/21, using uniform accounting policies for like transactions and other events in similar circumstances.

Inventories and Long-Term Contracts

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

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

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. The council's portfolio of investment property includes Castle Quay Shopping Centre and Tramway Industrial Estate alongside other commercial and industrial units across the district.

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.

As of the 31 March 2021, the council shared CSN Resources Ltd and CSN Associates with South Northamptonshire Council but did not have overall control; it was therefore 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.

On the 1 April 2021, South Northamptonshire Council ceased to exist as an organisation. Joint operation of CSN Resources and CSN Associates will be undertaken with West Northamptonshire Council from this date.

Leases

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

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

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

1.3 The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

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

Operating Leases

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

1.4 The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

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

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

Fair Value

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

Property, Plant & Equipment

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

Recognition

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

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

Measurement

Assets are initially measured at cost, comprising:

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

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located if the cost is above the £5,000 de minimis threshold.

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

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

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

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

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

The council's property valuations are carried out by Montagu Evans and Colliers. The bases of valuations are undertaken in accordance with the Statement of Asset Valuation Practice and Guidance Notes, published by the Royal Institute of Chartered Surveyors (RICS).

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

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

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

Impairment

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

- Infrastructure – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer, and/or Responsible Officer and/or valuer for that asset.

Newly acquired assets and capital enhancements are depreciated from the year after acquisition.

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

- | | |
|--------------------------------|------------------|
| • Infrastructure | 10 to 40 years |
| • Buildings | 10 to 60 years |
| • Vehicles | 5, 6 or 7 years |
| • Computer Equipment / systems | 3, 5 or 10 years |
| • Other | 3 to 30 years |

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. All assets with a gross value over £50,000 are considered for componentisation.

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

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

- Land
- Structure of Building

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

Fair Value Measurement

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

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

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

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

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

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

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

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

Minimum Revenue Provision

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

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

1.5 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Assets

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

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

Contingent Liabilities

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

Reserves

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

VAT

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

Rounding

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

Note 2 – Accounting Standards Issued, Not Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (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 2022.
- 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 2020/21.

Note 3 – Critical Judgements in Applying Accounting Policies

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

Lease Accounting

- Judgement is required in the initial classification of leases as either operating leases or finance leases. Where a lease is taken out for land and buildings combined, the lease may be capitalised as a finance lease if it meets the criteria for a finance lease, but will be classed as an operating lease by the Council unless title transfers at the end of the lease. The accounting policy for leases is set out in Note 1.
- Following the postponement of IFRS 16 implementation for Public Sector bodies to 1st April 2022, 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.

Valuations

Uncertainties	Effect if Actual Results Differ from Assumptions
<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>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 https://www.rics.org/uk/upholdingprofessional-standards/sector-standards/valuation/valuationcoronavirus.</p>

Depreciation of property, plant and equipment

Uncertainties	Effect if Actual Results Differ from Assumptions
<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.</p> <p>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>Where the Council determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset’s life or residual value is reflected in the Council’s accounts when the change in estimate is determined.</p> <p>The carrying value of depreciable assets in the balance sheet is £108m. This amount comprises of Land & Buildings, Plant, Vehicles & Equipment, Infrastructure Assets and Intangible Assets.</p>

Impairment of Property, Plant & Equipment & Intangible Assets

Uncertainties	Effect if Actual Results Differ from Assumptions
<p>The Council assesses the impairment of property, plant and equipment and intangible assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards</p> <p>Factors that are considered important and which could trigger an impairment review include the following:</p> <ul style="list-style-type: none"> • obsolescence or physical damage; • significant changes in technology and regulatory environments; • significant underperformance relative to expected historical or projected future operating results; • significant changes in the use of its assets or the strategy of the overall business; • significant negative industry or economic trends and • significant decline in the market capitalisation relative to net book value for a sustained period 	<p>The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units requires significant judgement which is determined by a qualified valuer.</p>

Fair Value Measurements

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

Impairment allowance for doubtful debt

Uncertainties	Effect if Actual Results Differ from Assumptions
<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.</p> <p>The allowance is based on the ageing of customer accounts, customer credit worthiness and the Council's historical write-off experience. One off debts for significant amounts have also been included if we have reasonable grounds to assume that we are unlikely to receive payment.</p>	<p>Changes to the allowance may be required if the financial condition of the Council's customers improves or deteriorates.</p> <p>An improvement in financial condition may result in lower actual write-offs.</p>

Provision for Business Rates Appeals

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

Pensions

Uncertainties	Effect if Actual Results Differ from Assumptions
<p>The Council provides one defined benefit pension scheme for its employees. The asset (or liability) recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as:</p> <ul style="list-style-type: none"> • the life expectancy of the Officers; • the length of service; • the rate of salary progression; • the rate of return earned on assets in the future; • the rate used to discount future pension liabilities; and • future inflation rates. 	<p>The assumptions used by the Council are set out in note 37 and are estimates chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice but have been comparable to the median estimates in this regard used by other Councils.</p> <p>Changes to these assumptions could materially affect the size of the defined benefit scheme's liabilities and assets disclosed in note 37.</p>

Note 5 - Material Items of Income and Expense

Pensions

The actuary carried out a valuation as at 31 March 2021. This has resulted in pension assets increasing from £102m at 31 March 2020 to £129m at 31 March 2021.

Liabilities have increased from £175m at 31 March 2020 to £226m at 31 March 2021, which resulted in a net increase in liability of £23m.

Prior Year Adjustments

1. Asset Valuations

During the year under review some required corrections to the accounting for the asset valuations completed for 2019-20 were identified as follows:

- The Sunshine Community Centre is an asset owned by the Council which was acquired in 2005 at nil value. The Centre was valued in 2019-20 at a value of £2.1m; however, the assets register was not updated following a change to the lease arrangements in 2019-20 resulting in the asset values being understated in the 2019-20 accounts. This has been rectified in 2020-21.
- The Kingsmere Sports Centre and Kingsmere Community Centre are 2 separate assets; however, these have been accounted for as a single asset in the assets register. The Community centre was valued in 2019-20 and a revaluation loss of £3.5m recognised. As the 2019-20 valuation related to the Community Centre only and the Sports Centre asset had a nil valuation, this has been rectified in 2020-21 by revaluing the Sports Centre with the resultant increase in asset value in the 2019-20 accounts.

In view of the fact that these corrections in the previous year resulted in a material understatement in asset values of approximately £5.4m they have been treated as a prior year adjustment with the previous year balances being restated.

As the revised balances only effect the 2019-20 year adjustments to prior years is not required.

The effect of the restatements on the 2019-20 balances are detailed in the following tables

Effect on the Comprehensive Income and Expenditure Statement 2019-20

Comprehensive Income and Expenditure	Balances as Previously Stated £'000	Restatement-Asset Valuations £'000	Balances as Restated £'000
Comm Dev Assets and Invests	4,539	(3,270)	1,269
Cost of Services	29,096	(3,270)	25,826
(Surplus) or Deficit on Provision of Services	20,386	(3,270)	17,098
(Surplus) or deficit on revaluation of Property, Plant and Equipment	(6,942)	(2,104)	(9,046)
Other Comprehensive Income and Expenditure	(38,254)	(2,104)	(40,358)
Total Comprehensive Income and Expenditure	(17,886)	(5,373)	(23,259)

Effect on Movement in Reserves 2019-20-General Fund

General Fund	Balances as Previously Stated £'000	Restatement- Asset Valuations £'000	Balances as Restated £'000
Surplus or deficit on provision of services	20,368	(3,270)	17,098
Total comprehensive income and expenditure	20,368	(3,270)	17,098
Adjustments between accounting basis and funding basis under regulations	(27,148)	3,270	(23,878)

Effect on Movement in Reserves 2019-20-Usable Reserves

Useable Reserves	Balances as Previously Stated £'000	Restatement- Asset Valuations £'000	Balances as Restated £'000
Surplus or deficit on provision of services	20,368	(3,270)	17,098
Total comprehensive income and expenditure	20,368	(3,270)	17,098
Adjustments between accounting basis and funding basis under regulations	(27,168)	3,270	(23,898)

Effect on Movement in Reserves 2019-20 Unusable Reserves

Useable Reserves	Balances as Previously Stated £'000	Restatement- Asset Valuations £'000	Balances as Restated £'000
Other comprehensive Income and Expenditure	(38,254)	(2,104)	(40,358)
Total comprehensive income and expenditure	(38,254)	(2,104)	(40,358)
Adjustments between accounting basis and funding basis under regulations	27,168	(3,270)	23,898
Net increase or decrease before transfers to earmarked reserves	(11,086)	(5,373)	(16,459)
Increase or Decrease in 2019-20	(11,086)	(5,373)	(16,459)
Balance at 31 March 2020	(16,389)	(5,373)	(21,762)

Effect on Movement in Reserves 2019-20-Total Reserves

Total Reserves	Balances as Previously Stated £'000	Restatement- Asset Valuations £'000	Balances as Restated £'000
Surplus or deficit on provision of services	20,368	(3,270)	17,098
Other comprehensive Income and Expenditure	(38,254)	(2,104)	(40,358)
Total comprehensive income and expenditure	(17,886)	(5,373)	(23,259)
Net increase or decrease before transfers to earmarked reserves	(17,886)	(5,373)	(23,259)
Increase or Decrease in 2019-20	(17,886)	(5,373)	(23,259)
Balance at 31 March 2020	(44,953)	(5,373)	(50,326)

Effect on Balance Sheet at 31 March 2020

Balance Sheet	Balances at 31 March 2020-As Previously Stated £'000	Restatement- Asset Valuations £'000	Balances at 31 March 2020-As Restated £'000
Property, Plant and Equipment	128,216	5,373	133,589
Total Long-term Assets	274,517	5,373	279,890
Net Assets	44,953	5,373	50,326
Unusable Reserves	(16,388)	(5,373)	(21,761)
Total Reserves	(44,953)	(5,373)	(50,326)

2. Section 106 Developer Contributions

During 2020/21 an extensive review of S106 balances was undertaken. The review allowed for the classification of balances held as either for revenue or capital purposes and an assumed timeframe for expenditure allowed them to be further analysed between current and long-term liabilities. The impact is only on the balance sheet as follows:

Balance Sheet	Balances at 31 March 2020-As Previously Stated £'000	Restatement- S106 Classification £'000	Balances at 31 March 2020-As Restated £'000
Grants Receipts in Advance (Revenue)	(4,103)	2,943	(1,160)
Grants Receipts in Advance (Capital)	0	(613)	(613)
Total Current Liabilities	(96,226)	2,330	(93,896)
Grants Receipts in Advance (Revenue)	0	(4,516)	(4,516)
Grants Receipts in Advance (Capital)	(20,749)	2,186	(18,563)
Total Long-Term Liabilities	(175,705)	(2,330)	(178,035)

Note 6 – Events after the Balance Sheet Date

Nothing To report

Note 7a – Note to the Expenditure and Funding Analysis

Year Ending 31 Mar 21						
	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000	
Adults and Housing Services	1,290	269	0	0	1,559	
Comm Dev Assets and Invests	3,631	349	0	0	3,980	
Cust, Org Dev & Res	428	781	0	0	1,209	
Environment & Place	12,826	1,407	0	0	14,233	
Public Health and Wellbeing	1,335	176	0	0	1,511	
Non-Distributed Services	0	0	0	0	0	
Net Cost of Services	19,510	2,982	0	0	22,492	
Other Income and Expenditure	6,555	(3,615)	23,832	0	26,772	
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	26,065	(633)	23,832	0	49,264	
Year Ending 31 Mar 20 (restated)						
	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000	
Adults and Housing Services	1,588	485	0	0	2,073	
Comm Dev Assets and Invests	11,107	847	0	0	11,954	
Cust and Org Dev & Resources	305	1,707	0	0	2,012	
Place and Growth	7,541	2,690	0	0	10,231	
Public Health and Wellbeing	5,193	297	0	0	5,490	
Non-Distributed Services	0	0	0	0	0	
Net Cost of Services	25,734	6,026	0	0	31,760	
Other Income and Expenditure	(5,257)	2,485	(5,110)	0	(7,882)	
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	20,477	8,511	(5,110)	0	23,878	

Net Capital Statutory Adjustments

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

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

Net Pensions Statutory Adjustments

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

- For services, this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure, this adjusts for the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Statutory Adjustments

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

Other Non-statutory Adjustments

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

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

Note 7b – Segmental Analysis of Income and Expenditure

31-Mar-21	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Adults and Housing Services	(287)	(1,737)	0	0	72
Cust and Org Dev & Resources	(2,008)	(27,565)	0	0	428
Public Health and Wellbeing	(285)	(1,905)	0	0	1,073
Environment & Place	(6,879)	(7,398)	0	0	1,541
Comm Dev Assets and Invests	(965)	(140)	0	0	349
Non-Distributed Services	(6,920)	(30,119)	(4,372)	2,531	0
Total Managed by Segments	(17,344)	(68,864)	(4,372)	2,531	3,463

31-Mar-20	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Adults and Housing Services	(241)	(937)	0	0	110
Cust and Org Dev & Resources	(2,050)	(27,192)	0	0	305
Public Health and Wellbeing	(539)	(1,249)	0	0	1,133
Environment & Place	(8,209)	(2,013)	0	0	1,030
Comm Dev Assets and Invests	(943)	(573)	(4,298)	0	386
Non-Distributed Services	(5,731)	(23,997)	0	2,069	0
Total Managed by Segments	(17,713)	(55,961)	(4,298)	2,069	2,964

Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations 2020/21

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Note 8 Continued

31-Mar-21	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to or (from) the Pensions Reserve)	633	0	0	(633)
Council tax and NDR (transfers to or (from) the Collection Fund)	(25,776)	0	0	25,776
Holiday pay (transferred to the Accumulated Absences reserve)	(3)	0	0	3
Reversal of entries included in the (Surplus) or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(40,878)	0	0	40,878
Total Adjustments to Revenue Resources	(66,024)	0	0	66,024
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,883	(1,883)	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	1,820	0	0	(1,820)
Total Adjustments between Revenue and Capital Resources	3,703	(1,883)	0	(1,820)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	1,804	0	(1,804)
Application of capital grants to finance capital expenditure	13,056	0	(511)	(12,545)
Total Adjustments to Capital Resources	13,056	1,804	(511)	(14,348)
Total Adjustments	(49,265)	(79)	(511)	49,855

Note 8 Continued...

31-Mar-20 (restated)	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied	Movement in Unusable Reserves
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to or (from) the Pensions Reserve)	(5,982)	0	0	5,982
Council tax and NDR (transfers to or (from) the Collection Fund)	926	0	0	(926)
Holiday pay (transferred to the Accumulated Absences reserve)	(1)	0	0	1
Reversal of entries included in the (Surplus) or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(27,935)	0	0	27,935
Total Adjustments to Revenue Resources	(32,992)	0	0	32,992
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	4,039	(4,039)	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	1,630	0	0	(1,630)
Total Adjustments between Revenue and Capital Resources	5,669	(4,039)	0	(1,630)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	4,039	0	(4,039)
Application of capital grants to finance capital expenditure	3,445	0	(20)	(3,425)
Total Adjustments to Capital Resources	3,445	4,039	(20)	(7,464)
Total Adjustments	(23,878)	0	(20)	23,898

Note 9 - Transfers to/from Earmarked Reserves

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

Earmarked Reserves	Balance at 31 March 2019	Transfers In 2019/20	Transfers Out 2019/20	Balance at 31 March 2020	Transfers In 2020/21	Transfers Out 2020/21	Balance at 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Reserves - Other	(17,480)	(9,356)	2,879	(23,957)	(34,446)	8,620	(49,783)
Area Based Grant	(83)			(83)		83	0
Bicester Fields Main Park	(97)			(97)		97	0
Brighter Futures - Skills Reward Grant	(17)		8	(9)		9	0
Bicester Garden Town	(1,005)		223	(782)	(977)	232	(1,527)
Bicester Youth Bus	(65)		30	(35)		5	(30)
Courtyard Youth Arts	(39)		30	(9)			(9)
Dovecote Milcombe	(56)		24	(32)			(32)
Eco Town Revenue	(30)	(88)	114	(4)			(4)
Flood Recovery Grant	(40)			(40)			(40)
Green Deal Pioneer Places	(67)			(67)			(67)
Home Improvement Agency	(221)			(221)			(221)
Homelessness Prevention	(389)		34	(355)	(374)		(729)
New Burdens Grant	(248)			(248)		248	0
Elections Reserve	(21)		21	0			0
Police & Crime Commissioner	(64)			(64)			(64)
Thames Valley Police	(28)		28	0			0
Sportivate Grant	(33)	(22)		(55)			(55)
Active Women	(22)		22	0			0
Credit Union Development Officer	0			0			0
Housing and Planning Initiatives	(322)			(322)			(322)
Laburnham Cres Ambrosden	(38)		38	0			0
Total General Fund	(20,365)	(9,466)	3,451	(26,380)	(35,797)	9,294	(52,883)

Note 10 - Other Operating Expenditure

31-Mar-20	Other Operating Expenditure	31-Mar-21
£'000		£'000
5,480	Precepts to other authorities and charging bodies	5,555
(1,666)	(Gains)/losses on the Disposal of Non-Current Assets	158
3,814	Total Other Operating Expenditure	5,713

Note 11 - Financing and Investment Income and Expenditure

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

31-Mar-20	Financing and Investment Income & Expenditure	31-Mar-21
£'000		£'000
2,069	Interest payable and similar charges	2,530
2,402	Net interest on the net defined benefit liability (asset)	1,704
(4,298)	Interest receivable and similar income	(4,373)
13,628	Income and expenditure in relation to investment properties and changes in their fair value	17,784
8,394	Other investment income and expenditure	(2,780)
22,194	Total	14,865

Note 12 - Taxation and Non-Specific Grant Income

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

31-Mar-20	Taxation and Non-Specific Grant Income	31-Mar-21
£'000		£'000
(12,308)	Council tax income	(12,895)
(18,983)	Non-ringfenced government grants	(17,063)
(3,445)	Capital grants and contributions	(13,056)
(34,736)	Total	(43,014)

Note 13 – Expenditure and Income Analysed by Nature

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

31-Mar-20 (restated) £'000	Nature of Expenditure or Income	31 March 2021 £'000
	Expenditure	
24,033	Employee benefits expenses	24,330
75,087	Other expenditure	82,158
2,071	Interest payments	2,531
5,480	Precepts and levies	5,555
(1,597)	Depreciation, amortisation and impairment	6,734
0	Gain or loss on disposal of non-current assets	158
105,074	Total Expenditure	121,465
	Income	
(18,235)	Fees, charges and other service income	(17,337)
(1,898)	Interest and investment income	(2,670)
(12,303)	Income from local taxation	(12,895)
(53,874)	Government grants and contributions	(68,871)
(1,666)	Gain or loss on disposal of non-current assets	0
(87,976)	Total Income	(101,773)
20,368	Surplus or Deficit for Year	19,692

Note 14 – Property, Plant and Equipment

Movements to 31-Mar-21							
	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
-As previously reported	102,052	14,008	5,556	38	10	20,978	142,643
-Prior year adjustment	5,373						5,373
Balance brought forward as restated	107,425	14,008	5,556	38	10	20,978	148,016
Additions	347	797	-	-	-	39,619	40,764
Acc Dep & Imp WO to GCA	(583)	-	-	-	-	-	(583)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(2,043)	-	-	-	5	-	(2,038)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,721)	-	-	-	-	-	(4,721)
Derecognition - Disposals	(1,818)	(308)	-	-	-	(203)	(2,328)
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-	-
Other movements in Cost or Valuation	3,303	-	-	-	-	(3,303)	-
At 31 March 2021	101,911	14,498	5,556	38	15	57,091	179,110
Accumulated Depreciation & Impairment							
Balance Brought Forward	(1,961)	(9,628)	(2,838)	-	-	-	(14,427)
Depreciation Charge for 2020/21	(2,090)	(928)	(78)	-	-	-	(3,096)
Acc. Depreciation WO to GCA	583	-	-	-	-	-	583
Derecognition - Disposals	5	308	-	-	-	-	313
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-
At 31 March 2020	(3,463)	(10,249)	(2,915)	-	-	-	(16,627)
Net Book Value							
At 31 March 2021	98,448	4,249	2,641	38	15	57,091	162,482
At 31 March 2020 (restated)	105,464	4,380	2,719	38	10	20,978	133,589

Movements to 31-Mar-20 (restated)							
	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
Brought forward	99,861	12,997	5,443	24	10	12,759	131,094
Additions	2,252	1,212	113	14	-	15,412	19,003
Acc Dep & Imp WO to GCA	(2,089)	-	-	-	-	-	(2,089)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	10,212	-	-	-	-	-	10,212
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,581)	-	-	-	-	-	(7,581)
Derecognition - Disposals	(2,350)	(201)	-	-	-	(37)	(2,588)
Assets reclassified (to)/from Investment Property	(34)	-	-	-	-	-	(34)
Other movements in Cost or Valuation	7,155	-	-	-	-	(7,155)	-
At 31 March 2020	107,425	14,008	5,556	38	10	20,979	148,016
Accumulated Depreciation & Impairment							
Brought forward	(2,367)	(8,978)	(2,683)	-	-	-	(14,028)
Depreciation Charge for 2019/20	(1,626)	(852)	(154)	-	-	(94)	(2,726)
Acc. Depreciation WO to GCA	2,089	-	-	-	-	-	2,089
Derecognition - Disposals	29	201	-	-	-	-	230
Assets reclassified (to)/from Investment Property	8	-	-	-	-	-	8
Other movements in Depreciation and Impairment	(94)	-	-	-	-	94	-
At 31 March 2020 (restated)	(1,961)	(9,629)	(2,837)	-	-	-	(14,427)
Net Book Value							
At 31 March 2020 (restated)	105,464	4,379	2,719	38	10	20,979	133,589
At 31 March 2019	97,494	4,019	2,760	24	10	12,759	117,066

Property, Plant and Equipment Revaluations -

31-Mar-21	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	3,972	14,498	38		18,508
Valued at current value as at:					
31/03/2021	36,836	-	-	15	36,851
31/03/2020	53,733	-	-	-	53,733
31/03/2019	7,370		-	-	7,370
Total Cost or Valuation	101,911	14,498	38	15	116,462

Note 15 – Investment Properties

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

31-Mar-20	Investment Property Income and Expenditure	31-Mar-21
£'000		£'000
(5,233)	Rental income from investment property	(6,817)
1,754	Direct operating expenses from investment property	1,823
(3,479)	Net (gain)/loss	(4,994)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal.

Movement in the fair value of Investment Properties over the year:

31-Mar-20	Investment Property Movements in Year	31-Mar-21
Non-Current		Non-Current
£000		£000
71,608	Balance at Start of Year	61,121
-	Additions: Purchases	-
3,508	Enhancements	1,999
-	Disposals	(26)
(14,021)	Net (gains)/losses from fair value adjustments	(17,787)
26	Transfers (to)/from Property, Plant and Equipment	-
61,121	Balance at End of Year	45,306

Details of the Council's investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2021 are as follows:

Fair Value Hierarchy				
Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2021 £'000
Investment Properties	-	45,306	-	45,306
Surplus Assets	-	15	-	15
Sub-total	-	45,321	-	45,321
Residential (market rental) properties	-	-	-	-
Office Units	-	1,197	-	1,197
Commercial Units	-	44,124	-	44,124
Totals	-	45,321	-	45,321

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

Fair Value Hierarchy				
Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2020 £'000
Investment Properties	-	61,121	-	61,121
Surplus Assets	-	10	-	10
Sub-total	-	61,131	-	61,131
Residential (market rental) properties	-	-	-	-
Office Units	-	1,292	-	1,292
Commercial Units	-	59,839	-	59,839
Totals	-	61,131	-	61,131

Transfers between Levels of the Fair Value Hierarchy

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

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

Significant Observable Inputs – Level 2

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

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

Valuation Process for Investment Properties and Surplus Assets

The fair value of the Council's investment properties and surplus assets is measured annually at each reporting date. All valuations are carried out externally by qualified valuers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Castle Quay Valuation

In 2020/21 there has been a downward movement in the valuation of the Castle Quay shopping centre of £13.1m, the valuation at 31 March 2021 being £21.6m (2020: £33.0m). The main factor behind this further substantial reduction in the value of this property is as a direct result of the impacts of the Covid-19 pandemic and the measures taken to combat it which have severely impacted on current and potentially on future revenue streams.

The valuation of this 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 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 to ensure that a valuable town centre asset was protected for our residents and only secondarily as an investment, with revenue income returned to the Council to cover running costs as well as provide a financial return. 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, which includes a supermarket, hotel, cinema and food and beverage outlets is anticipated to attract visitors and improve the night-time economy offer which should provide an overall positive benefit and provide protection from the market conditions around retail risk. 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 on this project are at an advanced stage and are estimated to be completed during the first half of the 2021/22 financial year.

In addition, during the previous year the Council embarked on a new venture within the existing retail site which includes food, beverage, community and education space within what was a vacant department store site-the Lock 29 project. The Council has entered into a 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.

Rental income is still being received from the site and this is not impacted by the valuation. 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 an 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**.

31-Mar-20	Intangible Assets	31-Mar-21
£000		£000
	Balance at Start of Year:	
5,682	Gross Carrying Amount	6,453
(4,712)	Accumulated Amortisation & Impairment	(4,949)
970	Net Carrying Amount	1,504
771	Additions	1,146
(237)	Amortisation for the Period	(367)
1,504	Net Carrying Amount at End of Year	2,282
	Comprising:	
6,453	Gross Carrying Amount	7,599
(4,949)	Accumulated Amortisation & Impairment	(5,317)
1,504		2,282

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

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

Note 17 – Financial Instruments

Balance Sheet items

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

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

Financial Instruments – Liabilities

31-Mar-20		Financial Instruments - Liabilities	31-Mar-21	
Short Term	Long Term		Short Term	Long Term
£'000	£'000	Financial Liabilities	£'000	£'000
		Loans at amortised cost:		
(66,000)	(75,000)	- Principal sum borrowed	(82,000)	(102,000)
(507)	-	- Accrued interest	(584)	-
(66,507)	(75,000)	Total Borrowing	(82,584)	(102,000)
		Liabilities at amortised cost:		
-	(1,576)	- Finance leases	-	(1,570)
0	(1,576)	Total Other Long-term Liabilities	0	(1,570)
		Liabilities at amortised cost:		
(9,692)	-	- Trade payables	(11,674)	-
(9,692)	0	Included in Creditors	(11,674)	0
(76,199)	(76,756)	Total Financial Liabilities	(94,258)	(103,570)

The total short-term borrowing includes £400k (2020: £324k) accrued interest due within 12 months on long-term borrowing.

The creditors lines on the Balance Sheet include £40,675k (2020: £14,073k) 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-20		Financial Instruments - Assets		31-Mar-21	
Short Term	Long Term		Short Term	Long Term	
£'000	£'000	Financial Assets	£'000	£'000	
		At amortised cost:			
17,000	-	- Principal	31,000	-	
48	-	- Accrued interest	28	-	
		At fair value through profit & loss:			
-	29,053	- Fair value	-	33,053	
17,048	29,053	Total Investments	31,028	33,053	
		At amortised cost:			
844	-	- Principal	239	-	
		At fair value through profit & loss:			
3,964	-	- Fair value	7,511	-	
3	-	- Accrued interest	0	-	
4,811	0	Total Cash and Cash Equivalents	7,750	0	
		At amortised cost:			
3,674	-	- Trade receivables	5,667	-	
4,000	45,855	- Loans made for service purposes	-	61,100	
24	8,691	- Accrued interest	-	105	
-	(778)	- Loss allowance	-	(1,111)	
7,698	53,768	Included in Debtors	5,667	60,094	
29,557	82,821	Total Financial Assets	44,445	93,147	

The debtors lines on the Balance Sheet include £36,262k (2020: £12,622k) short-term and £232k (2020: £855k) 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-20 £'000	Offsetting Financial Assets & Liabilities	31-Mar-21 £'000
1	Bank accounts in credit	243
(158)	Bank overdrafts	(51)
(157)	Net position of offset accounts	192
1001	Other bank accounts	47
844	Net position on balance sheet	239

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		2020/21 Total	2019/20 Total
	Amortised Cost	Fair Value through Profit & Loss	Amortised Cost	Fair Value through Profit & Loss		
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	2,429	-	-	-	2,429	2,034
Fees paid	102	-	-	-	102	37
Interest payable and similar charges	2,531	0	0	0	2,531	2,071
Interest income	-	-	(4,368)	(6)	(4,374)	(4,080)
Fees	-	-	0	0	0	(220)
Interest and investment income	0	0	(4,368)	(6)	(4,374)	(4,300)
Net impact on (surplus)/deficit on provision of services	2,531	0	(4,368)	(6)	(1,843)	(2,229)
Net (Gain)/Loss for the Year	2,531	0	(4,368)	(6)	(1,843)	(2,229)

Financial Instruments - Fair Value – Liabilities

Balance Sheet	Fair Value			Balance Sheet	Fair Value
31-Mar-20	31-Mar-20			31-Mar-21	31-Mar-21
£'000	£'000		Fair value Level	£'000	£'000
<i>Financial liabilities held at amortised cost:</i>					
(75,000)	(75,708)	Long-term loans	2	(102,000)	(103,712)
(66,507)	(66,344)	Short-term loans	2	(82,584)	(82,362)
(1,576)	(3,938)	Lease payables and PFI liabilities	2	(1,570)	(4,253)
(143,083)	(145,990)	TOTAL		(186,154)	(190,327)
(31,226)		Liabilities for which fair value is not disclosed		(61,378)	
(174,309)		Total Financial Liabilities		(247,532)	
Recorded on balance sheet as:					
(24,185)		Short-term creditors		(52,349)	
(66,507)		Short-term borrowing		(82,584)	
(1,431)		Short-term provisions		(5,206)	
(1,576)		Long-term creditors		(1,570)	
(75,000)		Long-term borrowing		(102,000)	
(5,610)		Long-term provisions		(3,823)	
(174,309)		Total Financial Liabilities		(247,532)	

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-20	31-Mar-20			31-Mar-21	31-Mar-21
£'000	£'000		Fair Value Level	£'000	£'000
Financial assets held at fair value:					
3,967	3,967	Money market funds	1	7,511	7,511
29,053	29,053	Shares in unlisted companies	3	33,053	33,053
Financial assets held at amortised cost:					
17,892	17,921	Bank deposits & repos	2	31,267	31,274
57,792	57,792	Loans to companies	3	60,094	60,094
108,704	108,733	Total		131,925	131,932
17,151		Assets for which fair value is not disclosed		42,161	
125,855		Total Financial Assets		174,086	
Recorded on balance sheet as:					
54,623		Long-term debtors		60,326	
29,053		Long-term investments		33,053	
20,320		Short-term debtors		41,929	
17,048		Short-term investments		31,028	
4,811		Cash and cash equivalents		7,750	
125,855		Total Financial Assets		174,086	

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

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

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

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

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

Credit Risk: Investments

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

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

Long Term Credit Rating		
31-Mar-20	(Fitch)	31-Mar-21
£'000		£'000
0	AA	0
17,048	AA-	31,028
0	A+	0
17,048		31,028

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-20	Credit Risk: Debtors	31-Mar-21
£'000	Duration outstanding	£'000
2,522	One months	2,901
68	Two months	60
40	Three months	130
1,050	More than three months	2,576
3,680		5,667

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	£73.6m	£48.8m

The Council has also provided a financial guarantee of £3.73m in respect of a deposit paid to and held by Graven Hill for the sale of land. This guarantee is payable if the sale falls through and Graven Hill are unable to return the deposit to the purchaser. It will expire on either the completion of the sale or the return of the deposit

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-20	Liquidity Risk	31-Mar-21
£'000	Time to maturity	£'000
(66,183)	Less than 1 year	(82,184)
0	1 – 2 years	(27,063)
(21,160)	2 – 5 years	(27,174)
(28,075)	5-10 years	(28,077)
(21,047)	10-20 years	(15,044)
(5,042)	20-30 years	(5,042)
(141,507)		(184,584)

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-Mar-20	Inventories	31-Mar-20
£'000		£'000
220	Balance outstanding at start of year	187
595	Purchases	673
(628)	Recognised as an expense in the year	(636)
187	Balance at Year End	224

Note 19a – Short Term Debtors

An analysis of the debtor's balance is shown below

31-Mar-20	Short Tern Debtors	31-Mar-21
£000		£000
3,674	Trade Receivables	5,667
545	Pre-Payments	472
16,102	Other Receivable Amounts	35,790
20,320	Total Debtors	41,929

Note 19b Short Term Debtors for Local Taxation

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

31-Mar-20	Short Tern Debtors for Local Taxation	31-Mar-21
£'000		£'000
0	Less than three months	0
0	Three to six months	0
676	Six months to one year	743
674	More than one year	803
1,350	Total Debtors	1,546

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-20	Cash and Cash Equivalents	31-Mar-21
£'000		£'000
844	Bank Balances/(Overdraft)	239
3,967	Short Term Investments	7,511
4,811	Total Cash and Cash Equivalents	7,750

Note 21– Assets Held for Sale

31-Mar-20	Assets held for Sale	31-Mar-21
£'000		£'000
0	Balance at start of year	0
	Assets Sold:	
	Property Plant and Equipment	0
0	Balance at year end	0

Note 22 – Short Term Creditors

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

31-Mar-20	Short Term Creditors	31-Mar-21
£000		£000
(9,692)	Trade Payables	(11,674)
(14,493)	Other Payable Amounts	(40,675)
(24,185)	Total Creditors	(52,349)

Note 23 – Provisions

The main provisions during 2020/21 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-21	Health Walks Training Provision	Graven Hill Deposit Guarantee	NNDR Appeals Provision	Total
	£'000	£'000	£'000	£'000
Opening Balance	(4)	0	(1,428)	(1,432)
Increase in provision during year	0	(37)	(4,071)	(3,775)
Utilised during the year	0	0	334	0
Closing Balance	(4)	(37)	(5,165)	(5,206)
31-Mar-20	Health Walks Training Provision	Graven Hill Deposit Guarantee	NNDR Appeals Provision	Total
	£'000		£'000	£'000
Opening Balance	(4)	0	(1,464)	(1,468)
Increase in provision during year	0	0	(38)	(38)
Utilised during the year	0	0	74	74
Closing Balance	(4)	0	(1,428)	(1,431)

Long Term Provisions

31-Mar-21	NNDR Appeals	Landlord Rent Guarantee	Landlord Rent Ex-Charter	Banbury Bowls Club	58 Bridge Street - Repair & Renewals	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance	(5,360)	(102)	(18)	(47)	(83)	(5,610)
Increase in provision during year	1,791	0	0	0	(10)	1,781
Utilised during year	0	6	0	0	0	0
Closing Balance	(3,569)	(96)	(18)	(47)	(93)	(3,823)
31-Mar-20	NNDR Appeals	Landlord Rent Guarantee	Landlord Rent Ex-Charter	Banbury Bowls Club	58 Bridge Street - Repair & Renewals	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance	(3,470)	(109)	(18)	(47)	(73)	(3,717)
Increase in provision during year	(2,160)	(9)	0	0	(10)	(2,179)
Utilised during year	270	16	0	0	0	286
Closing Balance	(5,360)	(102)	(18)	(47)	(83)	(5,610)

Total Provisions

31-Mar-20	Provisions Summary	31-Mar-21
£'000		£'000
(5,184)	Opening Balance	(7,041)
(2,217)	Increase in provision during year	(1,995)
360	Utilised during year	6
(7,041)	Closing Balance	(9,030)

Note 24 – Usable Reserves

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

31-Mar-20	Useable Reserves Summary	31-Mar-21
£'000		£'000
(2,018)	General Fund	(5,087)
(26,380)	Earmarked Reserves	(52,883)
0	Capital Receipts Reserve	(80)
(165)	Capital Grants Unapplied Reserve	(676)
(28,564)	Total	(58,727)

General Fund Reserve

This reserve is held to mitigate the financial risks facing the Council. The prudent level of general fund reserves to be held are set annually as part of the Council's budget report.

31-Mar-20	General Fund Reserve	31-Mar-21
£'000		£'000
(1,254)	Balance 1 April	(2,018)
(764)	Transfers to general reserves	(3,069)
0	Use of general reserves in year	0
(2,018)	Balance at year end	(5,087)

Earmarked Reserves

These are reserves that have been set aside for specific purposes. This could be for a particular project; for example, a ringfenced grant on which there remains an unspent balance at the year end or amounts which have been set aside for future use. They are analysed in detail in Note 9.

The large increase in 2020-21 relates primarily to Business Rates Section 31 grants which were received in 2020-21 but which will be used to finance the Business Rates Collection Fund deficit in 2021/22.

31-Mar-20	Earmarked Reserves	31-Mar-21
£'000		£'000
(20,365)	Balance 1 April	(26,380)
(9,466)	Transfers to reserves	(35,797)
3,451	Use of reserves in year	9,294
(26,380)	Balance at year end	(52,883)

Capital Receipts Reserve

These are capital receipts which have been received during the year and which have then been used to finance capital expenditure. The remaining balance is available for future capital financing.

31-Mar-20	Capital Receipts Reserve	31-Mar-21
£'000		£'000
0	Balance 1 April	0
(5,272)	Capital Receipts in year	(1,883)
5,272	Capital Receipts used for financing	1,803
0	Balance at year end	(80)

Capital Grants Unapplied

These are capital receipts which have been recognised in the Comprehensive Income and Expenditure Statement which are available for future capital financing.

31-Mar-20	Capital Grants Unapplied	31-Mar-21
£'000		£'000
(145)	Balance 1 April	(165)
(1,118)	Capital grants recognised in year	(511)
1,098	Capital grants and contributions applied	0
(165)	Balance year end	(676)

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-20 (restated)	Unusable Reserves Summary	31-Mar-21
£'000		£'000
(37,599)	Revaluation Reserve	(34,385)
(54,352)	Capital Adjustment Account	(31,081)
72,770	Pension Reserve	95,654
(740)	Deferred Capital Receipts Reserve	(475)
(2,045)	Collection Fund Adjustment Account	23,731
204	Accumulated Absences Account	207
(21,761)	Total	53,650

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-20 (restated)	Revaluation Reserve	31-Mar-21
£'000		£'000
	Opening Balance	
(29,757)	As previously reported	(35,496)
	Prior year adjustment	(2,104)
(29,757)	Opening balance as restated	(37,599)
(11,149)	Upward revaluation of assets	(2,455)
4,206	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	4,493
(6,943)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(2,039)
472	Difference between fair value depreciation and historical cost depreciation	705
732	Accumulated gains on assets sold or scrapped	470
1,204	Amount written off to the Capital Adjustment Account	1,175
(35,496)	Closing Balance	(34,385)

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-20	Capital Adjustment Account	31-Mar-21
£'000		£'000
	Opening balance	
(71,990)	As previously reported	(51,082)
	Prior year adjustment	(3,270)
(71,990)	Opening balance as restated	(54,352)
2,726	Charges for depreciation and impairment of non-current assets	3,096
9,685	Revaluation losses on non-current assets	4,721
237	Amortisation of intangible assets	367
2,177	Revenue expenditure funded from capital under statute	12,865
2,359	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	2,042
17,184	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	23,091
(1,204)	Adjusting Amounts written out of the Revaluation Reserve	(1,175)
15,980	Net written out amount of the cost of non-current assets consumed in the year	21,916
(4,039)	Use of Capital Receipts Reserve to finance new capital expenditure	(2,068)
(3,425)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(12,545)
(1,630)	Statutory provision for the financing of capital investment charged against the General Fund	(2,153)
0	Increase in expected credit losses provision for long-term loans receivable	333
(9,094)	Capital financing applied in year:	(16,433)
14,021	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	17,787
(51,082)	Balance 31 March	(31,081)

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-20	Pension Reserve	31-Mar-21
£'000		£'000
98,100	Balance 1 April	72,770
(31,312)	Remeasurements of the net defined benefit (liability)/asset	23,517
8,532	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	7,178
(2,550)	Employer's pensions contributions and direct payments to pensioners payable in the year	(7,811)
72,770	Balance 31 March	95,654

Note 26 - Trading Operations

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

31-Mar-20	Building Control	31-Mar-21
£'000		£'000
(440)	Income	(337)
395	Expenditure	77
(45)	Net (Surplus) / Deficit for Year	(260)

31-Mar-20	Corporate Properties & Industrial Estates	31-Mar-21
£'000		£'000
(3,804)	Income	(5,360)
14,640	Expenditure	18,582
10,836	Net (Surplus) / Deficit for Year	13,222

31-Mar-20	Markets	31-Mar-21
£'000		£'000
(80)	Income	(52)
70	Expenditure	77
(10)	Net (Surplus) / Deficit for Year	25

31-Mar-20	Trading Operations Total Income and Expenditure:	31-Mar-21
£'000		£'000
(4,324)	Income	(5,749)
15,105	Expenditure	18,859
10,781	Net (Surplus) / Deficit for Year	13,110

31-Mar-20	Analysis of Inclusion in The Comprehensive Income and Expenditure Statement:	31-Mar-21
£'000		£'000
10,781	Net surplus on trading operations	13,110
0	Services to the public included in Expenditure of Continuing Operations	0
0	Support services recharged to Expenditure of Continuing Operations	0
10,781	Net surplus / deficit included in Financing and Investment Income and Expenditure	13,110

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-20	Bicester Town Council	31-Mar-21
£'000		£'000
(353)	Income	(348)
337	Expenditure	330
(16)	Net (Surplus)/Deficit on the Agency Arrangement	(18)
31-Mar-20	Oxfordshire County Council	31-Mar-21
£'000		£'000
(150)	Income	(150)
211	Expenditure	213
61	Net (Surplus)/Deficit on the Agency Arrangement	73
31-Mar-20	Kidlington Parish Council	31-Mar-21
£'000		£'000
(136)	Income	(147)
133	Expenditure	143
(3)	Net (Surplus)/Deficit on the Agency Arrangement	(4)
31-Mar-20	South Northants Council	31-Mar-21
£'000		£'000
(76)	Income	(78)
77	Expenditure	78
1	Net (Surplus)/Deficit on the Agency Arrangement	0
31-Mar-20	Brackley Town Council	31-Mar-21
£'000		£'000
(59)	Income	(68)
61	Expenditure	69
2	Net (Surplus)/Deficit on the Agency Arrangement	1

Note 28 - Members' Allowances

The total of Members' Allowances paid in the year 2020/21 amounted to £316k. This compares to £317k in 2019/20. 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 2020/21 were as follows:

31-Mar-20		31-Mar-21	
£'000		£'000	
307	Allowances	315	
10	Expenses	1	
317	Total Members' Allowances	316	

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-Mar-20	Officers' Remuneration	31-Mar-21
Number of employees	Remuneration Band	Number of employees
13	£50,001 to £55,000	28
1	£55,001 to £60,000	15
2	£60,001 to £65,000	6
1	£65,001 to £70,000	1
17		50

Note 29 Continued... The Remuneration paid to senior employees in Cherwell District Council 2020/21 is as follows:

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration including pension contribution	Contribution to Oxfordshire County Council (excluding NI)	Cost to Cherwell District Council (excluding NI)	Date in post 2020/21
Chief Executive**	77,965	2,311	0	80,276	12,396	92,673	0	92,673	
Corporate Director of Customers, Organisational Development and Resources**	39,650	0	0	39,650	6,304	45,955	0	45,955	
Corporate Director of Place and Growth**	34,947	177	0	35,124	5,524	40,648	0	40,648	Until 31 Dec 2020
Assistant Director of Housing and Social Care Commissioning**	42,667	642	0	43,309	6,784	50,094	0	50,094	
Director of HR**	20,467	245	0	20,712	3,254	23,966	0	23,966	
Director of Customers and Cultural Services**	10,234	5,525	0	15,759	1,627	17,386	0	17,386	
Assistant Director of Healthy Place Shaping	20,000	0	0	20,000		20,000	0	20,000	Until 31 Dec 2020
Programme Director: Growth and Commercial	59,658	0	0	59,658	9,486	69,144	0	69,144	
Assistant Director: Property, investment, Contract Management	78,680	905	0	79,585	12,510	92,095	0	92,095	
Assistant Director: Environmental Services	82,052	0	0	82,052	13,046	95,098	0	95,098	
Assistant Director: Growth and Economy	78,680	189	0	78,869	12,510	91,379	0	91,379	
Assistant Director: Planning and Development	78,680	344	0	79,023	12,510	91,533	0	91,533	
Assistant Director: Wellbeing	70,812	0	0	70,812	11,259	82,071	0	82,071	

Table continued on next page...

Note 29 Continued...

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration including pension contribution	Contribution to Oxfordshire County Council (excluding NI)	Cost to Cherwell District Council (excluding NI)	Date in post 2020/21
Assistant Director: Finance	58,597			58,597	9,317	67,915		67,915	From Jun 2020
Corporate Director - Commercial Development, Assets and Investments*							53,922	53,922	
Corporate Director - Adult Social Care & Housing*							16,043	16,043	
Corporate Director of Public Health*							14,366	14,366	
Director of Finance*							47,147	47,147	
Head of Legal and Deputy Monitoring Officer*							25,414	25,414	From Jun 2020
Director - IT, Digital and Transformation*							28,036	28,036	
Director of Law and Governance (new post)*							7,029	7,029	From Jan 2021
Head of Procurement & Contract Management*							28,749	28,749	
Assistant Director of Healthy Place Shaping*							7,984	7,984	
Licensing Manager*							7,983	7,983	6 months
Director of Strategy Insight and Communications*							24,075	24,075	
Assistant Director of Regulatory Services*							68,258	68,258	
Total	753,088	10,339	0	763,427	116,528	879,956	328,915	1,208,870	

Note 29 Continued...

The remuneration paid to senior employees in Cherwell District Council for 2019/20 is as follows:

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

Table continued on next page

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

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:

Note 30 - External Audit Costs

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

31-Mar-20	31-Mar-21
£'000s	£'000s
61 Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	141
0 Fees payable to the Audit Commission for the certification of grant claims and returns	0
61 Total	141

Note 31 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21;

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

31-Mar-20	Grant Income Credited to Taxation	31-Mar-21
£'000		£'000
(114)	Revenue Support Grant	(116)
(13,782)	Non-Domestic Rates (incl. Section 31 grant)	(7,353)
(5,087)	New Homes Bonus	(5,836)
0	Covid grants	(3,679)
0	Council Tax income guarantee grant	(79)
(1,093)	Disabled Facilities Grant	(1,240)
(2,353)	Other Capital Grants and Contributions	(11,816)
(22,428)	Total	(30,119)

Grant Income Credited to Services

31-Mar-20	Grant Income Credited to Services	31-Mar-21
£'000		£'000
(26,024)	Rent Allowances Subsidy Grant	(24,560)
(291)	Housing Benefit Administration Subsidy Grant	(304)
(51)	Family Annex Council Tax Discount Grant	(55)
(18)	Individual Election Registration	(14)
(112)	LCTS Administration Subsidy Grant	(111)
(231)	NDR Cost of Collection Grant	(232)
(192)	Flexible Homeless Support Grant	(629)
(157)	Rough Sleeper Initiative	(228)
(255)	Developer contributions (S106)	(607)
(165)	New Burdens	(303)
(250)	Discretionary Housing Payments	(329)
(1,274)	Other Grants & Contributions	(459)
(1,948)	Contributions from other Local Authorities	(2,753)
(204)	Bicester Healthy New Towns	(48)
(365)	Home Office – Refugees	(433)
(1,090)	Homes England - Garden Town Funding	(125)
0	Neighbourhood Planning	(20)
0	Covid-19 related grants	(7,451)
(32,627)	Total	(38,752)

The Council has received several grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

Grants Receipts in Advance (Revenue Grants) - Current Liabilities

31-Mar-20		31-Mar-21
£'000		£'000
(175)	Section 106 developer contributions	(134)
0	COVID Grant - Closed Business Lockdown Payment Grant	(3,314)
0	COVID Grant - Christmas Support	(25)
0	COVID Grant - LRSG Closed	(958)
0	COVID Grant - LRSG Closed Addendum	(3,865)
0	COVID Grant - Test & Trace	(106)
0	COVID Grant - Small Business Grant	(10)
(985)	Other Grants and contributions	(201)
(1,160)	Total	(8,612)

Grants Receipts in Advance (Capital Grants) - Current Liabilities

31-Mar-20		31-Mar-21
£'000		£'000
(613)	Section 106 developer contributions	(777)
(613)	Total	(777)

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

31-Mar-20		31-Mar-21
£'000		£'000
(4,511)	Section 106 Developer Contributions - Capital	(4,169)
(5)	Community Build Banbury	(5)
(4,516)	Total	(4,174)

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

31-Mar-20		31-Mar-21
£'000		£'000
(7,420)	Section 106 Developer Contributions - Capital	(8,086)
(29)	Other Contributions	(6,301)
(4)	DECC GREEN DEAL	(4)
(8)	DEFRA Monitoring & Modelling	(8)
(4,250)	NW Bicester Bridge	(4,250)
(3,906)	Eco Town Grant	(3,906)
(2,946)	Garden Town Capacity Funding	1
(18,563)	Total	(22,555)

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,
- Providing funding in the form of grants

- Prescribing the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, non-domestic rates and housing benefits).

Local Government

Oxfordshire County Council

Shared Resource

Cherwell District Council shares a number of officers with Oxfordshire County Council under a joint working relationship. The senior officers working in a shared capacity as at 31st March 2021 were:

Shared Post	Officer Employed by
Assistant Director Housing & Social Care Commissioning	Cherwell District Council
Chief Executive Officer	Cherwell District Council
Corporate Director Customers & Organisational Development	Cherwell District Council
Corporate Executive Director Place and Growth	Cherwell District Council
Corporate Director Adult and Housing Services	Oxfordshire County Council
Corporate Director Children's Services	Oxfordshire County Council
Corporate Director Commercial Development, Assets and Investments	Oxfordshire County Council
Corporate Director Communities	Oxfordshire County Council
Corporate Director Cultural Services	Oxfordshire County Council
Corporate Director Environment and Place	Oxfordshire County Council
Corporate Director Public Health and Wellbeing	Oxfordshire County Council
Director of Community Safety and Chief Fire Officer	Oxfordshire County Council
Director of Finance S151	Oxfordshire County Council
Director of Law & Governance	Oxfordshire County Council

Other Public Bodies

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

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

Related Party Transaction Summary			
Declarations Made By	Details of Related Party	Transaction Values 2020 £m	Transaction Values 2021 £m
CDC Director Customers/Org Development Councillors x 3	CSN Resources Ltd - a jointly owned company with West Northamptonshire which acts as a collection agent for various council debtors - details of appointed directors are listed below	2.986	1.102
CDC Director of Human Resources CDC Asst Director Housing/Social Care Councillors x 2	Crown House Banbury Ltd - a wholly owned Council subsidiary for the purpose of management of rented council accommodation - details of appointed directors are listed below - transactions include intercompany loans	2	0.431
CDC Senior Project Manager Councillors x 2	Graven Hill Village Holdings Ltd - a wholly owned council subsidiary for the purpose of Eco developments in the district - details of appointed directors are listed below - transactions include intercompany loans and capital investments	13	5.797
1 Councillor re Family Member	Spouse worked at Spiceball Park Leisure Centre until January 2021 employed by Legacy Leisure; part of the Parkwood Leisure group who have a supplier and customer relationship with the council as they manage various leisure facilities in the area	0.38	0.46
1 Councillor re Family Member	Spouse was a director of Berwode Schools Trust until July 2019 - which relates to two local schools in Bicester	0.03	0
1 Councillor re Self	Also an elected member of Bicester Town Council who received S106 funding for the skate park in YE2020	0.064	0

Officers

- During 2020-21 Senior Officers of the Council made disclosures of £7.33m (2019/20 £17.986m) relating to their directorships of the Council's wholly owned and Joint owned companies as listed below. All transactions are fully compliant with the CIPFA Code and documented in the Group Accounts.
- There were no other material disclosures other than being a shared resource as noted above.

Members

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

- During 2020/21 payments for works and services to the value of £7.79m (2019/20 £18.477m) were made to parties where Members had declared an interest.
- The £7.79m is split with £7.33m transactions relating to their directorships with the Council's wholly owned and Joint owned companies as listed below. These transactions are fully documented in the Group Accounts. The remaining £0.460m relates to other transactions which have been fully investigated and appropriately recorded.
- Contracts were entered into in full compliance with the Council's Standing Orders.

All transactions are recorded in the Register of Members' Interests, open to public inspection at Bodicote House, Bodicote, Banbury, OX15 4AA.

Subsidiaries and Joint Operations

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

Graven Hill Village Holdings Ltd:	
Councillor Ian Corkin	Appointed Dec 2018
Councillor Dan Sames	Appointed Dec 2018
Graven Hill Village Development Company Ltd:	
Councillor Ian Corkin	Appointed Sep 2015
Councillor Dan Sames	Appointed Jul 2014

Crown House Banbury Ltd:	
Councillor Simon Holland	Appointed Oct 2017
CDC Official Ms Gillian Douglas	Appointed Mar 2019

Crown Apartments Banbury Ltd:	
Councillor Simon Holland	Appointed Jun 2018
CDC Official Ms Gillian Douglas	Appointed Feb 2019

CSN Resources Ltd:	
Councillor Jason Slaymaker	Appointed Dec 2017
Councillor Hugo Brown	Appointed Jun 2019
CDC Official Ms Claire Taylor	Appointed Apr 2017

CSN Associates Ltd:	
Councillor Jason Slaymaker	Appointed Jun 2018
Councillor Hugo Brown	Appointed Jun 2018
CDC Official Ms Claire Taylor	Appointed Apr 2017

Entities Controlled or Significantly Influenced by the Authority

During 2020/21 grant funding payments of £0.369m (2019/20 also £0.369m) were made to the Banbury Museum Trust. This represents a significant part of the funding for this organisation.

Note 33 – Capital Expenditure and Capital Financing

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

Capital Expenditure and Capital Financing

Capital Expenditure and Capital Financing			
31-Mar-20		31-Mar-21	
£'000		£'000	
146,232	Opening Capital Financing Requirement		178,745
Capital Investment:			
19,004	Property Plant and Equipment		40,764
3,508	Investment Property		1,999
771	Intangible Assets		1,146
2,178	Revenue Expenditure Funded from Capital Under Statute		12,865
6,225	Long Term Investments		4,000
10,055	Long Term Debtors		5,703
41,742	Total Capital Spending		66,476
Sources of Finance:			
(4,039)	Capital receipts		(1,883)
(3,425)	Government Grants and other contributions		(13,056)
Sums set aside from revenue:			
0	- Direct revenue contributions		0
Debt Repayment:			
(1,765)	Minimum revenue Provision		(2,153)
(9,229)	Total Sources of Finance		(17,092)
178,745	Closing Capital Financing Requirement		228,128
Explanation of movements in year			
31-Mar-20		31-Mar-21	
£'000		£'000	
34,278	Increase in underlying need to borrow (unsupported by government financial assistance)		51,538
	Assets acquired under finance leases		
(1,765)	Statutory provision for repayment of debt (minimum Revenue Provision)		(2,153)
32,513	Increase/(decrease) in Capital Financing Requirement		49,384

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-20		31-Mar-21
£'000		£'000
3,750	Other Land and Buildings	3,619
0	Vehicles, Plant, Furniture, Equipment and Other	0
3,750	Total	3,619

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

31-Mar-20		31-Mar-21
£'000		£'000
Finance lease liabilities (net present value of minimum lease payments):		
6	- current	7
1,576	- non-current	1,570
0	Finance costs payable in future years	0
1,582	Minimum lease payments	1,577

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

Minimum Lease payments		Finance Lease Liabilities		
31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	
£'000	£'000	£'000	£'000	
6	7	Not later than one year	204	206
32	36	Later than one year and not later than five years	817	822
1,544	1,534	Later than five years	5,393	5,222
1,582	1,577	Total	6,414	6,250

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-20		31-Mar-21
£'000		£'000
27	Not later than one year	22
76	Later than one year and not later than five years	67
17	Later than five years	4
120	Total	93

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

31-Mar-20		31-Mar-21
£'000		£'000
40	Minimum lease payments	61
40	Total	61

34.3 Authority as Lessor - Finance Leases

31-Mar-20		31-Mar-21
£'000		£'000
Finance lease debtor (net present value of minimum lease payments):		
0	- current	250
725	- non-current	225
0	Unearned finance income	0
0	Unguaranteed residual value of property	0
725	Gross investment in the lease	475

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-20	31-Mar-21		31-Mar-20	31-Mar-21
£'000	£'000		£'000	£'000
0	0	Not later than one year	0	250
0	0	Later than one year and not later than five years	0	225
725	475	Later than five years	725	0
725	475	Total	725	475

34.4 Authority as Lessor - Operating Leases

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

31-Mar-20			31-Mar-21
£'000			£'000
5,118	Not later than one year		4,314
16,116	Later than one year and not later than five years		12,269
36,210	Later than five years		38,301
57,444	Total		54,884

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.

During the year under review a number of assets have been professionally valued by external valuers as part of the Council's rolling five-year rolling programme of asset valuations. A review is also carried out by the Council to determine whether there are any indications of impairments or revaluation losses with regard to assets not subject to revaluations in the current year.

Part of the 2020-21 revaluations included a sample of car parks owned by the Council which reflected a significant reduction in value compared to the previous year due to reduced revenues, primarily due to the impact of Covid-19.

The reduced revenues relating to the car parks revalued in the year was indicative of all car parks owned by the Council. In view of this all of the remaining car parks owned by the Council have been revalued downwards based on estimates using the average percentage reduction in value relating to the professionally valued assets. The revaluation losses relating to the remaining car parks amounted to approximately £2.2m.

There are no other impairment losses or any impairment reversals in 2020/21.

Note 36 - Termination Benefits

The authority terminated the contracts of five employees which resulted in termination benefits in 2020/21. The Figure in the financial year of 2019/20 was £0.

[a] Exit package cost band (including special payments)	[b] Number of compulsory redundancies		[c] Number of other departures agreed		[d] total number of exit packages by cost band [(b) + ©]		[e] Total cost of exit packages in each band	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
£0-£20,000	3	0	2	0	5	0	£10,859	£0
£20,001-£100,000	0	0	0	0	0	0	£0	£0
£100,001-£140,000	0	0	0	0	0	0	£0	£0
Total	3	0	2	0	5	0	£10,859	£0

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-20		31-Mar-21
£'000	Comprehensive (Income) & Expenditure Statement	£'000
Cost of Services:		
6,018	Current Service Cost	5,397
54	Past Service Cost/(Gain) – Including Curtailments	0
58	Administration Expense	77
Financing and Investment (Income) and Expenditure:		
2,402	Net Interest Expense	1,704
8,532	Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services	7,178
Other Comprehensive (Income) & Expenditure:		
(9,113)	Return on Plan Assets (excluding amounts included in net interest expense)	22,366
7,918	Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	(2,386)
20,165	Actuarial (Gains) & Losses Arising on Changes in Financial Assumptions	(45,266)
0	Experience (Gain)/loss on defined benefit obligation	0
12,342	Other actuarial (Gains) & Losses on assets	1,769
31,312	Post-Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(23,517)
Movement in Reserves Statement		
(8,532)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(7,178)
2,550	Employer's Contributions Payable to the Pension Scheme	7,811
(5,982)	Total	633

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-20		31-Mar-21
£'000	Pension Assets & Liabilities Recognised in the Balance Sheet	£'000
(171,417)	Present value of the defined benefit obligation	(222,096)
101,891	Fair value of plan assets	129,944
(69,526)	Sub-total	(92,152)
(3,244)	Other movements in the liability	(3,502)
(72,770)	Net liability arising from defined benefit obligation	(95,654)

37.4 Assets and Liabilities in relation to Retirement Benefits

31-Mar-20		31-Mar-21
£'000		£'000
Reconciliation of Present Value of Scheme Liabilities		
(208,340)	Liabilities as of the Beginning of the Period	(174,661)
(6,076)	Current Service Cost	(5,474)
(5,031)	Interest Cost	(4,026)
(1,006)	Contributions by Scheme Participants	(1,060)
20,165	Change in financial assumptions	(45,266)
7,918	Change in demographic assumptions	(2,386)
12,342	Experience (Losses)/Gains on defined benefit obligation	1,769
0	Losses on Curtailments	0
5,421	Benefits Paid	5,506
(54)	Past Service Costs	0
(174,661)	Liabilities as of the End of the Period	(225,598)
Reconciliation of Fair Value of Scheme Assets		
110,240	Assets as of the Beginning of the Period	101,891
2,629	Interest on Assets	2,322
(9,113)	Return assets less interest	22,366
0	Actuarial Gains/(Losses)	0
0	Administration expenses	0
2,550	Employer Contributions	7,811
1,006	Contributions by Scheme Participants	1,060
(5,421)	Benefits Paid	(5,506)
101,891	Assets as of the End of the Period	129,944

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 £226m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £96m (see Note 25: Pension Reserve).

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

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

The total contributions expected to be made to the Local Government Pension Scheme by the authority in the year to 31 March 2022 is £2.452m.

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 2021 as follows:

31-Mar-20		31-Mar-21
£'000	Sensitivity analysis	£'000
15,945	0.5% decrease in the real discount rate	22,127
1,385	0.5% increase in the salary increase rate	1,832
14,449	0.5% increase in the pension increase rate	19,868
6,986	1-year increase in member life expectancy	9,024

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-Mar-20		31-Mar-21
%	Principal Assumptions	%
2.8	Rate of inflation: RPI	3.3
1.9	Rate of inflation: CPI	2.85
1.9	Rate of increase in salaries	2.85
1.9	Rate of increase in pensions	2.85
2.3	Rate of discounting scheme liabilities	2.0

These assumptions are set with reference to market conditions as at 31 March 2021. 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 only.

31-Mar-20		31-Mar-21
Years	Mortality Assumptions	Years
	Longevity at 65 for current pensioners	
22.2	Men	22.4
24.3	Women	24.7
	Longevity at 65 for future pensioners	
22.9	Men	23.4
25.6	Women	26.3

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:

31-Mar-20		31-Mar-21	
%	Estimated Asset Allocation	%	
0	Equity Securities	0	
12	Debt Securities	11	
4	Private Equity	4	
0	Real Estate	0	
81	Investment Funds and Unit Trusts	81	
0	Derivatives	0	
3	Cash & Cash Equivalents	4	
100	Total	100	

37.6 Other factors arising from recent court cases

- **Guaranteed Minimum Pension (GMP) Indexation**
The 2019 formal funding valuation included an allowance for full GMP equalisation / indexation within the LGPS. The rolled forward position to 31 March 2021 therefore includes this allowance.
The further ruling in respect of historical transfers is unlikely to be significant in terms of impact on the pension obligations of a typical Employer, and as a result no allowance has been made for this
- **McCloud** - An allowance was added to the 2019 valuation results, so the impact is continued to be included within the balance sheet at 31 March 2021
- **Goodwin** - Whilst there is still uncertainty surrounding the potential remedy to this judgement, the actuary has carried out some approximate analysis across their LGPS clients to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The approximate impact of this is very small for a typical Fund (c. 0.1 - 0.2% of obligations), and therefore there are not sufficient grounds to apply an additional adjustment to account for this.

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.

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.

A petition to the Court of Appeal was dropped on the 29th March with economic outflow no longer foreseeable.

Had the outcome of the litigation been in favour of the NHS Trusts, this would have meant a refund of business rates relating to previous years and an ongoing reduction in business rates from NHS Trust properties in Cherwell.

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-20			31-Mar-21			
Business Rates	Council Tax	Total	Collection Fund	Business Rates	Council Tax	Total
£'000	£'000	£'000	Income:	£'000	£'000	£'000
0	(105,076)	(105,076)	Council Tax Receivable		(110,800)	(110,800)
(103,401)	0	(103,401)	Business Rates Receivable	(42,898)		(42,898)
(818)	0	(818)	Transitional Protection Payments Receivable	(376)	0	(376)
(104,219)	(105,076)	(209,295)	Total Income	(43,275)	(110,800)	(154,075)
Expenditure:						
Contribution to Previous Year's estimated Surplus/Deficit:						
938	0	938	Central Government	2,513		2,513
750	176	926	Cherwell District Council	2,011	304	2,314
188	1,160	1,348	Oxfordshire County Council	503	1,994	2,497
0	148	148	Thames Valley Police and Crime Commissioner		280	280
Precepts, demands and shares:						
47,225	0	47,225	Central Government	48,011		48,011
37,780	12,054	49,834	Cherwell District Council	38,409	12,797	51,206
9,445	79,136	88,581	Oxfordshire County Council	9,602	84,864	94,467
0	11,114	11,114	Thames Valley Police and Crime Commissioner	0	12,016	12,016
Charges to Collection Fund:						
294	21	315	Write-offs of uncollectable amounts	(35)	413	378
98	593	691	Increase/(decrease) in allowance for impairment	607	(137)	470
4,634	0	4,634	Increase/(decrease) in allowance for appeals	4,867		4,867
231	0	231	Charge to General Fund for allowable collection costs for non-domestic rates	232		232
Other transfers to General Fund in accordance with non-domestic rates regulations						
481	0	481	Renewable Energy	491		491
102,064	104,402	206,465	Total Expenditure	107,210	112,533	219,743
(2,156)	(674)	(2,830)	Movement on Fund Balance	63,935	1,732	65,667
(2,095)	(2,290)	(4,385)	Balance at the beginning of the Year	(4,251)	(2,965)	(7,216)
(4,251)	(2,965)	(7,215)	Balance at the end of the Year	59,684	(1,233)	58,451
Shares of Balance						
(2,125)	0	(2,125)	Central Government	29,842		29,842
(1,700)	(349)	(2,049)	Cherwell District Council	23,874	(143)	23,731
(425)	(2,294)	(2,719)	Oxfordshire County Council	5,968	(950)	5,018
0	(322)	(322)	Thames Valley Police and Crime Commissioner	0	(140)	(140)
(4,251)	(2,965)	(7,216)	Total	59,684	(1,233)	58,451

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.

Under the business rates retention scheme, local authorities retain 50% of the business rates collected for the area (Cherwell 40% and Oxfordshire CC 10%) and pay the remaining 50% to central government. 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).

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 (51.2p in 2020/21; 49.9p for small businesses) and, subject to the effects of transitional arrangements, local businesses pay NNDR calculated by multiplying their rateable value by that amount. The income raised in Cherwell is distributed between Cherwell District Council, Oxfordshire County Council and Central Government in line with the distribution rules set out in Business Rates legislation.

NNDR income was £43.3 m in 2020/21. The rateable value for the Council's area was £231.7 m at 31 March 2021 VOA valuation (2019/20: £231.0 m).

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 2020/21 the accumulated provision for bad debts stood at £3.229m (£2.759m for 2019/20) made up as follows:

31-Mar-20		31-Mar-21
£'000	Provision for Uncollectable Amounts	£'000
377	Non-Domestic Rates	984
2,382	Council Tax	2,245
2,759	Total Provision	3,229

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 2020/21 are:

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A	4,401	6/9ths	2,934
B	13,080	7/9ths	10,173
C	15,730	8/9ths	13,982
D	10,312	9/9ths	10,312
E	7,510	11/9ths	9,179
F	3,687	13/9ths	5,326
G	2,463	15/9ths	4,105
H	214	18/9ths	428
Totals	57,397		56,439
	Adjustment for non- collection (-2.0%)		(1,129)
	Contribution from MOD Properties		250
	Council Tax Base 2020/21		55,560
	Council Tax Base 2019/20		53,877

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

Band	Multiplier	Cherwell Council	Oxfordshire County Council	Thames Valley Police and Crime Commissioner	Total £s
A	6/9ths	89.00	1,018.29	144.19	1,251.48
B	7/9ths	103.83	1,188.01	168.22	1,460.06
C	8/9ths	118.67	1,357.72	192.25	1,668.64
D	9/9ths	133.50	1,527.44	216.28	1,877.22
E	11/9ths	163.17	1,866.87	264.34	2,294.38
F	13/9ths	192.83	2,206.30	312.40	2,711.53
G	15/9ths	222.50	2,545.73	360.47	3,128.70
H	18/9ths	267.00	3,054.88	432.56	3,754.44

Group Accounts and Explanatory Notes

Introduction

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

The Group Accounts include the following:

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

Results of the Subsidiaries

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

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 Councillors 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 2020/21, the company's results showed a loss of £0.026m (£0.029m loss in 2019/20), and net assets of £31.769m (2020: £27.795m). Loans outstanding owed to the group total £12.234m (2020: £13.091m).

A full copy of the company's accounts can be obtained from the Directors, Graven Hill Village Holding Company Ltd, Graven Hill Site Office, Building E25, Graven Hill Road, Bicester, OX25 2BF.

Graven Hill Village Development Company Ltd

The company is a subsidiary of Graven Hill Village Holdings Ltd. The holding company holds 99% 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 2020/21, the company's results showed a surplus of £1.311m (2020: £0.475m), and net assets of £31.46m (2020: £26.148m). Loans outstanding from the group to the company total £48.555m (2020: £42.617m).

A full copy of the company's accounts can be obtained from the Directors, Graven Hill Village Development Company Ltd, Graven Hill Site Office, Building E25, Graven Hill Road, Bicester, OX25 2BF.

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 2020/21, the company's results showed a loss of £0.679m (2020: £1.874m), and net liabilities of £3.533m (2020: £2.841m). The value of loans outstanding from the council calculated using the Effective Interest Rate method total £11.177m (2020: £10.548m).

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

Crown Apartments Banbury Ltd

The company is a subsidiary of Crown House Banbury Ltd which manages the residential property. For 2020/21, the company's results have been consolidated into the Crown House Banbury Ltd results above before being consolidated into the larger group.

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 £0.12m (2020: £0.191m) attributable to the Group in 2020/21 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. There was no activity for the company in this financial year.
- Graven Hill Village Management Company Block E is a subsidiary of Graven Hill Village Development Company which manages the property at the Block E apartments. The only activity for the company in this financial year relates to administrative expenses resulting in a loss for the year of £0.029m (2020: 0; not trading) and net assets of £0.028m (2020: 0).

Summary of Group

Company Name	Date of Incorporation / Acquisition
Graven Hill Village Holdings Ltd	25 Jun 2014
Graven Hill Village Development Company Ltd	25 Jun 2014
CSN Resources Ltd	25 Apr 2017
CSN Associates Ltd	25 Apr 2017
Crown House Banbury Ltd	4 Aug 2017
Graven Hill Village Management Company Ltd	26 Feb 2018
Crown Apartments Banbury Ltd	7 Jun 2018
Graven Hill Village Management Company Block E	3 Oct 2018

Group Year Ending 31-Mar-20 (restated)	Group Comprehensive Income and Expenditure Statement	Group Year Ending 31-Mar-21
£000		£000
(2,196)	Adults and Housing Services	(2,450)
1,273	Comm Dev Assets and Invests	7,929
8,021	Cust and Org Dev & Resources	7,718
9,550	Environment & Place	20,277
3,467	Public Health and Wellbeing	4,794
20,115	Cost of Services	38,267
5,149	Other Operating Expenditure	35,272
25,980	Financing and Investment Income and Expenditure	18,807
1,472	Movement in the fair value of investment properties	257
(34,679)	Taxation and Non-Specific Grant Income	(42,667)
18,037	(Surplus) or Deficit on Provision of Services	49,936
(9,046)	Surplus or deficit on revaluation of property, Plant and Equipment	2,038
0	Impairment losses on non-current assets charged to the revaluation reserve	0
0	Surplus or deficit on revaluation of available for sale financial assets	0
(31,312)	Remeasurement of the net defined benefit liability / asset	23,517
(40,358)	Other Comprehensive Income and Expenditure	25,555
(22,321)	Total Comprehensive Income and Expenditure	75,491

Group Movement in Reserves Statement							
	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Receipts Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£001	£000	£000	£000
Balance at 31 March 2020 (restated)							
-As previously stated	8,663	(26,381)	0	(165)	(17,883)	(17,116)	(35,000)
-Prior year adjustment re CDC PY					0	(5,373)	(5,373)
Restated Balance at 1 April 2019	8,663	(26,381)	0	(165)	(17,883)	(22,489)	(40,372)
Movement in Reserves during 2019/20							
Surplus or deficit on the provision of services	49,936	0	0	0	49,936	0	49,936
Other Comprehensive Income / Expenditure	0	0	0	0	0	25,555	25,555
Total Comprehensive Income and Expenditure	49,936	0	0	0	49,936	25,555	75,491
Adjustments between accounting basis and funding basis under regulations	(49,016)	0	(79)	(511)	(49,606)	49,606	0
Net Increase or Decrease before Transfers to Earmarked Reserves	920	0	(79)	(511)	330	75,161	75,491
Transfers to / from Earmarked Reserves	26,504	(26,504)	0	0	0	0	0
(Increase) or Decrease in 2020/21	27,424	(26,504)	(79)	(511)	330	75,161	75,491
Balance at 31 March 2021	36,087	(52,885)	(79)	(676)	(17,554)	52,673	35,120

Group Movement in Reserves Statement (restated)	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Receipts Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019	7,982	(21,661)	0	(145)	(13,824)	(9,608)	(23,433)
Adjustment to opening balances to correct final reserves positions	374	1,296			1,670	(1,670)	0
Prior year adjustment					0	5,383	5,383
Restated Balance at 31 March 2019	8,356	(20,365)	0	(145)	(12,154)	(5,895)	(18,050)
Movement in Reserves during 2019/20							
Surplus or deficit on the provision of services	18,037	0	0	0	18,037	0	18,037
Other Comprehensive Income / Expenditure		0	0	0	0	(40,358)	(40,358)
Total Comprehensive Income and Expenditure	18,037	0	0	0	18,037	(40,358)	(22,321)
Adjustments between accounting basis and funding basis under regulations	(23,744)		0	(20)	(23,764)	23,764	0
Net Increase or Decrease before Transfers to Earmarked Reserves	(5,707)	0	0	(20)	(5,727)	(16,595)	(22,321)
Transfers to / from Earmarked Reserves	6,016	(6,016)		0	0		0
Increase or Decrease in 2019/20	309	(6,016)	0	(20)	(5,727)	(16,595)	(22,321)
Balance at 31 March 2020	8,665	(26,381)	0	(165)	(17,883)	(22,489)	(40,372)

Group Balance Sheet

31 March 2020 (Restated)		31 March 2021
£000		£000
134,080	Property, Plant & Equipment	162,883
68,798	Investment Property	52,783
1,504	Intangible Assets	2,282
0	Assets held for sale	0
1,110	Long Term Investments	1,111
2,120	Long Term Debtors	(10,862)
207,612	Long Term Assets	208,197
17,048	Short Term Investments	31,028
70,555	Inventories	73,367
17,098	Short Term Debtors	60,708
14,426	Cash and Cash Equivalents	22,024
119,127	Current Assets	187,127
(66,507)	Short Term Borrowing	(82,584)
(38,564)	Short Term Creditors	(99,751)
(1,387)	Provisions	(5,169)
(1,160)	Grants Receipts in Advance - Revenue	(8,612)
(613)	Grants Receipts in Advance - Capital	(777)
(108,231)	Current Liabilities	(196,893)
(5,610)	Provisions	(3,823)
(75,000)	Long Term Borrowing	(102,000)
(72,770)	Pension Liability	(95,654)
(1,677)	Long Term Creditors	(5,345)
(4,516)	Grants Receipts in Advance - Revenue	(4,174)
(18,563)	Grants Receipts in Advance - Capital	(22,555)
(178,136)	Long Term Liabilities	(233,551)
40,372	Net Assets / (Liabilities)	(35,120)
(17,883)	Useable Reserves	(17,554)
(22,489)	Unusable Reserves	52,673
(40,372)	Total Reserves	35,120

Group Cashflow

2019/20 (restated) £'000	Group Cash Flow Statement	Note	2020/21 £'000
Cash Flows from Operating Activities			
18,349	Net (Surplus)/Deficit on Provision of Services		19,404
(2,812)	Depreciation & Impairment	14	(3,186)
(7,887)	Changes in Market Value of Property, Plant & Equipment	14	(4,721)
(237)	Amortisation of Intangible Assets	16	(367)
(14,021)	Changes in Fair Value of Investment Properties	15	(18,044)
(2,359)	Disposal of Assets	14	(2,042)
(1,273)	Changes in Inventory	18	5,244
8,841	Changes in Short Term Debtors (decrease)	19	24,471
6,618	Changes in Short Term Creditors (increase)	22	(26,252)
(1,783)	Changes in Provisions (increase)	23	(1,988)
0	Changes in Deferred Capital Receipts		0
25,330	Changes in Net Pension Liability (decrease)	37	(22,884)
(31,312)	Remeasurement of Net Defined Benefit Liability	37	23,108
(10,631)	Changes in long term creditors (increase)	17	(9,646)
10,028	Changes in Long Term debtors (decrease)	17	5,703
3,445	Capital Grants Recognised	31	13,056
4,042	Proceeds on Disposal of Property, Plant & Equipment	24	2,089
4,338	Net Cash Flows from Operating Activities		3,946
Cash Flows from Investing Activities			
19,407	Purchase of Property, Plant & Equipment	14	40,764
5,387	Purchase of Investment Property	15	6,056
771	Purchase of Intangible Assets	16	1,146
(4,042)	Proceeds from the Disposal of Property, Plant and Equipment	24	(2,089)
0	Other payments and receipts from investing activities		0
23,490	Net Changes in Short-term and Long-term Investments (decrease)	17	17,980
45,013	Net Cash Flows from Investing Activities		63,856
Cash Flows from Financing Activities			
0	Changes in Grants and Contributions	25	0
(12,450)	Issued share capital		(8,000)
0	Capital Grants and Contributions Recognised	31	0
(29,943)	Cash Receipts of Short-term and Long-term Borrowing	17	(43,077)
(6,451)	Any other items for which the cash effects are investing or financing cash flows		(24,322)
0	Changes in Council Tax and Business Rates Collected for Third Parties	10	0
(48,844)	Net Cash Flows from Financing Activities		(75,399)
507	Net (Increase)/Decrease in Cash and Cash Equivalents in the Period		(7,597)
14,933	Cash and Cash Equivalents at the Beginning of the Period		14,426
14,426	Cash and Cash Equivalents at the End of the Period		22,024

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 2021 (Restated)	Land and Buildings Revised	Vehicles Plant & Equipment	Infrastructure Assets	Surplus Assets	Community Assets	Assets under Construction Revised	Total Property, Plant and Equipment Revised
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
at 1 April 2020							
-As previously reported	102,659	14,065	5,556	10	24	20,978	143,306
-Prior year adjustment	(5,373)						(5,373)
-As restated	108,032	14,065	5,556	10	24	2,978	148,679
Additions	347	797	0	0	14	39,619	40,763
Acc Dep & Imp WO to GCA	(583)	0	0	0	0	0	(583)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(2,043)	0	0	5	0	0	(2,038)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,721)	0	0	0	0	0	(4,721)
Derecognition – disposals	(2,024)	(308)	0	0	0	(203)	(2,535)
Reclassifications and transfer	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements in cost or valuation	3,303	0	0	0	0	(3,303)	0
at 31 March 2021	102,311	14,554	5,556	15	38	57,091	179,565
Accumulated Depreciation and Impairment							
Balance brought forward	(2,097)	(9,665)	(2,838)	0	0	0	(14,600)
Depreciation charge	(2,766)	(942)	(78)	0	0	0	(3,186)
Acc. Depreciation WO to GCA	583	0	0			0	583
Derecognition – disposals	211	308	0	0	0	0	519
Assets reclassified (to)/from Investment Property	0	0				0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0
at 31 March 2021	(3,469)	(10,299)	(2,916)	0	0	0	(16,684)
Net Book Value							
at 31 March 2021	98,842	4,255	2,640	15	38	57,091	162,883
at 31 March 2020 (restated)	105,935	4,400	2,718	10	24	20,978	134,079

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

Note 3 Group Inventories

31-Mar-20		31-Mar-21	
£'000		£'000	
25,853	Land	23,537	
44,515	Development Costs	49,606	
187	Stock	224	
70,555	Total Inventories	73,367	

Annual Governance Statement 2020/21

INTRODUCTION

1. This is Cherwell District Council's Annual Governance Statement for 2020/21. 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 2020/21;
- A *conclusion* in relation to the effectiveness
- A review of the *action plan* completed in 2020/21
- An *action plan* for 2021/22
- An *annex* summarising our governance framework

The Annual Governance Statement is required by law¹ and follows the best practice guidance from the Chartered Institute of Public Finance and Accounting (CIPFA). This year, as in the previous year, the Statement also highlights the governance issues posed by the continuing COVID-19 pandemic.

STATEMENT OF OPINION

2. It is our opinion that the Council's governance arrangements in 2020/21 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2021/22. 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

Cllr Barry Wood

Chief Executive

Leader of the Council

¹ Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015

REVIEWING OUR EFFECTIVENESS DURING 2020-21

This review looks at:

- Effectiveness of our governance – generally and in relation to COVID-19
- Conclusion about this effectiveness
- Internal Audit function during 2020/21
- Our statutory governance roles
- Review of actions 2020/21
- Actions for 2021/22
- Outline of our governance

Overview

3. We have reviewed our overall effectiveness both in general and with regard to the COVID-19 pandemic challenges faced and those which we continue to face during recovery.

Generally:

All action points for 2020/21 were completed as outlined in Annex 1. Specific action points for 2021/22 are set out in Annex 2.

The weakening of the procurement team at the Council accelerated in 2020/21 following the separation from South Northamptonshire Council and the gravitation of procurement staff to that authority. However, it was able to benefit from the County Council's over-arching review of the procurement service which, in turn, resulted in a procurement and contract management service for both authorities.

4. Here are some ways in which our governance has proved effective during 2020/21
 - ❖ Introduced democratic decision-making virtually, via MS Teams
 - ❖ In partnership with Oxfordshire County Council, the Council continues to deliver [a joint senior management structure](#) across both authorities.
 - ❖ The Council appointed a Director of Law & Governance and Monitoring Officer and also a Head of Legal Services.
 - ❖ Implemented a revised Constitution following a structured review by the Overview & Scrutiny Committee and Full Council; also establishing an annual review process
 - ❖ Actions within last year's governance statement were tracked to completion.
 - ❖ The Interim Monitoring Officer provided an [annual overview and scrutiny report](#) on his view of the Council's governance arrangements. This review was formally reported to, and endorsed by, the Council on 20 July 2020.

- ❖ The Director of Law & Governance and Monitoring Officer submitted a report to the Accounts, Audit & Risk Committee on 17 March 2021 which recommended changes to the Terms of Reference for the Committee. The proposed Terms of Reference extended the areas that would be reported to the Committee and the amendments were aligned to current best practise and based on the Chartered Institute of Public Finance and Accountancy (CIPFA) model template. The revised Terms of Reference were subsequently approved by Council on 19 May 2021.

During COVID-19

5. Common with other authorities, we acted swiftly during the initial outbreak of COVID-19 to meet the demands of the pandemic and continued to do so throughout 2020/21. 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
 - COVID-19 risk assessments for our services
 - Flexible and reactive approach.
 - Regular engagement with the administration and Political Group Leaders so as to aid transparency of actions being taken
 - Regular and timely communications with councillors, staff and stakeholders
 - Continuation of political decision-making with Executive, Council and Committees meeting virtually by MS Teams

Impact

6. Lockdown and social distancing rules necessitated **democratic decision-making** be moved to a virtual setting. The council was able to facilitate online decision-making through MS Teams. This also allowed members of the public to take part in virtual meetings e.g. for questions and the presentation of petitions. A **revised Constitution and protocol** ensured the application of the Constitution's key principles of openness, transparency and accountability. The councillor constituency voice was also maintained through the designation of a specific email address for councillors to raise COVID-19 related issues on behalf of their communities.
7. The prolonged impact of COVID-19 required sustained business continuity activity to ensure the delivery of services in a largely uninterrupted fashion. Cherwell District Council's Human Resources and ICT Teams have, throughout 2020/21, facilitated working from home whilst ensuring that the workforce is supported in doing so.
8. Financial management practices have had to adapt to the prolonged impact of COVID on financial management. A Financial Cell was established as part of the COVID response strategy to support related decision making.

9. Clearly some services, were required to implement additional COVID-19 specific processes which will have impacted on normal business for those services, such as the Revenues and Benefits team (at CSN Resources) and Finance. The Council had to respond quickly and implement new processes in response to the government's requirement to provide COVID-19 grants to qualifying local businesses. The Council also had to introduce discretionary schemes and the associated checks and balances to ensure grants were paid to appropriate qualifying businesses in need of support.

Command structure

10. The Council's **Gold and Silver Command** were put into place and worked well during the initial outbreak. The Command structures enabled the Council to keep visibility of services and how best to prioritise actions e.g. community and voluntary sector co-ordination, the supply of personal protective equipment; the flow of communications to support for businesses; and business continuity. Plugging this into the wider **regional structures** (e.g. **Thames Valley Local Resilience Forum**) ensured the flow of essential information and experience. Regular Gold sessions for Oxfordshire's Chief Executives and Leaders were also an integral part of the command structure in co-ordinating our response. Annex 3 is a one-page illustration of the Command structure and how it fits within its local and regional setting.

Beyond COVID-19

11. The Council's reaction to the pandemic has **fast-tracked the development** of key governance issues and has continued to do so throughout 2020/21. This has been through the safe and reactive deployment of technology (to enable almost seamless homeworking and virtual meetings); business continuity awareness and practices; working without silos, service-planning becoming more aware of the cross-cutting interplay of services; reviewing the portfolio of property; enhanced focus on security, wellbeing and health and safety; 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. The resource implications of the pandemic posed a challenge for the local government sector. The Council's governance experience of COVID-19, alongside that of its partner, Oxfordshire County Council, shaped future planning as we managed the delivery of quality services and democracy under COVID-19 conditions:
 - Use of buildings and remote working
 - Business continuity, risk assessment and project planning
 - Fluidity and accountability of decision making
 - Smart use of technology and digital engagement and solutions
 - Financial management
13. The Council approved (jointly with Oxfordshire County Council) a robust recovery strategy – "**Restart Recover Renew**". It recognised the opportunity to learn from our experience and to transform our services for the better as we move along the Roadmap.

Internal audit in 2020/21

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 as follows:

- objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control
- championing best practice in governance and commenting on responses to emerging risks and proposed developments.
- be a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the audit committee
- lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively
- be professionally qualified and suitably experienced.

15. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The self-assessment against the standards is completed on an annual basis. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This is next due in 2022.

16. The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2021, there is **satisfactory** assurance regarding Cherwell District Council's overall control environment and the arrangements for governance, risk management and control. Where weaknesses have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement.

17. Where Internal Audit identifies areas for improvement, management action plans are in place and are routinely monitored by the Internal Audit team and reported to the Accounts, Audit & Risk Committee. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

Financial Management Code

18. A key goal of the Financial Management Code of Practice (launched by CIPFA in November 2019) is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the impact of COVID-19 has tested that financial resilience in 2020/21 and will continue to do so in coming years. 2020/21 was a 'shadow year' for implementing the Code with authorities expected to work towards full compliance from April 2021. There are clear links between the Financial Management Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes. As such, Annex 5 sets out the outcomes of the initial assessment of compliance with the Code. As you will see, the picture is positive, with the RAG (Red-Amber-Green) rating of compliance showing as Green in all but one of the 19 standards. A column showing 'Further Work' gives an indication of improvements that can be made over the current year. For example, to bring the amber rated standard to green the action is to "Embed budget monitoring to include key balance sheet items including reserves and balances and debtors".

Our statutory governance roles

19. 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** – in 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. Steve Jorden, Corporate Director for Commercial Development, Assets and Investment, was appointed interim Monitoring Officer until the appointment of Anita Bradley to the post of Director of Law and Governance and Monitoring Officer in January 2021.
- **'Section 151 Officer'** – the Chief Finance Officer, throughout 2020/21 has been and remains Lorna Baxter: responsible for the financial management of the authority.

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.

21. 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 2020/21 and priorities for 2021/22

22. The following two annexes summarise:

Annex 1: updates on the priority actions for 2020/21

Annex 2: actions identified for 2021/22

23. The Actions for 2020/21 in Annex 2 will be monitored by the Corporate Governance Assurance Group and the Accounts, Audit and Risk Committee. The Actions for 2020/21 in Annex 1 highlight certain aspects of emerging governance that might not otherwise be apparent from work regularly reported to the Council's Accounts, Audit & Risk Committee. As such, progress reports on these actions will be reported to the Committee through the year.

24. Other governance and audit activity across the Council will continue to be reported to [Accounts, Audit and Risk Committee](#) through its normal work programmes

Governance in Outline

25. Annex 4 sets out the Council's governance framework in outline.

Annex 1 – Significant Governance Issues

Actions identified for 2020/21 - Update

26. This is a review of the progress during 2020/21 on the priorities for that year.
The actions identified were completed in-year

Actions that were planned for 2020/21	Original Timescale	Outcome
<p>Alignment of Annual Governance Statement preparation – Oxfordshire CC and Cherwell District Council: achieving a more streamlined approach to AGS preparation across both authorities which:</p> <ul style="list-style-type: none"> • engages senior managers and is clearly aligned to corporate objectives • achieves revised and more meaningful Directors Certificate of Assurance process • establishes a joint Corporate Governance Assurance Group of key governance officers with a view across both authorities • becomes a 'living, year-round activity' not simply one about producing a 'document' • reviews the current arrangement of 'lead statements' and establishing a corporate governance lead for Property & Security • establishes a relevant Local Codes of Corporate Governance which better reflects the Councils' current work 	<p>June – September 2020</p> <p>June-July 2020</p> <p>June 2020</p> <p>Ongoing</p> <p>September 2020</p> <p>September 2020</p>	<p>The partnership between this Council and Oxfordshire County Council has allowed the development of a much more aligned approach to each authority's Annual Governance Statement.</p> <p>In addition to sharing a common structure, this year, the actual preparation for the Statements has been more integrated. A Joint senior management team arrangement for both authorities has enabled the Corporate Governance Assurance Group to work closely with the service leads in developing a common approach to the twin aspects of the Annual Governance Statement.</p> <p>This has resulted in reviewing of the effectiveness of current arrangements and the identifying areas of improvement.</p>

Actions that were planned for 2020/21	Original Timescale	Outcome
<p>Review of post-COVID governance arrangements:</p> <ul style="list-style-type: none"> • Corporate Governance Assurance Group to keep under review the Council's governance as we emerge from COVID including: • Linkage to any ongoing Gold-Silver command activity/experience • Lessons for key governance activities across the Corporate Lead areas – e.g. business continuity, risk, procurement, democratic decision making, ICT security, health and safety and property management; financial management. 	<p>Ongoing June 2020– March 2021</p>	<p>The Corporate Governance Assurance Group continued to monitor, support and engage with Corporate Lead areas so as to ensure that they are able to continue with effective governance arrangements.</p> <p>Corporate Leads continued to deliver services within the context of COVID and are likely to do so into 2021/22 as restrictions move in response to COVID. The Corporate Governance Assurance Group has and will continue to review the Council's governance, including its internal controls, policies and transparency arrangements.</p>

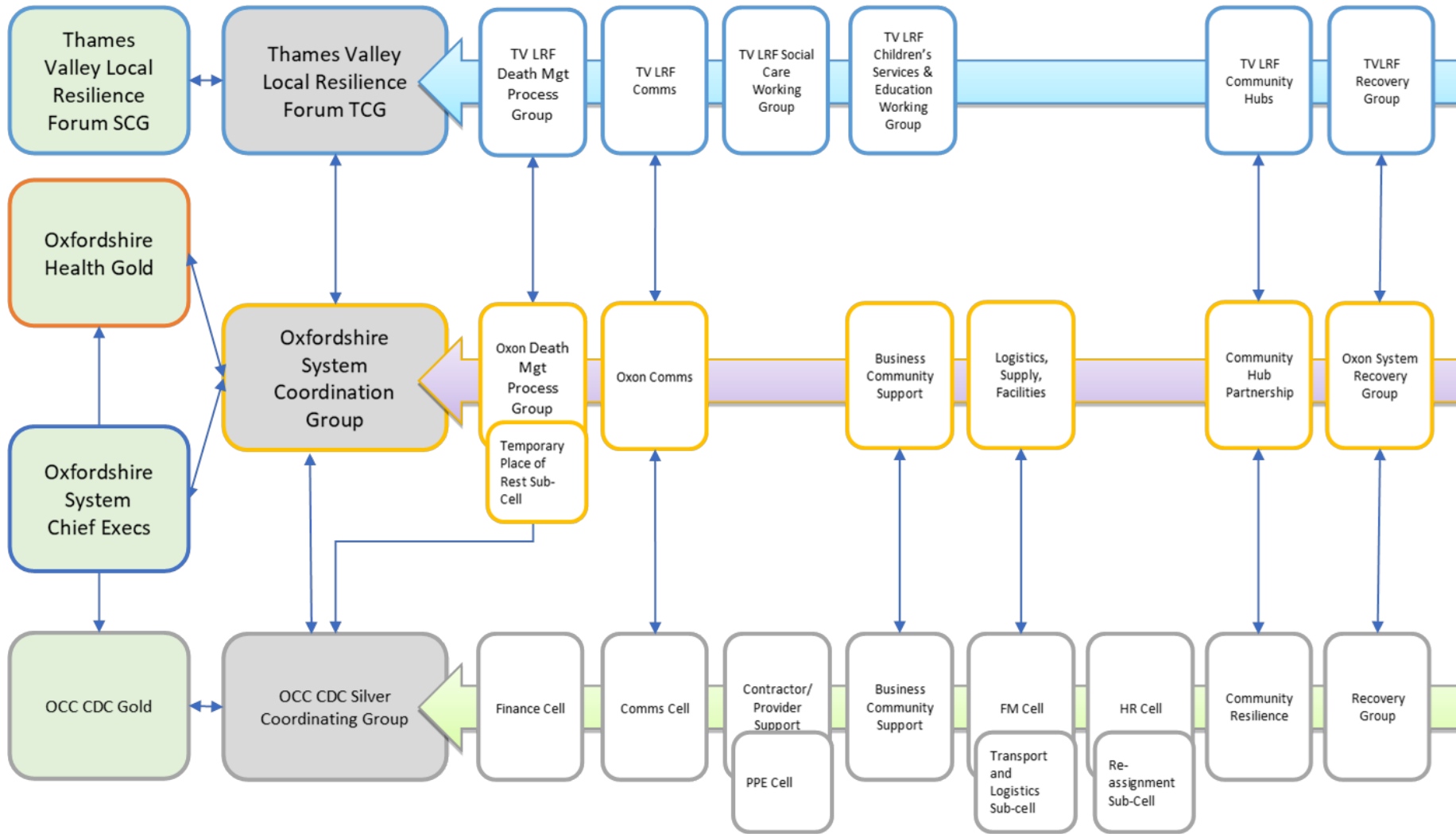
Annex 2 – Significant Governance Issues

Actions identified for 2021/22

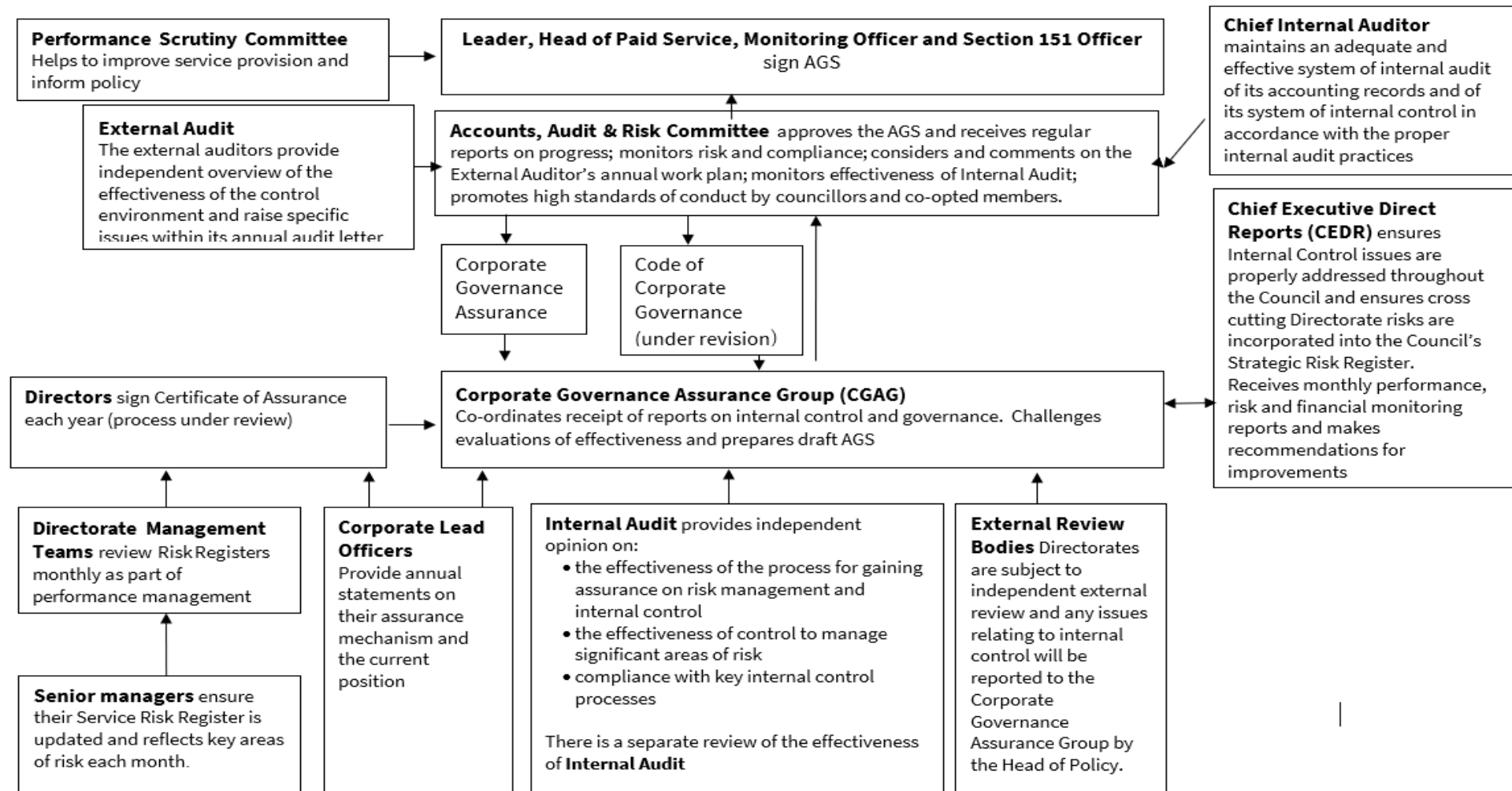
	Action now planned for 2020/21	Timescale for Completion	Responsible Officer	Monitoring Body
1	<p>To develop an OCC/CDC Procurement Strategy and OCC/CDC Social Value Policy with CEDR fully sighted on both documents. Ensure all staff are fully briefed and trained on the content and their respective obligations.</p> <ul style="list-style-type: none"> The new Provision Cycle Hub and Spoke functional model will fully define contract management accountability across the Councils. To help fulfil this accountability the council will enhance its contract management systems and processes and provide a training programme to support contract management skills improvement. <p>The electronic Contract and Supplier Management System (eCMS) functionality has been enhanced and will continue to be reviewed as part of the Provision Cycle transformation programme.</p> <ul style="list-style-type: none"> This will include an improvement plan with the expectation to develop and implement improvements that will provide management and controls across the full cycle of Commissioning, Procurement and Contract Management. This will enable a consistent, council-wide approach enabling 100% visibility of requirements throughout the provision cycle, ensuring all contracts are effectively managed. 	<p>A new joint procurement strategy will be presented to CEDR by end July 2021.</p> <p>The new Social Value Policy, including Climate Change elements, will be presented to CEDR by July 2021. It will be implemented as appropriate across all tenders from July 2021.</p> <p>All contracts will be stored in the eCMS to demonstrate a complete Forward Plan in terms of current active contracts and renewal timescales. It will be a live document driving procurement engagement across all service areas.</p>	<p>Head of Procurement & Contract Management</p> <p>Head of Procurement & Contract Management</p>	<p>Corporate Governance Assurance Group</p>

2	<p>Review of post-COVID governance arrangements:</p> <ul style="list-style-type: none"> The Corporate Governance Assurance Group will continue to monitor, support and engage with Corporate Lead areas so as to ensure that they are able to continue with effective governance arrangements. The Corporate Governance Assurance Group will continue to review the Council's governance, including its internal controls, policies and transparency arrangements. 	<p>Ongoing throughout 2021/2022</p> <p>Monthly review by Corporate Governance Assurance Group</p> <p>Paper to ELT and CEDR in Q.2 and each Quarter thereafter to update on progress</p> <p>Local Code of Corporate Governance reviewed by ELT in Q2 for consideration by Accounts, Audit and Risk Committee in September or November.</p> <p>Report to Accounts, Audit and Risk Committee at September, November, January and March meetings on emerging governance issues post-COVID.</p>	Corporate Governance Assurance Group	Corporate Governance Assurance Group
10.5	<p>Constitution Review</p> <p>Undertake an Annual Review of the Constitution, as agreed by Council in 2020, to take place during the Autumn</p>	<p>The Overview and Scrutiny Committee to agree the scope and means of a achieving the Annual Review of the Constitution (October 2021).</p> <p>Review to take place October-November</p> <p>The Scrutiny Committee (Nov 2021) to make recommendations for any substantive change to Council (December 2021).</p>	The Monitoring Officer	Overview and Scrutiny Committee
4	<p>Financial Management</p> <p>Implement budget monitoring that considers balance sheet items including reserves and outstanding debt</p>	<p>Begin monitoring of balance sheet items in Period 2 of 2021/22.</p> <p>As the closedown process finishes enhance the process throughout the year.</p>	S151 Officer	Budget Planning Committee

Annex 3 – COVID-19 Command and Control Structure



Annex 4 – Overview of Corporate Governance Assurance Framework



Annex 5 – Summary Financial Management Code Assessment

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
1. Responsibilities of the CFO and Leadership Team				
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	All services reviewed to ensure being delivered efficiently and appropriate savings identified. All tenders consider Vfm by considering the quality of service and not just price.	Develop a statement of how proposals in Executive Reports will deliver value for money where appropriate	Green
B	The authority complies with the CIPFA “Statement of the Role of the CFO in Local Government”	The CFO is qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of CEDR (Chief Executive Direct Reports) and has an influential role with members of the Cabinet, Audit & Governance Committee and lead opposition members.	Set out clear statement of roles and responsibilities of CFO, CEDR and the Exec.	Green
2. Governance and Financial Management Style				
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	The Corporate Governance and Assurance Group (CGAG) exists to ensure good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Professional Lead Statements and engagement with Corporate Directors.	CGAG to continue to establish itself and enhance its workload including driving consistency across the partnership between the County Council and CDC.	Green

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
D	The authority applies the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)”	Annual Governance Statement includes audit opinion on effectiveness of internal control environment and systems of internal control.	Continue to enhance and develop the AGS through CGAG.	Green
E	The Financial Management style of the authority supports financial sustainability	The Council has adopted a Business Partnering model that supports managers to deliver financially sustainable services by providing strategic advice and support. This is underpinned by a Corporate Function that manages the strategic financing issues and provides the budget setting and accounting framework for the organisation.	Continue to develop the skills of managers to ensure that they have access to performance and financial information that enables them to deliver services that are financially sustainable.	Green
3. Long to Medium-Term Financial Management				
F	The authority has carried out a credible and transparent financial resilience assessment	A Financial Resilience assessment is included within the Budget Documents. The assessment is consistent with the Medium-Term Financial Strategy (MTFS) assumptions.		Green
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	MTFS far more transparent than in previous years clearly outlining the financial challenges facing CDC in the Budget and Business Planning Process 2021/22 – 2025/26 Report	Continue to update CEDR and the Executive throughout year and within Budget/MTFS documents	Green

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
H	The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”	Capital Strategy is produced. Quarterly Treasury Management monitoring considered at the Accounts, Audit and Risk Committee.	Develop a profiled three-year capital programme. Provide quarterly TM and Prudential Indicator updates as part of monitoring reports.	Green
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	CDC has an Integrated Business Planning and Budget Process with a five-year MTFS.	Ensure services aware of future savings plans committed to and savings are implemented.	Green
4. The Annual Budget				
J	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces its annual balanced budget and supporting documentation.		Green
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	S25 report accompanies the suite of Budget documents. Enhanced by including an assessment of readiness for implementing the FM Code		Green
5. Stakeholder Engagement and Business Plans				
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	Significant consultation on the 2021/22 budget proposals as well as ensuring carry out the statutory business rate payer’s consultation.	Continue with corporate and directorate consultation – consider developing clear priorities that focus on providing services within resources available.	Green

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	<p>A business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits of progressing with the scheme.</p> <p>All tenders consider VfM by considering the quality of service and not just price – the appraisal process is documented.</p>	Agree consistent business case templates from outline through to full across the partnership between the County Council and CDC for both revenue and capital schemes.	Green
6. Monitoring Financial Performance				
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The monthly Performance, Risk and Financial Monitoring Report to Executive enables CEDR and Executive to respond to emerging risks – the effectiveness was evidenced during 2020/21 as the Council agreed an in-year budget to respond to the financial impact of COVID-19.	The Capital Programme monitoring element requires enhancement to better reflect performance and the delivery of outcomes linked to the completion of capital schemes.	Green
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	Developing processes to monitor key balance sheet items.	Embed budget monitoring to include key balance sheet items including reserves and balances and debtors.	Amber

7. External Financial Reporting				
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom"	The annual accounts are produced in compliance with the CIPFA Code.		Green
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	CEDR and Executive consider outturn report and year end variances enabling strategic financial decisions to be made as necessary.		Green