

*Cherwell*

DISTRICT COUNCIL  
NORTH OXFORDSHIRE

**DRAFT**

**Statement of Accounts**

**2023/24**

# Contents

<b>CONTENTS</b> .....	<b>2</b>
<b>INTRODUCTION</b> .....	<b>4</b>
<b>NARRATIVE STATEMENT – OVERVIEW OF 2023/24</b> .....	<b>5</b>
INTRODUCTION .....	5
ABOUT THE DISTRICT.....	6
OUR BUSINESS PLAN 2023 – 2024 .....	7
<i>Our 2023 - 2024 performance</i> .....	8
<i>Housing that meets your needs</i> .....	9
<i>Supporting environmental sustainability</i> .....	10
<i>An enterprising economy with strong and vibrant local centres</i> .....	11
<i>Healthy, resilient, and engaged communities</i> .....	12
<b>RISK MANAGEMENT</b> .....	<b>13</b>
<b>FINANCIAL OVERVIEW</b> .....	<b>13</b>
<i>Financial Performance</i> .....	13
<i>Resources</i> .....	13
<i>Pension Liabilities</i> .....	14
<i>Contingencies</i> .....	14
<i>Council Funding 2023/24</i> .....	15
<i>Revenue Financial Outturn Position</i> .....	16
<i>Financial Position</i> .....	17
<b>CAPITAL PROGRAMME</b> .....	<b>18</b>
<i>Capital investment plans for 2023/24</i> .....	18
<i>Town Centre House</i> .....	18
<i>Bicester Depot</i> .....	19
<i>Basis of Preparation and Presentation</i> .....	20
<i>Financial Outlook</i> .....	20
<b>THE FINANCIAL STATEMENTS</b> .....	<b>21</b>
<b>STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS</b> .....	<b>23</b>
<i>The Council's Responsibilities</i> .....	23
<i>Section 151 Officer's Certificate</i> .....	23
<b>EXPENDITURE AND FUNDING ANALYSIS</b> .....	<b>24</b>
<b>COMPREHENSIVE (INCOME) AND EXPENDITURE STATEMENT</b> .....	<b>26</b>
<b>MOVEMENT IN RESERVES STATEMENT</b> .....	<b>27</b>
<b>BALANCE SHEET</b> .....	<b>28</b>
<b>CASH FLOW STATEMENT</b> .....	<b>29</b>
<b>NOTES</b> .....	<b>30</b>
<i>Note 1 – Accounting Policies</i> .....	30
<i>Note 2 – Accounting Standards Issued, Not Adopted</i> .....	51
<i>Note 3 – Critical Judgements in Applying Accounting Policies</i> .....	52
<i>Note 4 – Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty</i> .....	54
<i>Note 5 - Material Items of Income and Expense</i> .....	58
<i>Note 6 – Events after the Balance Sheet Date</i> .....	58
<i>Note 7a – Note to the Expenditure and Funding Analysis</i> .....	59
<i>Note 7b – Segmental Analysis of Income and Expenditure</i> .....	61
<i>Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations 2023/24</i> .....	62
<i>Note 9 - Transfers to/from Earmarked Reserves</i> .....	65
<i>Note 10 - Other Operating Expenditure</i> .....	66

<i>Note 11 - Financing and Investment Income and Expenditure</i> .....	66
<i>Note 12 - Taxation and Non-Specific Grant Income</i> .....	66
<i>Note 13 – Expenditure and Income Analysed by Nature</i> .....	67
<i>Note 14 – Property, Plant and Equipment</i> .....	68
<i>Note 15 – Investment Properties</i> .....	70
<i>Note 16 – Intangible Assets</i> .....	74
<i>Note 17 – Financial Instruments</i> .....	75
<i>Note 18 – Inventories</i> .....	82
<i>Note 19a – Short Term Debtors</i> .....	82
<i>Note 19b Short Term Debtors for Local Taxation</i> .....	82
<i>Note 20 – Cash and Cash Equivalents</i> .....	83
<i>Note 21– Assets Held for Sale</i> .....	83
<i>Note 22 – Short Term Creditors</i> .....	84
<i>Note 23 – Provisions</i> .....	84
<i>Note 24 – Usable Reserves</i> .....	86
<i>Note 25 - Unusable Reserves</i> .....	88
<i>Note 26 - Members’ Allowances</i> .....	94
<i>Note 27 - Officers’ Remuneration</i> .....	95
<i>Note 28 - External Audit Costs</i> .....	99
<i>Note 29 – Grant Income</i> .....	100
<i>Note 30 – Related Parties</i> .....	104
<i>Note 31 – Capital Expenditure and Capital Financing</i> .....	107
<i>Note 32 – Leases</i> .....	108
<i>Note 33 - Impairment Losses</i> .....	110
<i>Note 34 - Termination Benefits</i> .....	111
<i>Note 35 - Defined Benefit Pension Scheme</i> .....	111
<i>Note 36 - Contingent Liabilities</i> .....	117
<i>Note 37 - Contingent Assets</i> .....	117
COLLECTION FUND ACCOUNTS.....	118
<i>Notes (1 – 4) to the Collection Fund</i> .....	119
GROUP ACCOUNTS AND EXPLANATORY NOTES .....	122
<i>Introduction</i> .....	122
<i>Group Comprehensive Income and Expenditure Statement</i> .....	125
<i>Group Movement in Reserves Statement</i> .....	126
<i>Group Balance Sheet</i> .....	128
<i>Group Cash Flow Statement</i> .....	129
<i>Notes to the Group Accounts</i> .....	130
ANNUAL GOVERNANCE STATEMENT 2023/2024 .....	133
INTRODUCTION.....	135
THE PURPOSE OF THE GOVERNANCE FRAMEWORK.....	135
THE KEY ELEMENTS OF THE GOVERNANCE FRAMEWORK AT CHERWELL DISTRICT COUNCIL .....	135
ANNUAL PLANNING PROCESS .....	136
DECISION MAKING.....	137
RISK MANAGEMENT .....	137
CORPORATE LEADERSHIP TEAM (CLT).....	137
FINANCE.....	138
ARRANGEMENTS FOR GOVERNANCE.....	139
REVIEW OF EFFECTIVENESS.....	142
PEER REVIEW - PROGRESS FEEDBACK.....	144
GOVERNANCE SELF ASSESSMENT .....	144
CONCLUSION.....	145
STATEMENT OF OPINION.....	146
GLOSSARY OF TERMS.....	147

## Introduction

Your district council is hard at work making north Oxfordshire a great place to live, work and play. Every year we offer you this snapshot of how key public services are running in your area, and of the progress we're making towards our long-term strategic goals for the district. We run services including waste collection, street cleansing services, housing, planning, and enforcement. It's no secret that councils everywhere are operating in challenging financial circumstances, impacted by inflation and the increased cost of living. But we are a prudent and well-run council and have maintained a high level of performance for north Oxfordshire residents, while navigating these challenges with a balanced budget.

We are determined to deliver housing to meet the community's needs, and our recent successes include the launch of a tenants' charter, the delivery of grant funding to improve the condition of privately rented homes, and the start of work on site at Town Centre House, which is being refurbished for use as social housing. Cherwell supports environmental sustainability, and the year just gone saw extraordinary success as coffee loving residents embraced a new coffee pod recycling scheme, the business waste service continued to grow, and we won funding to plant new, carbon sequestering woodlands.

Our work to support the district's economy and urban centres reached some crucial milestones in the past year. Our work revitalising Bicester Market Square is underway, and we ran a key survey on the future of Banbury town centre, seeing a massive response from the public. We also had a fantastic response to a survey of local businesses, helping steer our plans for future economic growth.

I am also really pleased that, even against a challenging financial backdrop, the council is sticking to its vision of doing more for you, leading the way with initiatives designed to make Cherwell a district where it's easy to make healthy lifestyle choices. We have continued to invest in the health and wellbeing of your communities; we cast a wide net with a series of investments and leisure programmes that offers something for people at all stages of life.

For youngsters we delivered scores of new bikes to bike libraries at primary schools in the district. And our Move Together programme is a standout example of best practice, with the highest take-up in the county on this programme which offers tailored exercise programmes to people with long-term health conditions. Read on for more information about the good work we are doing with your council tax money and to learn more about the real impact our work is having in your area.

Should you have any comments or wish to discuss this statement in further detail then please contact the finance team by email on [finance@cherwell-dc.gov.uk](mailto:finance@cherwell-dc.gov.uk).

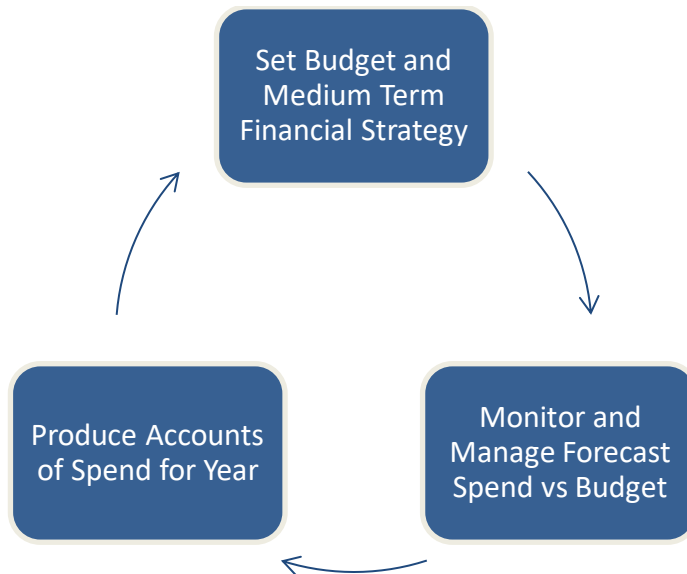
We hope you find the financial statements of interest and we look forward to hearing your views.

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

# Narrative Statement – Overview of 2023/24

## Introduction

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



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

2023/24 proved to be a hugely challenging but successful year for Cherwell District Council during which we continued to deliver on our objectives and playing a vital role supporting residents and businesses.

The 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 2023/24.

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

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

# About the District



Cherwell District in North Oxfordshire is a predominantly rural area providing an excellent environment in which to live and work.

There are three urban centres – Banbury, Bicester, and Kidlington –with the remainder of the population living in 70 smaller settlements. Cherwell continues to change, with a population estimate from the Office for National Statistics released in November 2023 totaling 164,171 (mid-2022).

Between last two censuses of 2011 and 2021 Cherwell’s population has grown by 13.5%, higher than the average rate of growth across the South East (7.5%).

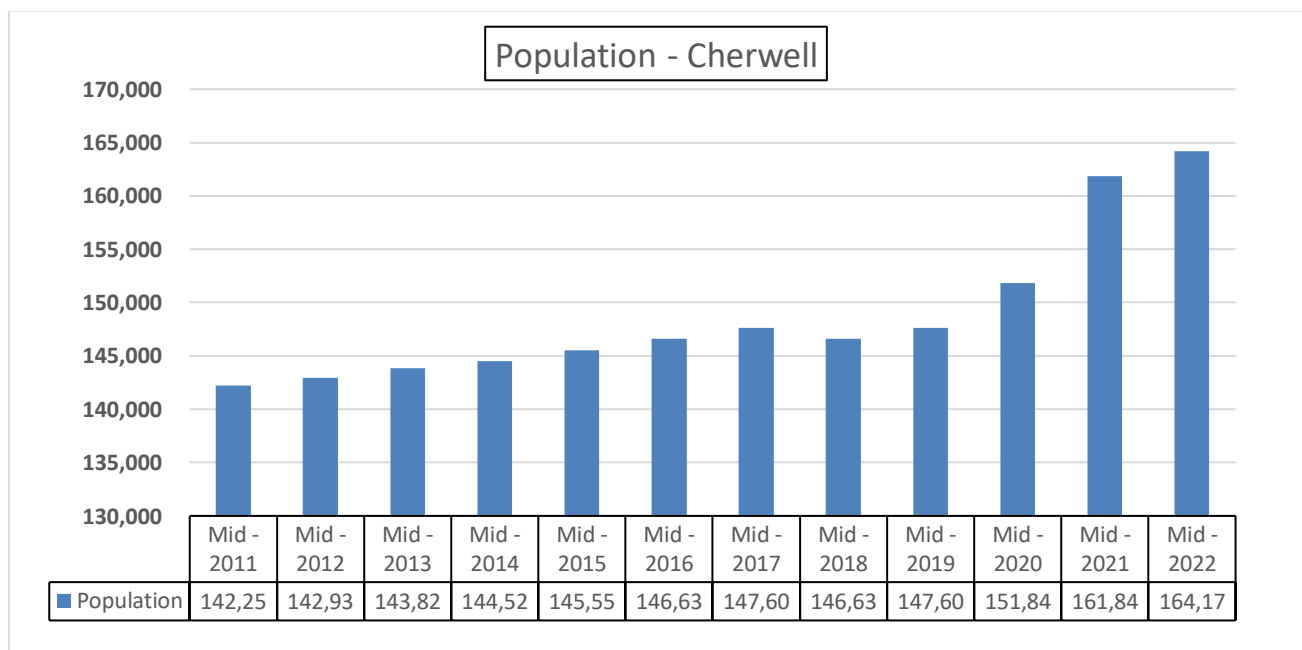


Figure 1- Time series bar chart showing the total population of Cherwell mid-2011 to mid- 2022. There are currently 71,434 houses that are subject to council tax (December 2023).

# Our Business Plan 2023 – 2024

We are proud to celebrate our 50th year serving the Cherwell district. Established on April 1, 1974, Cherwell District Council was formed by merging four local districts under the Local Government Act 1972.

Our 2023/24 business plan includes the following four priorities:

## Housing that meets your needs

Promote affordable, green housing and minimum rental standards.  
Prevent homelessness with partners.  
Support vulnerable residents. Prepare the Local Plan.



## Supporting environmental sustainability

Achieve carbon net zero by 2030.  
Promote the green economy. Reduce waste and improve air quality with partners.



## An enterprising economy with strong and vibrant local centres

Support business growth. Partner for skills and innovation. Promote district as a visitor destination and attract investment. Ensure business compliance and best practices.



## Healthy, resilient, and engaged communities

Encourage active lifestyles and wellbeing. Develop leisure services. Support community and diversity. Address health inequality. Reduce crime and antisocial behaviour.



## Our 2023 - 2024 performance

Every year, we look to serve you better. This includes emptying your bins, managing your planning applications, handling housing benefit requests, keeping your communities clean and tidy, and delivering crucial day-to-day services.

This report highlights some notable accomplishments from the past year that are on top of our regular work.

We assess progress based on our four key business plan priorities, measured through 27 performance goals.

In 2023/24, all but one of the 27 Business Plan measures achieved their year-end target or reported within tolerance.

The measure that missed its target for the year was “Net Additional Housing Completions to meet Cherwell Needs”, reporting a provisional figure of 884, which is 77.4% of the set target for the year. Please note the final figure, which is expected to be higher, will be available in Q1 24/25, when all the site visits have been completed.



■ Measures achieved (26)

■ Measures not achieved (1)



## Housing that meets your needs

Below are some of the past year's achievements for this strategic priority.



**Prevented 215 households from becoming homeless.**

**Secured over £400,000 funding to support low-income residents with housing needs. Current tenants were involved in shaping a new charter and services provided by the landlord.**



**Our Cherwell Bond Scheme assisted landlords in improving homes for tenant properties with grants, tenant support, property viewings, and a deposit bond equivalent to 10 weeks of rent.**

**Launched a new strategy to address homelessness and rough sleeping in our district for the next 5 years.**



**Delivered 266 affordable homes, 38% more than last year**

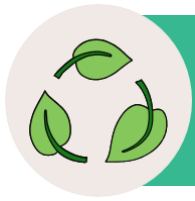
**Improved 138 homes through enforcement to ensure homeowners and landlords provide safe places for people to live.**



**Processed new housing benefit claims in 16 days, two days quicker than our target average for the year.**

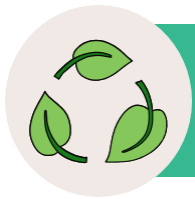
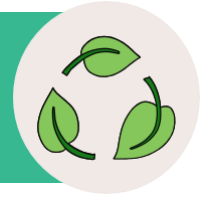
## Supporting environmental sustainability

Below are some of the past year's achievements for this strategic priority.



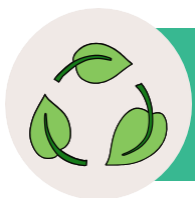
**Achieved our objective to reach 15% of electric vehicles in our fleet by the end of 2023/24.**

**Our crews emptied 8.5 million containers, collecting a total of 60,652 tonnes of waste, 4% more than last year, whilst consuming 2% less fuel than last year**



**Recycled 53% of waste collected, 10% more than England's average.**

**Secured government funding to increase tree-cover in the district by creating a tiny forest at Longford Park and a community orchard at Burnehyll Community Woodland.**



**Our new coffee pod recycling scheme recycled 1,048,397 pods (16.4 tonnes)**

**Proposed a new Climate Action Plan for Cherwell to achieve carbon net zero by 2030 and support the district's carbon reduction goals.**



# **An enterprising economy with strong and vibrant local centres**

Below are some of the past year's achievements for this strategic priority.



**Our Banbury Vision 2050 survey to shape the future of Banbury town centre, registered an unprecedented 2,729 responses from our residents, business owners and visitors.**

**Plans launched to revitalise Bicester Market Square with £4.25m funding from the council's capital budget and a government grant for infrastructure.**



**Over 750 district businesses took part in the survey. 37% reported improved performance in the past year, with the same percentage expecting this trend to continue in 2024.**

**The Business Needs Survey results will guide projects for the 2024-25 UK Shared Prosperity Fund and Rural England Prosperity Fund, emphasising business support, decarbonisation, and green skills training.**



**Launched a consultation to seek residents feedback on our Local Plan Review 2040 first draft.**

## Healthy, resilient, and engaged communities

Below are some of the past year's achievements for this strategic priority.



**Our Move Together programme benefited over 1,800 participants improving their physical and mental health.**

**Donated £10,600 to Alexandra House of Joy, to help the facility to keep offering support for adults with severe learning disabilities.**



**Assisted residents by upgrading the least energy-efficient homes to alleviate cost-of-living pressures, combat fuel poverty, and lower energy expenses.**

**Attracted 4,180 residents to our You Move programme to enjoy free and reduced-price physical activities.**



**Developed Everyone's Wellbeing Strategy for a healthier and happier Cherwell 2024-2028**

**Implemented Cost-of-Living Action plan with grant schemes for food groups, expanded Warm spaces network, updated "Who can Help?" booklet, and distributed it through partner organisations.**



**Encouraged 3,187 children to become more active through our Youth Activators program.**

**Welcomed 1,395,640 visitors to our leisure centres, 3% more than the forecasted for the year.**



# Risk management

During 2023/24 we continued to develop and strengthen our risk management activities. This helped us to ensure that we continue to identify and address any uncertainties relating to the achievement of our priorities.

The most significant risks facing the council, Leadership Risks, are reviewed and reported to the Executive in our monthly Finance, Performance and Risk Monitoring Reports, also, reviewed in more depth quarterly by the Accounts, Audit and Risk Committee.

Leadership risks are those that could impact on the performance of the council as a whole, and on its ability to deliver its strategic priorities. The council has maintained a focus on its financial resilience during the year, reporting this as the highest risk facing the council, although our council keeps delivering a balanced budget, when reviewing and managing this risk the finance team takes into consideration the current financial national climate, the predicted gap in local authorities' budgets, and the cost of living crisis, and its impact, which keeps the score on the higher end of the scale.

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

## Financial Overview

### Financial Performance

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

Construction of the budget and budget proposals are subject to challenge by the Corporate Leadership Team and the Assistant Director of Finance. The Budget Planning Committee scrutinises the budget proposals at its meetings before the Executive propose the budget, MTFS and capital programme to council in February. The council approves the budget at its Annual Budget meeting each February.

As the council was facing the cost-of-living crisis when it set its 2023/24 budget, contingencies were built into the budget to address potential ongoing impacts and financial uncertainties. Including these contingencies allowed the council to set a balanced budget whilst providing the security of knowing that additional funding was available if the financial impacts of the pandemic continued for a significant period into the year.

Throughout the year, regular financial monitoring reports are presented to the Executive and quarterly for the Budget Planning Committee to scrutinise.

### Resources

The council collects council tax and business rates on behalf of itself and other bodies including Central Government, Oxfordshire County Council and Thames Valley Police and Crime Commissioner.

The council is required to distribute the business rates and council tax according to how it set its budget in the February before the beginning of the financial year. Business rates of £102.7m and council tax of £130.5m was budgeted and distributed in 2023/24 in the following shares.

Business Rates split £102.7m			Council Tax £130.5m		
Cherwell District Council	Oxfordshire County Council	Central Government	Cherwell District Council	Oxfordshire County Council	Thames Valley Police and Crime Commissioner
£41.1m	£10.3m	£51.3m	£14.7m	£100.9m	£14.9m

From the council's share of business rates the Government then charges a tariff, which is redistributed to other Local Authorities based on their need to spend. For the year ending 31 March 2024, the council expected to retain a net £14.1m of business rates related income after all the allocations are taken into consideration.

The council collected £105m business rates and £133.8m council tax compared to the £102.7m and £130.5m it budgeted to collect and distribute respectively. The difference between collection and budget will be factored into future years budgets for the council and its preceptors.

## Pension Liabilities

The amounts payable by the council in future years are partly offset by the value of the assets invested in the pension fund. The value of the pension fund net liability at 31 March 2024 is £15.1m; this reflects an improvement of £16.2m from the 31 March 2023 net liability position of £31.3m.

## Contingencies

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

On 1 April 2023 the total provision for business rate appeals was £19.5m of which the council's 40 per cent share was £7.8m. During the financial year £9.2m was charged to the provision for successful appeals in 2023/24 which have been previously provided for, of which the council's 40 per cent share is £3.7m.

After reflecting the amounts charged to the provision in 2023/24, the council carried out an assessment of the future risk of appeal losses. Following this, the 2023/24 overall provision for business rates appeals decreased to £14.3m of which the council's 40 per cent share is £5.7m.

- Appeals provision 31 March 2023: £7.8m
- Appeals provision 31 March 2024: £5.7m

## Council Funding 2023/24

The council's core funding from central government has been reducing and funding generated as a result of economic growth is increasing. The table below shows where the council funding has come from. The council has benefited from being a member of the Oxfordshire Business Rates Pool, which accounts for the majority of the variance to budget.

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

<b>2023/24 Revenue Budget Funding</b>	<b>Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>
Government Grants	(0.242)	(0.307)	(0.065)
Council Tax	(9.289)	(9.306)	(0.017)
Business Rates related income	(17.127)	(17.910)	(0.783)
New Homes Bonus	(1.625)	(1.625)	(0.000)
<b>Total Funding</b>	<b>(28.283)</b>	<b>(29.148)</b>	<b>(0.865)</b>

## Revenue Financial Outturn Position

The council set a balanced budget in February 2023 for the 2023/24 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.

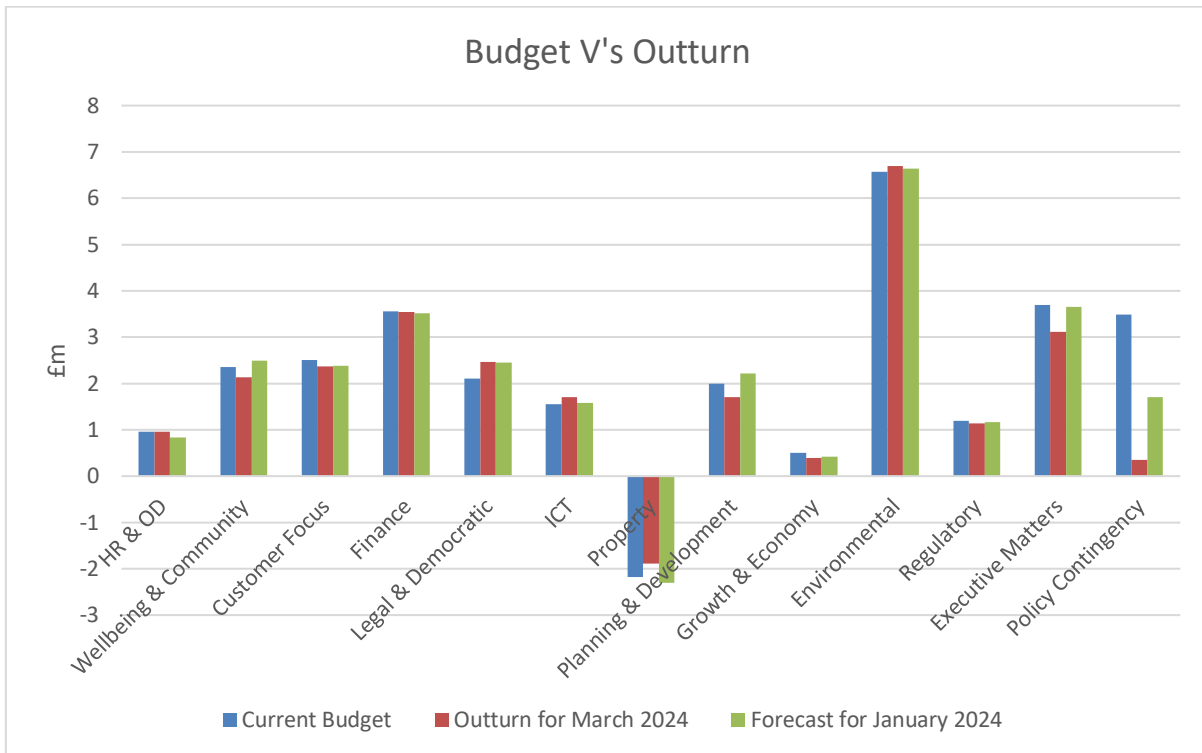
Regular monitoring reports were considered by the council's Executive and the council has delivered the budgeted balanced position after taking into account the variances on both the Cost of Services before transfers to reserves (underspend of £3.596m) and Total Income (overachieved by £0.865m).

The table below summarises the 2023/24 financial outturn position across the council:

<b>Financial Outturn</b>	<b>Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>
Chief Executive's	5.821	5.462	(0.359)
Communities	10.249	9.938	(0.311)
Resources	5.033	5.818	0.785
<b>Total Directorates</b>	<b>21.103</b>	<b>21.218</b>	<b>0.115</b>
Executive Matters	7.180	3.469	(3.711)
<b>Total Cost of Services</b>	<b>28.283</b>	<b>24.687</b>	<b>(3.596)</b>
Income	(28.283)	(29.148)	(0.865)
<b>Total Net Cost of Services before transfers to reserves</b>	<b>0.000</b>	<b>(4.461)</b>	<b>(4.461)</b>
Transfers to reserves	0.000	4.461	4.461
<b>Total Net Cost of Services</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>



In summary, the council delivered an overall balanced position against a net budget of £28.283m.



Some of the key factors for this include prudent levels of borrowing taken out in a timely manner and higher rates of interest than anticipated, particularly later in the year, a one-off saving on Minimum Revenue Provision following the change in method, a dividend received from the council's subsidiary company, and unallocated contingency budgets which have been transferred to reserves.

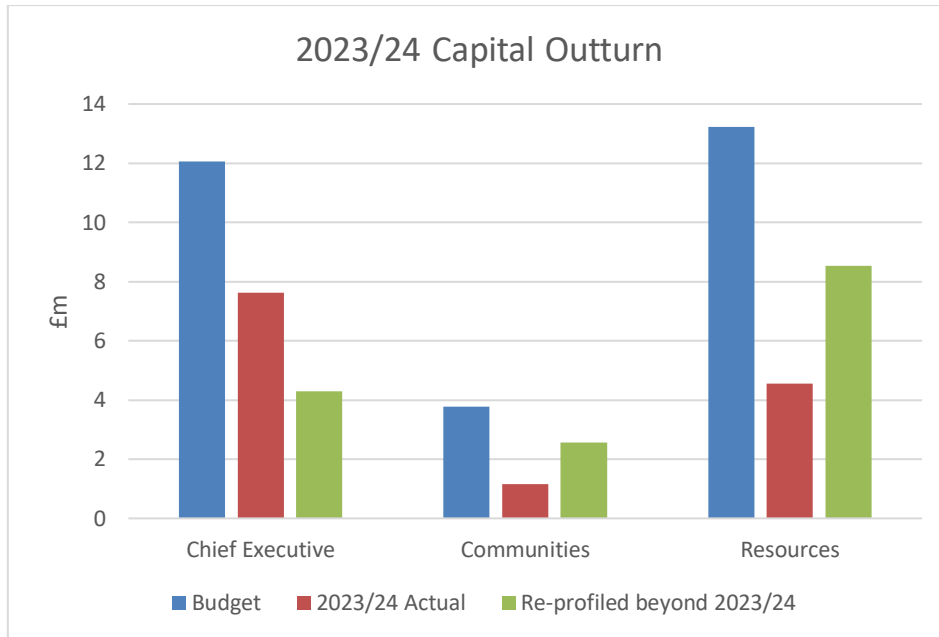
## Financial Position

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

31st March 2023			31st March 2024		
Non current assets (Property and Investments)	Long term liabilities (pension and provisions)	Funded by: Useable Reserves	Non current assets (Property and Investments)	Long term liabilities (pension and provisions)	Funded by: Useable Reserves
£289m	(£222m)	(£36m)	£291m	(£178m)	(£43m)
+	=	+	+	=	+
Net current assets (debtors, creditors and cash)		Unusable Reserves	Net current assets (debtors, creditors and cash)		Unusable Reserves
(£15m)		(£16m)	(£43m)		(£26m)
<b>Net Assets £52m</b>			<b>Net Assets £69m</b>		

# 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 2023/24

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

### Town Centre House

The council has invested £7m in purchasing the freehold and returning Town Centre House to use following the discovery of reinforced autoclaved aerated concrete (RAAC) in the roof. Local Authority Housing Fund grants have been used to purchase the property from the leaseholder, giving the council full control of the future use of the property, to improve fire safety and to reconfigure the building to allow for flexibility of use. When complete in 2025, the building will comprise 36 units of between 1 and four bedrooms.



Images above: progress on Town Centre House

## **Bicester Depot**

The council has secured a site at Graven Hill in Bicester for a new environmental services depot. Design work is under way to deliver an environmental services depot which meets the requirements of Bicester as a thriving and growing town.

## 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 2023/24 are set out on pages 21 to 132.

The accounts bring together all the council's financial statements for the year 2023/24 and show its financial position as at 31 March 2024. 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 2024 and of its income and expenditure for the 2023/24 financial year. When preparing the accounts consideration is given to the materiality of information. Disclosure of information is made where omitting it could be misleading or inhibit the true and fair view.

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

## Financial Outlook

Cherwell District Council set a balanced budget in February 2024 for the 2024/25 financial year. In setting the 2024/25 budget, the council considered the ongoing financial impacts of the continuing impact of the Cost-of-Living crisis.

A policy contingency budget of £4.1m has been developed which includes contingencies of £1.1m for potential increased commercial risk, £2.2m for additional inflation related costs and £0.8m general contingency.

The level of business rates income and council tax base were reviewed resulting in increases of income against original plans (February 2023) due to anticipated increases in council tax support claimants and a reduction in the number of businesses eligible to pay business rates not materialising at the rates anticipated. The council estimated it would hold £26.8m of earmarked reserves when setting the budget. General Balances remain above £6m in line with the minimum level the Section 151 officer's risk assessments of the current financial outlook requires.

The Government have not confirmed a timeline for the Review of Relative Needs and any approach to resetting the baseline for business rates retention income; however, it seems unlikely this could be implemented before 2025/26 at the earliest. The final year of the 2021 Spending Review is 2024/25 so the council anticipates a new Spending Review to be prepared in 2024 to indicate sector-wide spending levels in future years and, in particular, 2025/26. Therefore, there is no indication of detailed local government funding levels for 2025/26 and beyond.

## The Financial Statements

The Statement of Accounts sets out the council's income levels and spending for the year and its financial position at 31 March 2024. The accounts include core and supplementary statements along with notes providing additional insight.

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

### The Core Statements can be described as:

<p><b>Expenditure and Funding Analysis</b></p>	<p>The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers 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.</p> <p>It also shows the statutory adjustments between the funding basis that is used for the Outturn for the year and the accounting basis that is shown in the Comprehensive Income and Expenditure Statement.</p>
<p><b>Comprehensive Income and Expenditure Statement</b></p>	<p>Shows the accounting cost in the year ending 31 March 2024 of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.</p>
<p><b>Movement in Reserves Statement</b></p>	<p>Shows the movement between 1 April 2023 and 31 March 2024 on the different reserves held by the council, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves' (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 council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance in the year following those adjustments.</p>
<p><b>Balance Sheet</b></p>	<p>The balance sheet shows the values as at 31 March 2024 of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council, analysed between 'useable' and 'unusable' reserves.</p>
<p><b>Cash Flow Statement</b></p>	<p>This summarises the changes in cash and cash equivalents during 2023/24. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising</p>

	<p>from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the council'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 council.</p>
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The Supplementary Financial Statements are:

Notes to the Accounts – these provide additional insight into the accounting policies and accounting transactions during the year.

Collection Fund Accounts – this shows a summary of the collection of council tax and business rates during the year as well as any redistribution of that money to other local authorities and central government.

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

The Annual Governance Statement – this provides an overview of the governance arrangements and assessment of internal controls the council has in place.

# Statement of Responsibilities for the Statement of Accounts

## The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Assistant Director of Finance (Section 151 Officer);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

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

In preparing this Statement of Accounts, the Section 151 Officer has:

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

The Section 151 Officer has also:

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

## Section 151 Officer's Certificate:

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31 March 2024.

**Michael Furness**

**Assistant Director of Finance and Section 151 Officer**      **Date:**

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

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

**Councillor Nick Cotter**

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

# Expenditure and Funding Analysis

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

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

<b>Year Ending 31 Mar 24</b>					
<b>Services</b>	<b>Net expenditure for internal reporting</b>	<b>Adjustment for use of / (transfer to) Earmarked Reserves included in internal reporting</b>	<b>Net Expenditure Chargeable to the General Fund Balance</b>	<b>Adjustments between accounting and funding basis (Note 7a)</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive	5,462	962	6,424	2,756	9,180
Communities	10,147	734	10,881	3,592	14,473
Resources	5,816	23	5,839	2,016	7,855
<b>Net Cost of Services</b>	<b>21,425</b>	<b>1,719</b>	<b>23,144</b>	<b>8,364</b>	<b>31,508</b>
Other Income and Expenditure	(21,425)	(8,925)	(30,350)	(5,695)	(36,046)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>0</b>	<b>(7,206)</b>	<b>(7,206)</b>	<b>2,668</b>	<b>(4,538)</b>
<b>Opening General Fund and Earmarked Reserve Balance*</b>			<b>(29,823)</b>		
<b>Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)</b>			<b>(7,206)</b>		
<b>Closing General Fund and Earmarked Reserve Balance*</b>			<b>(37,028)</b>		

\*For a split of the General Fund and Earmarked Reserve Balance see the Movement in Reserves Statement



## Year Ending 31 Mar 23

Services	Net expenditure for internal reporting £'000	Adjustment for use of / (transfer to) Earmarked Reserves included in internal reporting** £'000	Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between accounting and funding basis (Note 7a) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Chief Executive	6,606	0	6,606	1,925	8,531
Communities	8,242	0	8,242	4,909	13,151
Resources	4,558	0	4,558	10,294	14,852
<b>Net Cost of Services</b>	<b>19,405</b>	<b>0</b>	<b>19,405</b>	<b>17,128</b>	<b>36,534</b>
Other Income and Expenditure	(19,606)	8,468	(11,138)	(21,102)	(32,240)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>(201)</b>	<b>8,468</b>	<b>8,267</b>	<b>(3,973)</b>	<b>4,294</b>
<b>Opening General Fund and Earmarked Reserve Balance*</b>			<b>(38,091)</b>		
<b>Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)</b>			<b>8,267</b>		
<b>Closing General Fund and Earmarked Reserve Balance*</b>			<b>(29,823)</b>		

\*For a split of the General Fund and Earmarked Reserve Balance see the Movement in Reserves Statement

\*\*In 2022/23 for internal reporting purposes all transfers to/from earmarked reserves were not shown in the net cost of services. This changed in 2023/24 so that transfers to/from earmarked reserves were reflected in the service that the transfer related to.

# Comprehensive (Income) and Expenditure Statement

Year Ending 31 Mar 23		Directorates		Year Ending 31 Mar 24		
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000	Notes	£'000	£'000	£'000
16,545	(8,014)	8,531		19,553	(10,373)	9,180
24,322	(11,171)	13,151		23,801	(9,329)	14,473
46,203	(31,351)	14,852		40,417	(32,562)	7,855
<b>87,070</b>	<b>(50,536)</b>	<b>36,534</b>		<b>83,771</b>	<b>(52,263)</b>	<b>31,508</b>
5,763	(1,212)	4,551	10	6,042	(109)	5,933
6,191	(6,848)	(657)	11	6,026	(7,454)	(1,428)
0	(36,135)	(36,135)	12	0	(40,551)	(40,551)
<b>99,024</b>	<b>(94,730)</b>	<b>4,294</b>		<b>95,838</b>	<b>(100,377)</b>	<b>(4,538)</b>
		(2,818)	14			(33)
		(58,146)	35			(12,765)
		<b>(60,964)</b>				<b>(12,798)</b>
		<b>(56,670)</b>				<b>(17,336)</b>

# Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un-Applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Balance at 31 March 2023</b>	<b>(6,152)</b>	<b>(23,671)</b>	<b>0</b>	<b>(5,849)</b>	<b>(35,671)</b>	<b>(16,026)</b>	<b>(51,697)</b>
<b>Movement in reserves during 2023/24</b>							
(Surplus) or deficit on the provision of services	(4,538)	0	0	0	<b>(4,538)</b>	0	<b>(4,538)</b>
Other Comprehensive (Income) / Expenditure	0	0	0	0	<b>0</b>	(12,798)	<b>(12,798)</b>
<b>Total Comprehensive (Income) and Expenditure</b>	<b>(4,538)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,538)</b>	<b>(12,798)</b>	<b>(17,336)</b>
Adjustments between accounting basis and funding basis under regulations - Note 08	(2,668)	0	(606)	162	<b>(3,112)</b>	3,112	<b>0</b>
<b>Net (Increase) or Decrease before Transfers to Earmarked Reserves</b>	<b>(7,206)</b>	<b>0</b>	<b>(606)</b>	<b>162</b>	<b>(7,650)</b>	<b>(9,686)</b>	<b>(17,336)</b>
Transfers (to) / from Earmarked Reserves - Note 09	7,206	(7,206)	0	0	<b>0</b>	0	<b>0</b>
<b>(Increase) or Decrease in 2023/24</b>	<b>0</b>	<b>(7,206)</b>	<b>(606)</b>	<b>162</b>	<b>(7,650)</b>	<b>(9,686)</b>	<b>(17,336)</b>
<b>Closing Balance at 31 March 2024</b>	<b>(6,152)</b>	<b>(30,876)</b>	<b>(606)</b>	<b>(5,688)</b>	<b>(43,322)</b>	<b>(25,712)</b>	<b>(69,034)</b>
	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un-Applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Balance at 31 March 2022</b>	<b>(5,951)</b>	<b>(32,139)</b>	<b>(100)</b>	<b>(7,948)</b>	<b>(46,138)</b>	<b>51,110</b>	<b>4,972</b>
<b>Movement in reserves during 2022/23</b>							
(Surplus) or deficit on the provision of services	4,294	0	0	0	4,294	0	4,294
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(60,964)	(60,964)
<b>Total Comprehensive (Income) and Expenditure</b>	<b>4,294</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,294</b>	<b>(60,964)</b>	<b>(56,670)</b>
Adjustments between accounting basis and funding basis under regulations - Note 08	3,973	0	100	2,099	6,173	(6,173)	0
<b>Net (Increase) or Decrease before Transfers to Earmarked Reserves</b>	<b>8,267</b>	<b>0</b>	<b>100</b>	<b>2,099</b>	<b>10,467</b>	<b>(67,137)</b>	<b>(56,670)</b>
Transfers (to) / from Earmarked Reserves - Note 09	(8,468)	8,468	0	0	<b>0</b>	0	<b>0</b>
<b>(Increase) or Decrease in 2022/23</b>	<b>(202)</b>	<b>8,468</b>	<b>100</b>	<b>2,099</b>	<b>10,467</b>	<b>(67,137)</b>	<b>(56,670)</b>
<b>Closing Balance at 31 March 2023</b>	<b>(6,152)</b>	<b>(23,671)</b>	<b>0</b>	<b>(5,849)</b>	<b>(35,671)</b>	<b>(16,026)</b>	<b>(51,697)</b>

# Balance Sheet

31-Mar-23			31-Mar-24
£'000	Notes		£'000
176,081	14	Property, Plant and Equipment	175,769
4,640	15	Investment Property	4,274
1,965	16	Intangible Assets	1,750
35,649	17	Long Term Investments	35,649
70,409	17	Long Term Debtors	73,236
<b>288,744</b>		<b>Long Term Assets</b>	<b>290,677</b>
35,101	17	Short-term Investments	13,087
357	18	Inventories	263
17,561	19	Short Term Debtors	12,982
8,563	20	Cash and Cash Equivalents	8,955
0	21	Assets Held for Sale	199
<b>61,582</b>		<b>Current Assets</b>	<b>35,486</b>
(22,901)	17	Short-Term Borrowing	(36,937)
(47,050)	22	Short-Term Creditors	(29,745)
(112)	23	Provisions	(4,193)
(2,780)	29	Grants Receipts in Advance - Revenue	(3,141)
(3,170)	29	Grants Receipts in Advance - Capital	(3,428)
(511)	20	Cash and Cash Equivalents	(1,408)
<b>(76,523)</b>		<b>Current Liabilities</b>	<b>(78,852)</b>
(7,991)	23	Provisions	(1,770)
(166,000)	17	Long Term Borrowing	(145,000)
(31,309)	35	Pension Liabilities	(15,050)
(1,567)	17	Long Term Creditors	(14)
(5,386)	29	Grants Receipts in Advance - Revenue	(5,655)
(9,853)	29	Grants Receipts in Advance - Capital	(10,789)
<b>(222,106)</b>		<b>Long Term Liabilities</b>	<b>(178,278)</b>
<b>51,697</b>		<b>Net Assets/(Liability)</b>	<b>69,034</b>
(35,671)	24	Usable Reserves	(43,322)
(16,026)	25	Unusable Reserves	(25,712)
<b>(51,697)</b>		<b>Total Reserves</b>	<b>(69,034)</b>

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2024 and its income and expenditure for the year to 31 March 2024.

Michael Furness

Assistant Director of Finance and Section 151 Officer

Date:

# Cash Flow Statement

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

31-Mar-23 £'000	Cash Flows from Operating Activities	Note(s)	31-Mar-24 £'000
<b>4,294</b>	Net (Surplus)/Deficit on Provision of Services		<b>(4,538)</b>
(4,783)	Depreciation & Impairment	14	(5,124)
(4,651)	Changes in Market Value of Property, Plant, Equipment	14	(3,794)
(606)	Amortisation of Intangible Assets	16	(549)
205	Changes in Fair Value of Investment Properties	15	(367)
(499)	Disposal of Assets	14, 15 & 16	(89)
<b>0</b>	Impairment of assets	14	(130)
104	Changes in Inventory	18	(94)
(1,513)	Changes in Short term Debtors	19	(4,579)
(14,453)	Changes in Short term Creditors	22	17,305
620	Changes in Provisions	23	2,139
50,829	Changes in Net Pension Liability	25	16,259
(58,146)	Remeasurement of Net Defined Benefit Liability	35	(12,765)
(5)	Changes in long term creditors	17	1,553
774	Changes in long term debtors	17	2,827
4,293	Capital Grants Recognised	29	6,108
1,717	Proceeds on Disposal of Property, Plant & Equipment	24	606
<b>(21,820)</b>	<b>Net Cash Flows from Operating Activities</b>		<b>14,768</b>
<b>Cash Flows from Investing Activities</b>			
7,073	Purchase of Property, Plant & Equipment	14	8,992
0	Purchase and Enhancement of Investment Property	15	0
257	Purchase of Intangible Assets	16	334
(1,717)	Proceeds from the Disposal of Property, Plant and Equipment	24	(606)
(11,153)	Net Changes in Short-term and Long-term Investments	17	(22,014)
<b>(5,540)</b>	<b>Net Cash Flows from Investing Activities</b>		<b>(13,294)</b>
<b>Cash Flows from Financing Activities</b>			
17,801	Changes in Grants and Contributions	29	(1,824)
(4,293)	Capital Grants and Contributions Recognised	29	(6,108)
10,704	Cash Receipts of Short-term and Long-term Borrowing	17	6,964
<b>24,213</b>	<b>Net Cash Flows from Financing Activities</b>		<b>(968)</b>
<b>(3,147)</b>	<b>Net (Increase)/Decrease in Cash and Cash Equivalents in the Period</b>		<b>505</b>
4,905	Cash and Cash Equivalents at the Beginning of the Period		8,052
<b>8,052</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	<b>20</b>	<b>7,547</b>
<b>Items included in net cash flow from operating activities include:</b>			
(6,569)	Interest Receivable and similar income	17	(7,160)
3,593	Interest Payable (including Finance lease interest)	17	4,738
<b>(2,976)</b>			<b>(2,422)</b>

# Notes

## Note 1 – Accounting Policies

### General principles

The Statement of Accounts summarises the council's transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices under Section 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the Service Reporting Code of Practice 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

### 1.1 Going Concern

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

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

- Additional expenditure on a service-by-service basis, e.g., extra inflationary pressures.

- The impact of the above on the council's cash flow and treasury management, including availability of liquid cash, impact on investment returns, and availability of external borrowing if required.

- The estimated overall impact on the council's General Fund

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

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

In addition to continuing to lobby policy makers, highlighting where the council has been delivering growth and driving benefits to others, the council has developed a strategy to meet the challenges highlighted in the MTFS if funding reductions are

implemented. Whilst the council will develop plans for scenarios that include a full business rates reset phased over three years, it will continue to lobby the Government for a rolling reset to be introduced. It will put forward the case that council's such as Cherwell that have embraced the Government's Business Rates Retention reward scheme should not be disadvantaged following its success in delivering business growth and associated benefits to service delivery. Implementation of savings plans developed will not take place until it is clear that the savings must be achieved. Approaches the council will adopt to identify savings will include:

### **Prioritisation**

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

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

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

### **Transformation**

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

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

The objectives of transformation have been identified as:

- To embed the foundations necessary to create a sustainable future for the council and its communities.

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

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

### **Strategic cross-cutting themes**

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

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

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

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



- Climate Action – focus on reducing waste, reusing resources where possible and always looking for ways to reduce carbon emissions.

### **Savings Targets**

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

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

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

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

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

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

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

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

An exception to this policy is housing benefit transactions which are accounted for on a cash basis, that is, when the payment is made.

Interest receivable on investments is accounted for respectively as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The de minimis level for manual accruals has been maintained at £20,000, which is reviewed annually. This removes small transactions at the end of the financial year that do not materially affect the accounts. Purchase orders raised automatically through the financial information system are processed with no de minimis level.

For business rates, the levy or safety net payments owed to or from Central Government for the financial year are reported in the year they relate to on an accruals basis. Cherwell is the lead authority for the North Oxfordshire Pool and has accounted for the amounts owing to the Pool for levy payments and owed to the other pool members for the gain from the pool on an accruals basis.

### **1.3 Cash and Cash Equivalents**

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

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and

comparative amounts for the prior period as if the new policy had always been applied. Accounting policies that relate to statutory accounting requirements are accounted for in the same manner as other accounting policies.

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

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

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

- Depreciation attributable to the assets used by the relevant service

- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

- Amortisation of intangible fixed assets attributable to the service.

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

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

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

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

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

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

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

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

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

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

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

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

## **1.6 Exceptional Items**

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

The council has no Exceptional Items in 2023/24.

## **1.7 Employee Benefits**

### **1.7.1 Benefits Payable during Employment**

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

### **1.7.2 Termination Benefit**

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

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

### **1.7.3 Post-Employment Benefits**

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

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

The pension fund liability is calculated every three years by the fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with International Accounting Standard (IAS) 19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 35. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

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

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

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

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

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

#### **1.7.4 Service cost comprising:**

Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs

Net interest on the net defined benefit liability (asset) i.e., net interest expense for the council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and

Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

#### **1.7.5 Re-measurements comprising:**

The return on assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Actuarial gains and losses – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### **1.7.6 Discretionary Benefits**

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

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

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

Two types of events can be identified:

Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events

would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

## **1.9 Financial Instruments**

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

### **1.9.1 Financial Liabilities**

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

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

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

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

The fair values of loans are estimated as the price the lender would receive to sell the loans to another market participant on 31st March 2024, based on observed market rates for similar transactions.

### **1.9.2 Financial Assets**

Financial assets are classified into two types:

Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and

Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

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

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

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

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

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

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

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

Instruments with quoted market prices – the market price

Other instruments with fixed and determinable payments – discounted cash flow analysis

Equity shares with no quoted market prices – independent appraisal of company valuations

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

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.



Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

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

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

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

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

## **1.10 Government Grants and Contributions**

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

The council will comply with the conditions attached to the payments; and

The grants or contributions will be received.

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

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

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

Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## **1.11 Intangible Assets**

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

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

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

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

The council has material interests in companies and other entities that have the nature of subsidiaries, and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses in 2023/24:

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

Group Accounts have been prepared in accordance with paragraph 9.1.2.60 of the Code of Practice on Local Authority Accounting 2023/24, using uniform accounting policies for like transactions and other events in similar circumstances.

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

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

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

## **1.14 Investment Property**

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

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

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

## **1.15 Leases**

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

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

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

### **1.15.1 The Council as Lessee**

#### **1.15.1.1 Finance Leases**

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

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and

- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

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

#### **1.15.1.1.2 Operating Leases**

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

### **1.15.2 The Council as Lessor**

#### **1.15.2.1 Finance Leases**

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

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and

- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

### **1.15.2.2 Operating Leases**

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

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

## **1.16 Fair Value**

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

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

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

### **1.17.1 Recognition**

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

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

### **1.17.2 Measurement**

Assets are initially measured at cost, comprising:

- the purchase price

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

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

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

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

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

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

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

Vehicles, plant and equipment are held at depreciated historical cost.

Infrastructure, community assets and assets under construction are held at historical cost.

Dwellings – Current value, determined using the basis of Existing Use Value for Social Housing (EUV–SH).

Other land and buildings and operational assets where there is an active market – Current value determined as the amount that would be paid for the asset in its existing use (EUV).

Operational assets, such as community and sports centres, where there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold (i.e., EUV cannot be determined)- depreciated replacement cost using the ‘instant build’ approach as an estimate of current value.

Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective

Fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and

Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

### 1.17.3 Impairment

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

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

Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

### 1.17.4 Depreciation

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

Depreciation is calculated on the following bases:

Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer

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

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

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

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

Infrastructure	10 to 40 years
Buildings	10 to 60 years
Vehicles	5 to 10 years
Computer Equipment / systems	3, 5 or 10 years
Other	3 to 30 years

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

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

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

Land

Structure of Building

Each component is considered to depreciate on a straight-line basis (except those such as land which are identified as exceptions above). The useful life of a component will vary according to the type of property in which it is located and the amount of use to which it is put. The useful life of a component will be determined by the valuer when a component part is identified.

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

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

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

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

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

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

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



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

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

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

## **1.19 Fair Value Measurement**

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

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

In the principal market for the asset or liability, or

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

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

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

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

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability

## **1.20 Minimum Revenue Provision**

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

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

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

### **1.21.1 Provisions**

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

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

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

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

### **1.21.2 Contingent Assets**

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

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

### **1.21.3 Contingent Liabilities**

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

## **1.22 Reserves**

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to count against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept for the purpose of managing the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the council – these reserves are explained in the Unusable reserves note – note 25 of the financial statements.

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

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

### **1.24 VAT**

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

### **1.25 Rounding**

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

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

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) the Council is required to disclose and set out the impact of accounting code changes required by new accounting standards that have been issued but not yet adopted by the code.

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

- IFRS 16 Leases. This standard introduces new presentation and disclosure requirements in relation to arrangements that convey the right to use an asset. This will be implemented for 2024/25.
- Classification of Liabilities as Current or Non-current (Amendments to IAS1) issued in January 2021. The amendments: specify that an entity's right to defer settlement must exist at the end of the reporting period; clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; clarify how lending conditions affect classification, and clarify

requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced: a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and targeted disclosure requirements for affected entities.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to: assess how supplier finance arrangements affect an entity's liabilities and cash flows, and understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

None of these amendments are expected to have a significant impact on the council's accounts in future years.

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

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

#### **Lease Accounting**

- Judgement is required in the initial classification of leases as either operating leases or finance leases. Where a lease is taken out for land and buildings combined, the lease may be capitalised as a finance lease if it meets the criteria for a finance lease, but will be classed as an operating lease by the Council unless title transfers at the end of the lease. The accounting policy for leases is set out in Note 1.
- Following the postponement of IFRS 16 implementation for Public Sector bodies to 1 April 2024, The Council has opted to use this opportunity to defer its implementation in order to ensure sufficient time to obtain all the data required for implementation. Thus, with respect to leases, the accounts have been completed on the same basis as previous years.

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

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

- The current VOA rating list is based on the business rates revaluation which took effect from 1 April 2023. Minor updates were made to the top-up and tariff equalisation mechanism in the business rates retention to better remove the impact of the revaluation on local authority income. Initial adjustments to tariff and top-ups were made in 2023-24 with subsequent adjustments in 2024-25 and 2025-26.
- As part of the 2023 valuation, the VOA made an assumption about the future losses from appeals on the new rating list. An allowance of 3.4% is built into the business rates multiplier and this method is used to calculate potential future losses.

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

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

### Valuations– Property, Plant and Equipment

Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Valuations by nature are estimations of an asset's value as at the balance sheet date. The council operates a 5 – year rolling schedule, in line with the CIPFA code, for assets held under the valuation model.</p> <p>Asset valuations are undertaken by professional valuers using appropriate valuation methodologies based on the type of asset.</p> <p>The Depreciated Replacement Cost (DRC) methodology applies to assets for which no active market exists, such as leisure and community centres, and represents a source of uncertainty for the Council's valuations. Changes in market and economic factors from year-to-year could result in differences between the book value and actual value using the DRC approach.</p>	<p>Where the Council identifies significant changes in the Build Cost Indices and/or locational factors from prior years, a review is undertaken to compare the DRC calculated value, based on the up-to-date indices, to the book value held by the council.</p> <p>For assets that are not scheduled to be valued in year, and where an aggregate material variance is identified, the book value is adjusted using the updated indices as provided by the valuers, to avoid material misstatement.</p> <p>For 2023/24 the indices did not identify a material variance and so no adjustment has been made.</p>

## Depreciation of Property, Plant and Equipment & Amortisation of Intangible Assets

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 £175m. This amount comprises of Land &amp; Buildings, Plant, Vehicles &amp; Equipment, Infrastructure Assets and Intangible Assets.</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 similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 14 and 15 below.</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its 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 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 properties and financial assets, however this would not impact on the general fund as any movement would be taken to the revaluation reserve or capital adjustment account which are unusable reserves.</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>If actual write-offs are 1% higher/lower than expected this would result in a additional/reduced write-offs of £0.033m</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>The possible refund from a business rate appeal can vary depending on factors such as; the type of appeal and type of property, together with its geographical location and the probability of appeal success.</p>	<p>Following an assessment of the outstanding business rates appeals at 31 March 2024, a total provision of £14.281m was made for potential future appeal refunds. Cherwell's 40 per cent share of this provision is £5.712m.</p> <p>If the provision for appeals changed by 1% the resulting increase/decrease would be £0.143m shared across central government (50 per cent), the county council (10 per cent) and Cherwell (40 per cent).</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.</p> <p>The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as:</p> <ul style="list-style-type: none"> <li>• the life expectancy of the Officers;</li> <li>• the length of service;</li> <li>• the rate of salary progression;</li> <li>• the rate of return earned on assets in the future;</li> <li>• the rate used to discount future pension liabilities; and</li> <li>• future inflation rates.</li> </ul>	<p>The assumptions used by the Council are set out in note 35 and are estimates chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice but have been comparable to the median estimates in this regard used by other Councils.</p> <p>Changes to these assumptions could materially affect the size of the defined benefit scheme's liabilities and assets. A sensitivity analysis is included within note 35.</p>

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

### **Pensions**

The actuary carried out a valuation as at 31 March 2024. This has resulted in pension assets increasing from £133m at 31 March 2023 to £151m at 31 March 2024.

Liabilities have increased from £164m at 31 March 2023 to £166m at 31 March 2024, which resulted in a decrease in net liability of £16m.

## **Note 6 – Events after the Balance Sheet Date**

There are no events after the balance sheet date.

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

Year Ending 31 Mar 24					
	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive	2,448	282	0	25	2,756
Communities	3,085	465	0	42	3,592
Resources	4,516	(5,749)	191	3,058	2,016
<b>Net Cost of Services</b>	<b>10,050</b>	<b>(5,002)</b>	<b>191</b>	<b>3,125</b>	<b>8,364</b>
Other Income and Expenditure	(7,239)	1,508	3,161	(3,125)	(5,695)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>2,811</b>	<b>(3,494)</b>	<b>3,352</b>	<b>0</b>	<b>2,668</b>
Year Ending 31 Mar 23					
	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive	468	1,457	0	0	1,925
Communities	2,272	2,612	0	25	4,909
Resources	8,185	1,180	(3)	933	10,294
<b>Net Cost of Services</b>	<b>10,925</b>	<b>5,249</b>	<b>(3)</b>	<b>957</b>	<b>17,128</b>
Other Income and Expenditure	(9,339)	2,068	(12,874)	(957)	(21,102)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>1,586</b>	<b>7,317</b>	<b>(12,877)</b>	<b>0</b>	<b>(3,974)</b>

## **Net Capital Statutory Adjustments**

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

For other operating expenditure, it adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

For financing and investment income and expenditure, it adjusts for the statutory charges for capital financing and investment i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

For taxation and non-specific grant income and expenditure, capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivables without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## **Net Pensions Statutory Adjustments**

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

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

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

## **Other Statutory Adjustments**

Other statutory adjustments between amounts charged/(received) to the Comprehensive Income and Expenditure Statement and amounts payable / (receivable) to be recognised under statute. For financing and investment (income) and expenditure the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts and financial instruments.

The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and Non-Domestic Rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Other Non-statutory Adjustments

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

For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.

For taxation and non-specific grant income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, e.g. for un-ringfenced government grants.

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

31-Mar-24	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Chief Executive	(3,492)	(6,881)	0	0	2,348
Communities	(7,833)	(2,361)	0	0	1,123
Resources	(9,575)	(22,987)	0	0	2,203
Non Distributed Services	(294)	(25,593)	(6,660)	4,738	0
<b>Total Managed by Segments</b>	<b>(21,194)</b>	<b>(57,822)</b>	<b>(6,660)</b>	<b>4,738</b>	<b>5,674</b>

31-Mar-23	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Chief Executive	(3,335)	(4,679)	0	0	1,982
Communities	(9,660)	(1,973)	0	0	1,176
Resources	(8,655)	(22,474)	0	0	2,231
Non-Distributed Services	(278)	(21,418)	(6,569)	3,593	0
<b>Total Managed by Segments</b>	<b>(21,928)</b>	<b>(50,544)</b>	<b>(6,569)</b>	<b>3,593</b>	<b>5,389</b>

## **Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations 2023/24**

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

<b>2023/24</b>	<b>General Fund Balance £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Capital Grants Unapplied £'000</b>	<b>Movement in Unusable Reserves £'000</b>
<b>Adjustments to the Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>				
Pension cost (transferred to or (from) the Pensions Reserve)	3,494	0	0	(3,494)
Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account)	(3,850)	0	0	3,850
Holiday pay (transferred to the Accumulated Absences reserve)	(188)	0	0	188
Movement in Expected Credit Losses (transferred to the capital adjustment account)	687	0	0	(687)
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)	(13,525)	0	0	13,525
<b>Total Adjustments to Revenue Resources</b>	<b>(13,383)</b>	<b>0</b>	<b>0</b>	<b>13,383</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	198	(606)	0	408
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,410	0	0	(4,410)
Revenue contribution to Capital	0	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>4,607</b>	<b>(606)</b>	<b>0</b>	<b>(4,001)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	15,079	0	(15,079)
Write down of Capital loans repaid to the Council	0	(15,079)	0	15,079
Application of capital grants to finance capital expenditure	5,069	0	162	(5,230)
Donated assets fair value less consideration included in the (Surplus) or Deficit on the Provision of Services transferred to the Capital Adjustment Account	1,039	0	0	(1,039)
<b>Total Adjustments to Capital Resources</b>	<b>6,108</b>	<b>0</b>	<b>162</b>	<b>(6,269)</b>
<b>Total Adjustments</b>	<b>(2,668)</b>	<b>(606)</b>	<b>162</b>	<b>3,112</b>

Note 8 Continued...

<b>2022/23</b>	<b>General Fund Balance £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Capital Grants Unapplied £'000</b>	<b>Movement in Unusable Reserves £'000</b>
<b>Adjustments to the Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>				
Pension cost (transferred to or (from) the Pensions Reserve)	(7,317)	0	0	7,317
Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account)	13,269	0	0	(13,269)
Holiday pay (transferred to the Accumulated Absences reserve)	0	0	0	0
Reversal of entries included in the (Surplus) or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(12,458)	0	0	12,458
<b>Total Adjustments to Revenue Resources</b>	<b>(6,507)</b>	<b>0</b>	<b>0</b>	<b>6,507</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,710	(1,718)	0	7
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,476	0	0	(4,476)
Revenue contribution to Capital	0	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>6,186</b>	<b>(1,718)</b>	<b>0</b>	<b>(4,469)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	7,852	0	(7,852)
Write down of Capital loans repaid to the Council	0	(6,034)	0	6,034
Application of capital grants to finance capital expenditure	4,293	0	2,099	(6,393)
<b>Total Adjustments to Capital Resources</b>	<b>4,293</b>	<b>1,817</b>	<b>2,099</b>	<b>(8,210)</b>
<b>Total Adjustments</b>	<b>3,973</b>	<b>100</b>	<b>2,099</b>	<b>(6,173)</b>



## 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 2022	Net transfers (to)/from Earmarked Reserves in 2022/23	Balance at 31 March 2023	Net transfers (to)/from Earmarked Reserves in 2023/24	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000
<b>General Earmarked Reserves</b>					
Pensions Deficit	0	(2,152)	(2,152)	252	(1,900)
Transformation Reserve	(3,796)	1,796	(2,000)	295	(1,705)
Dilapidations, Garage Project and Canalside	(450)	(110)	(560)	165	(395)
Capital Reserve	(277)	238	(39)	(2,027)	(2,066)
Projects	(3,185)	(889)	(4,073)	47	(4,027)
Transformation Implementation Reserve	(828)	(1,172)	(2,000)	(2,974)	(4,974)
Market Risk Reserve	(1,366)	(3,631)	(4,996)	(3,303)	(8,300)
Growth Deal	(555)	204	(351)	125	(226)
M&S Surrender Premium	(3,500)	1,598	(1,902)	1,902	0
Business Rates Equalisation Reserve	0	0	0	(586)	(586)
Interest Reserve	0	0	0	(2,400)	(2,400)
Other General Earmarked reserve	(1,967)	143	(1,824)	78	(1,746)
<b>Revenue Grant Earmarked Reserves</b>					
S31 Reserve	(10,587)	10,001	(586)	586	0
Covid-19 Reserve	(1,616)	1,616	0	0	0
COMF - General Allocation	(683)	339	(344)	273	(71)
Homelessness Prevention	(932)	43	(889)	65	(824)
Bicester Garden Town	(1,290)	231	(1,059)	404	(655)
Other Revenue Grant Earmarked reserves	(1,107)	214	(894)	(108)	(1,002)
<b>Total Earmarked Reserves</b>	<b>(32,138)</b>	<b>8,468</b>	<b>(23,670)</b>	<b>(7,206)</b>	<b>(30,876)</b>

## Note 10 - Other Operating Expenditure

31-Mar-23 £'000	Other Operating Expenditure	31-Mar-24 £'000
5,763	Precepts to other authorities and charging bodies	6,042
(1,212)	(Gains)/losses on the Disposal of Non-Current Assets	(109)
<b>4,551</b>	<b>Total Other Operating Expenditure</b>	<b>5,933</b>

## Note 11 - Financing and Investment Income and Expenditure

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

31-Mar-23 £'000	Financing and Investment Income & Expenditure	31-Mar-24 £'000
3,593	Interest payable and similar charges	4,738
2,283	Net interest on the net defined benefit liability (asset)	1,505
(6,569)	Interest receivable and similar income	(7,160)
(348)	Income and expenditure in relation to investment properties and changes in their fair value	215
385	Other investment income and expenditure	(726)
<b>(657)</b>	<b>Total</b>	<b>(1,428)</b>

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

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

31-Mar-23 £'000	Taxation and Non-Specific Grant Income	31-Mar-24 £'000
(14,377)	Council tax income	(14,958)
(5,504)	Business rates income	(8,921)
(13,200)	Non-ringfenced government grants	(13,584)
(3,053)	Capital grants and contributions	(3,087)
<b>(36,135)</b>	<b>Total</b>	<b>(40,551)</b>

## Note 13 – Expenditure and Income Analysed by Nature

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

<b>31-Mar-23 £'000</b>	<b>Nature of Expenditure or Income</b>	<b>31-Mar-24 £'000</b>
	<b>Expenditure</b>	
30,813	Employee benefits expenses	25,854
53,465	Other expenditure	53,532
3,594	Interest payments	4,738
5,763	Precepts and levies	6,042
5,389	Depreciation and amortisation	5,673
0	Gain or loss on disposal of non-current assets	0
<b>99,024</b>	<b>Total Expenditure</b>	<b>95,838</b>
	<b>Income</b>	
(22,800)	Fees, charges and other service income	(21,848)
(6,570)	Interest and investment income	(7,160)
(19,881)	Income from local taxation	(23,879)
(44,267)	Government grants and contributions	(47,380)
(1,212)	Gain or loss on disposal of non-current assets	(109)
<b>(94,730)</b>	<b>Total Income</b>	<b>(100,377)</b>
<b>4,294</b>	<b>Surplus or Deficit for Year</b>	<b>(4,538)</b>

## Note 14 – Property, Plant and Equipment

Movements to 31-Mar-24							
	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
<b>Balance brought forward</b>	<b>163,760</b>	<b>21,442</b>	<b>5,566</b>	<b>185</b>	<b>17</b>	<b>2,906</b>	<b>193,875</b>
Additions	1,217	651	0	35	0	7,089	8,992
Acc Dep & Imp WO to GCA	(1,911)	0	0	0	0	0	(1,911)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	706	0	0	85	0	0	791
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,794)	0	0	0	0	0	(3,794)
Derecognition - Disposals	(93)	(78)	0	0	0	0	(171)
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	0	(199)	(199)
Other movements in Cost or Valuation	0	0	0	0	0	0	0
<b>At 31 March 2024</b>	<b>159,885</b>	<b>22,014</b>	<b>5,566</b>	<b>305</b>	<b>17</b>	<b>9,797</b>	<b>197,583</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
<b>Balance Brought Forward</b>	<b>(3,035)</b>	<b>(11,484)</b>	<b>(3,276)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,795)</b>
Depreciation Charge	(3,653)	(1,297)	(174)	0	0	0	(5,124)
Acc. Depreciation WO to GCA	1,911	0	0	0	0	0	1,911
Acc. Impairment WO to GCA	0	0	0	0	0	0	0
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	0	0	0	0	0	(758)	(758)
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	(130)	(130)
Derecognition - Disposals	4	78	0	0	0	0	82
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
<b>At 31 March 2024</b>	<b>(4,773)</b>	<b>(12,703)</b>	<b>(3,450)</b>	<b>0</b>	<b>0</b>	<b>(888)</b>	<b>(21,814)</b>
<b>Net Book Value</b>							
<b>At 31 March 2024</b>	<b>155,112</b>	<b>9,312</b>	<b>2,116</b>	<b>305</b>	<b>17</b>	<b>8,909</b>	<b>175,769</b>
<b>At 31 March 2023</b>	<b>160,725</b>	<b>9,958</b>	<b>2,290</b>	<b>185</b>	<b>17</b>	<b>2,906</b>	<b>176,081</b>

<b>Movements to 31-Mar-23</b>							
	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
<b>Brought forward</b>	<b>157,547</b>	<b>18,212</b>	<b>5,556</b>	<b>99</b>	<b>15</b>	<b>11,162</b>	<b>192,592</b>
Additions	2,974	3,566	9	86	0	437	7,073
Acc Dep & Imp WO to GCA	(3,212)	0	0	0	0	0	(3,212)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,892	0	0	0	2	(75)	2,818
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,651)	0	0	0	0	0	(4,651)
Derecognition - Disposals	(408)	(337)	0	0	0	0	(745)
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Cost or Valuation	8,619	0	0	0	0	(8,619)	0
<b>At 31 March 2023</b>	<b>163,760</b>	<b>21,442</b>	<b>5,566</b>	<b>185</b>	<b>17</b>	<b>2,906</b>	<b>193,875</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
<b>Brought forward</b>	<b>(2,878)</b>	<b>(10,609)</b>	<b>(3,101)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,588)</b>
Depreciation Charge	(3,397)	(1,212)	(175)	0	0	0	(4,783)
Acc. Depreciation WO to GCA	3,212	0	0	0	0	0	3,212
Acc. Impairment WO to GCA	0	0	0	0	0	0	0
Derecognition - Disposals	27	337	0	0	0	0	364
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>(3,035)</b>	<b>(11,484)</b>	<b>(3,276)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,795)</b>
<b>Net Book Value</b>							
<b>At 31 March 2023</b>	<b>160,725</b>	<b>9,958</b>	<b>2,290</b>	<b>185</b>	<b>17</b>	<b>2,906</b>	<b>176,081</b>
<b>At 31 March 2022</b>	<b>154,670</b>	<b>7,604</b>	<b>2,455</b>	<b>99</b>	<b>15</b>	<b>11,162</b>	<b>176,005</b>

## Property, Plant and Equipment Revaluations

31-Mar-24	Other Land and Buildings £'000	Vehicles, Plant, Furniture Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	3,268	9,312	2,116	210	0	8,909	23,815
<b>Valued at current value as at:</b>							
31/03/2024	70,549	0	0	95	17	0	70,661
31/03/2023	67,811	0	0	0	0	0	67,811
31/03/2022	10,930	0	0	0	0	0	10,930
31/03/2021	0	0	0	0	0	0	0
31/03/2020	17	0	0	0	0	0	17
<b>Total Cost or Valuation</b>	<b>152,577</b>	<b>9,312</b>	<b>2,116</b>	<b>305</b>	<b>17</b>	<b>8,909</b>	<b>173,234</b>

## Note 15 – Investment Properties

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

31-Mar-23 £'000	Investment Property Income and Expenditure	31-Mar-24 £'000
(167)	Rental income from investment property	(163)
24	Direct operating expenses from investment property	11
<b>(143)</b>	<b>Net (gain)/loss</b>	<b>(152)</b>

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

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

<b>31-Mar-23 non- current £'000</b>	<b>Investment Property Movements in Year</b>	<b>31-Mar-24 non-current £'000</b>
<b>4,435</b>	<b>Opening Balance</b>	<b>4,640</b>
0	Additions: Purchases	0
0	Enhancements	0
0	Disposals	0
205	Net gains/(losses) from fair value adjustments	(367)
0	Transfers to/(from) Property, Plant and Equipment	0
<b>4,640</b>	<b>Closing Balance</b>	<b>4,274</b>

## Fair value hierarchy

Details of the Council's investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2024 are as follows:

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2024 £'000
Investment Properties	0	4,274	0	4,274
Surplus Assets	0	17	0	17
Assets Held for Sale	0	199	0	199
<b>Sub-total</b>	<b>0</b>	<b>4,489</b>	<b>0</b>	<b>4,489</b>
<b>Residential (market rental) properties</b>				
Office Units	0	378	0	378
Commercial Units	0	4,030	0	4,030
Other	0	82	0	82
<b>Totals</b>	<b>0</b>	<b>4,489</b>	<b>0</b>	<b>4,489</b>

Details of the Council's investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2023 are as follows:

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2023 £'000
Investment Properties	0	4,640	0	4,640
Surplus Assets	0	17	0	17
<b>Sub-total</b>	<b>0</b>	<b>4,657</b>	<b>0</b>	<b>4,657</b>
<b>Residential (market rental) properties</b>				
Office Units	0	425	0	425
Commercial Units	0	4,138	0	4,138
Other	0	94	0	94
<b>Totals</b>	<b>0</b>	<b>4,657</b>	<b>0</b>	<b>4,657</b>

## Transfers between Levels of the Fair Value Hierarchy

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



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

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

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

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

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

### **Valuation Techniques**

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

### **Valuation Process for Investment Properties and Surplus Assets**

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

## Note 16 – Intangible Assets

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

31-Mar-23	Intangible Assets	31-Mar-24
<b>£000</b>	Opening Balance	<b>£000</b>
8,246	Gross Carrying Amount	6,801
(5,815)	Accumulated Amortisation & Impairment	(4,836)
<b>2,431</b>	<b>Net Carrying Amount</b>	<b>1,965</b>
257	Additions	334
(118)	Disposals	0
(606)	Amortisation for the Period	(549)
<b>1,966</b>	<b>Net Carrying Amount at End of Year</b>	<b>1,750</b>
	<b>Comprising:</b>	
6,801	Gross Carrying Amount	4,651
(4,836)	Accumulated Amortisation & Impairment	(2,901)
<b>1,965</b>	<b>Closing Balance</b>	<b>1,750</b>

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
<b>1 Years</b>	None	Software and Licences
<b>3 Years</b>	None	Software and Licences
<b>4 Years</b>	None	Software and Licences
<b>5 Years</b>	None	Software and Licences

## Note 17 – Financial Instruments

Balance Sheet items

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

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

### Financial Instruments – Liabilities

31-Mar-23 Short term	31-Mar-23 Long-term	Financial Instruments - Liabilities	31-Mar-24 Short-term	31-Mar-24 Long-term
£'000	£'000	Financial Liabilities	£'000	£'000
		Loans at amortised cost:		
(22,000)	(166,000)	- Principal sum borrowed	(36,000)	(145,000)
(901)	0	- Accrued interest	(937)	0
<b>(22,901)</b>	<b>(166,000)</b>	<b>Total Borrowing</b>	<b>(36,937)</b>	<b>(145,000)</b>
		Liabilities at amortised cost:		
(8)	(1,554)	- Finance leases	0	0
0	(14)	- Other Liabilities	0	(14)
<b>(8)</b>	<b>(1,567)</b>	<b>Total Other Long-term Liabilities</b>	<b>0</b>	<b>(14)</b>
		Liabilities at amortised cost:		
(3,608)	0	- Trade payables	(3,215)	0
(2,776)	0	- Other payables	(4,099)	0
<b>(6,384)</b>	<b>0</b>	<b>Included in Creditors</b>	<b>(7,314)</b>	<b>0</b>
		At amortised cost:		
(511)	0	Principal	(1,408)	0
<b>(511)</b>	<b>0</b>	<b>Total Cash and Cash Equivalents</b>	<b>(1,408)</b>	<b>0</b>
<b>(29,804)</b>	<b>(167,567)</b>	<b>Total Financial Liabilities</b>	<b>(45,659)</b>	<b>(145,014)</b>

The total short-term borrowing includes £663k (2023: £826k) accrued interest due within 12 months on long-term borrowing.

The creditors lines on the Balance Sheet include £22,431k (2023: £40,658k) short-term creditors that do not meet the definition of a financial instrument.

## Financial Instruments – Assets

31-Mar-23		Financial Instruments - Assets	31-Mar-24	
Short Term	Long Term		Short Term	Long Term
£'000	£'000	Financial Assets	£'000	£'000
		At amortised cost:		
35,000	0	- Principal	13,000	0
101	0	- Accrued interest	87	0
		At fair value through profit & loss:		
0	35,649	- Fair value	0	35,649
<b>35,101</b>	<b>35,649</b>	<b>Total Investments</b>	<b>13,087</b>	<b>35,649</b>
		At amortised cost:		
<b>0</b>	<b>0</b>	- Principal	<b>0</b>	<b>0</b>
		At fair value through profit & loss:		
8,520	0	- Fair value	8,920	0
43	0	- Accrued interest	35	0
<b>8,563</b>	<b>0</b>	<b>Total Cash and Cash Equivalents</b>	<b>8,955</b>	<b>0</b>
		At amortised cost:		
2,029		- Trade receivables	1,755	
5,327		- Other receivables	4,414	
6,190	66,194	- Loans made for service purposes	100	66,647
206	0	- Accrued interest	0	1
0	(1,379)	- Loss allowance	0	(693)
<b>13,752</b>	<b>64,814</b>	<b>Included in Debtors</b>	<b>6,269</b>	<b>65,956</b>
<b>57,416</b>	<b>100,464</b>	<b>Total Financial Assets</b>	<b>28,311</b>	<b>101,605</b>

The debtors lines on the Balance Sheet include £6,714k (2023: £3,809k) short-term and £7,280k (2023: £5,594k) long-term debtors that do not meet the definition of a financial asset.

## Offsetting Financial Assets and Liabilities

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

31-Mar-23 £'000	Offsetting Financial Assets & Liabilities	31-Mar-24 £'000
394	Bank accounts in credit	289
(905)	Bank overdrafts	(1,696)
<b>(511)</b>	<b>Net position of offset accounts</b>	<b>(1,408)</b>
0	Other bank accounts	0
<b>(511)</b>	<b>Net position on balance sheet</b>	<b>(1,408)</b>

## Financial Instruments - Gains and Losses

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

	Financial Liabilities		Financial Assets		2023/24 Total	2022/23 Total
	Amortised Cost	Fair Value through Profit & Loss	Amortised Cost	Fair Value through Profit & Loss		
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	4,723				4,723	3,588
Fees paid	15				15	6
<b>Interest payable and similar charges</b>	<b>4,738</b>				<b>4,738</b>	<b>3,594</b>
Interest income	0		(6,606)	(554)	(7,160)	(6,570)
Fees	0					0
<b>Interest and investment income</b>	<b>0</b>		<b>(6,606)</b>	<b>(554)</b>	<b>(7,160)</b>	<b>(6,570)</b>
<b>Net impact on (surplus)/deficit on provision of services</b>	<b>4,738</b>		<b>(6,606)</b>	<b>(554)</b>	<b>(2,422)</b>	<b>(2,976)</b>
<b>Net (Gain)/Loss for the Year</b>	<b>4,738</b>		<b>(6,606)</b>	<b>(554)</b>	<b>(2,422)</b>	<b>(2,976)</b>

## Financial Instruments - Fair Value – Liabilities

Balance Sheet	Fair Value			Balance Sheet	Fair Value
31-Mar-23	31-Mar-23			31-Mar-24	31-Mar-24
£'000	£'000		Fair value Level	£'000	£'000
Financial liabilities held at amortised cost:					
(166,000)	(136,682)	Long-term loans	2	(145,000)	(114,399)
(22,901)	(22,901)	Short-term loans	2	(36,937)	(36,543)
(1,562)	(3,008)	Lease payables and PFI liabilities	2	0	0
<b>(190,463)</b>	<b>(162,591)</b>	<b>Total</b>		<b>(181,937)</b>	<b>(150,943)</b>
(6,908)		Liabilities for which fair value is not disclosed		(8,735)	
<b>(197,371)</b>	<b>(162,591)</b>	<b>Total Financial Liabilities</b>		<b>(190,672)</b>	<b>(150,943)</b>
Recorded on balance sheet as:					
(6,392)		Short-term creditors		(7,314)	
(22,901)		Short-term borrowing		(36,937)	
(1,567)		Long-term creditors		(14)	
(166,000)		Long-term borrowing		(145,000)	
(511)		Cash and Cash Equivalents		(1,408)	
<b>(197,371)</b>		<b>Total Financial Liabilities</b>		<b>(190,672)</b>	

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

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

## Financial Instruments - Fair Value – Assets

Balance Sheet	Fair Value			Balance Sheet	Fair Value
31-Mar-23	31-Mar-23			31-Mar-24	31-Mar-24
£'000	£'000		Fair Value Level	£'000	£'000
Financial assets held at fair value:					
8,563	8,563	Money market funds	1	8,955	8,955
35,649	35,649	Shares in unlisted companies	3	35,649	35,649
Financial assets held at amortised cost:					
35,101	34,591	Bank deposits & repos	2	13,087	11,679
71,210	71,210	Loans to companies	3	66,055	66,055
<b>150,523</b>	<b>150,013</b>	<b>Total</b>		<b>123,746</b>	<b>122,339</b>
7,356		Assets for which fair value is not disclosed		6,169	
<b>157,879</b>	<b>150,013</b>	<b>Total Financial Assets</b>		<b>129,916</b>	<b>122,339</b>
Recorded on balance sheet as:					
64,814		Long-term debtors		65,956	
35,649		Long-term investments		35,649	
13,752		Short-term debtors		6,269	
35,101		Short-term investments		13,087	
8,563		Cash and cash equivalents		8,955	
<b>157,880</b>		<b>Total Financial Assets</b>		<b>129,916</b>	

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

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

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

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

Credit Risk – the possibility that other parties might fail to pay amounts due to the Council

Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments

Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

### Credit Risk: Investments

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

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

Long Term Credit Rating		
31-Mar-23 £'000	(Fitch)	31-Mar-24 £'000
3,016	AA	0
26,051	AA-	13,087
6,034	A+	0
<b>35,101</b>	<b>Total</b>	<b>13,087</b>

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

### Credit Risk: Debtors

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

31-Mar-23 £'000	Credit Risk: Debtors Duration outstanding	31-Mar-24 £'000
444	One months	332
154	Two months	251
48	Three months	67
1,056	More than three months	1,115
<b>1,703</b>	<b>Total</b>	<b>1,765</b>



## Credit Risk: Loan Commitments and Financial Guarantees

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

Organisation	Total facility	Balance 31 March 2024
Graven Hill Village Development Co Ltd	£69.6m	£52.7m

The Council has also provided a financial guarantee of £22.4m for Graven Hill.

## 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-23	Liquidity Risk	31-Mar-24
£'000	Time to maturity	£'000
(22,074)	Less than 1 year	(36,274)
(21,173)	1 – 2 years	(6,001)
(22,050)	2 – 5 years	(31,145)
(78,355)	5-10 years	(68,306)
(15,044)	10-20 years	(10,005)
(30,205)	20-30 years	(30,206)
<b>(188,901)</b>	<b>Total</b>	<b>(181,937)</b>

## Market Risk: Interest Rates

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

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

Although the Council's borrowing is at relatively low interest rates currently, it is exposed to the risk that it will need to refinance some of its borrowing at higher interest rates in the future.

The Council has a number of strategies for managing interest rate risks. The Treasury Management team, in consultation with its advisors, has an active strategy for assessing

interest rate exposure that feeds into the setting of the annual budget and which is used to update the forecasted out-turn during the year. This allows for any adverse changes to be accommodated.

**Market Risk – Other:**

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

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

**Note 18 – Inventories**

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

31-Mar-23 £'000	Inventories	31-Mar-24 £'000
253	Opening Balance	357
1,086	Purchases	863
(982)	Recognised as an expense in the year	(957)
<b>357</b>	<b>Closing Balance</b>	<b>263</b>

**Note 19a – Short Term Debtors**

An analysis of the debtor's balance is shown below

31-Mar-23 £'000	Short Term Debtors	31-Mar-24 £'000
2,029	Trade Receivables	1,755
943	Pre-Payments	3,209
14,588	Other Receivable Amounts	8,018
<b>17,561</b>	<b>Total Debtors</b>	<b>12,982</b>

**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;

<b>31-Mar-23</b> £'000	<b>Short Term Debtors for Local Taxation</b>	<b>31-Mar-24</b> £'000
0	Less than three months	0
0	Three to six months	0
452	Six months to one year	368
611	More than one year	472
<b>1,063</b>	<b>Total Debtors</b>	<b>840</b>

## Note 20 – Cash and Cash Equivalents

Cash and cash equivalents include cash at bank, short-term bank deposits and money market investments and are highly liquid.

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

<b>31-Mar-23</b> £'000	<b>Cash and Cash Equivalents</b>	<b>31-Mar-24</b> £'000
(511)	Bank Balances/(Overdraft)	(1,408)
8,563	Short Term Investments	8,955
<b>8,053</b>	<b>Total Cash and Cash Equivalents</b>	<b>7,548</b>

## Note 21– Assets Held for Sale

<b>31-Mar-23</b> £'000	<b>Assets held for Sale</b>	<b>31-Mar-24</b> £'000
0	Balance at start of year	0
	<b>Assets newly classified as held for sale:</b>	
0	Property Plant and Equipment	199
	<b>Assets Sold:</b>	
0	Property Plant and Equipment	0
<b>0</b>	<b>Balance at year end</b>	<b>199</b>

## Note 22 – Short Term Creditors

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

31-Mar-23 £'000	Short Term Creditors	31-Mar-24 £'000
(3,608)	Trade Payables	(3,215)
(43,442)	Other Payable Amounts	(26,530)
<b>(47,050)</b>	<b>Total Creditors</b>	<b>(29,745)</b>

## Note 23 – Provisions

The main provisions during 2023/24 are for NNDR appeals. The council is required to set up a provision for the potential cost of successful appeals with the Valuation Office.

### Current Provisions

31-Mar-24	Health Walks Training Provision £'000	Graven Hill Deposit Guarantee £'000	NNDR Appeals Provision £'000	Total £'000
Opening Balance	(4)	(37)	(71)	(112)
Increase in provision during year	0	0	0	0
Utilised during the year	4	37	71	112
Transferred from Long term	0	0	(4,193)	(4,193)
<b>Closing Balance</b>	<b>0</b>	<b>0</b>	<b>(4,193)</b>	<b>(4,193)</b>
31-Mar-23 £'000	Health Walks Training Provision £'000	Graven Hill Deposit Guarantee £'000	NNDR Appeals Provision £'000	Total £'000
Opening Balance	(4)	(37)	(272)	(314)
Increase in provision during year	0	0	0	0
Utilised during the year	0	0	202	202
<b>Closing Balance</b>	<b>(4)</b>	<b>(37)</b>	<b>(71)</b>	<b>(112)</b>

## Long Term Provisions

31-Mar-24	NDR Appeals £'000	Landlord Rent Guarantee £'000	Landlord Rent Ex-Charter £'000	Banbury Bowls Club £'000	58 Bridge Street - Repair & Renewals £'000	Total £'000
<b>Opening Balance</b>	(7,748)	(75)	(18)	(47)	(103)	(7,991)
Increase in provision during year	(1,641)	0	0	0	(20)	(1,661)
Utilised during year	3,676	11	0	0	0	3,688
Transferred to short term	4,193	0	0	0	0	4,193
<b>Closing Balance</b>	<b>(1,519)</b>	<b>(63)</b>	<b>(18)</b>	<b>(47)</b>	<b>(123)</b>	<b>(1,770)</b>
31-Mar-23	NDR Appeals £'000	Landlord Rent Guarantee £'000	Landlord Rent Ex-Charter £'000	Banbury Bowls Club £'000	58 Bridge Street - Repair & Renewals £'000	Total £'000
<b>Opening Balance</b>	(8,151)	(89)	(18)	(47)	(103)	(8,409)
Increase in provision during year	(1,864)	0	0	0	0	(1,864)
Utilised during year	2,268	14	0	0	0	2,282
<b>Closing Balance</b>	<b>(7,748)</b>	<b>(75)</b>	<b>(18)</b>	<b>(47)</b>	<b>(103)</b>	<b>(7,991)</b>

## Total Provisions

31-Mar-23 £'000	Provisions Summary	31-Mar-24 £'000
(8,723)	Opening Balance	(8,103)
(1,864)	Increase in provision during year	(1,661)
2,484	Utilised during year	3,800
<b>(8,103)</b>	<b>Closing Balance</b>	<b>(5,964)</b>

## 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.

<b>31-Mar-23 £'000</b>	<b>Useable Reserves Summary</b>	<b>31-Mar-24 £'000</b>
(6,152)	General Fund	(6,152)
(23,670)	Earmarked Reserves	(30,876)
0	Capital Receipts Reserve	(606)
(5,849)	Capital Grants Unapplied Reserve	(5,688)
<b>(35,671)</b>	<b>Total</b>	<b>(43,322)</b>

### 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.

<b>31-Mar-23 £'000</b>	<b>General Fund Reserve</b>	<b>31-Mar-24 £'000</b>
(5,951)	Opening Balance	(6,152)
(201)	Transfers to general reserves	0
0	Use of general reserves in year	0
<b>(6,152)</b>	<b>Closing Balance</b>	<b>(6,152)</b>

## Earmarked Reserves

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

The large decrease in 2021/22 and 2022/23 relate primarily to Business Rates Section 31 grants which were received in 2020/21 but which have been used to finance the Business Rates Collection Fund deficit in 2021/22 and 2022/23.

<b>31-Mar-23 £'000</b>	<b>Earmarked Reserves</b>	<b>31-Mar-24 £'000</b>
(32,138)	Opening Balance	(23,670)
(10,238)	Transfers to reserves	(9,603)
18,706	Use of reserves in year	2,396
<b>(23,670)</b>	<b>Closing Balance</b>	<b>(30,876)</b>

## 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.

<b>31-Mar-23 £'000</b>	<b>Capital Receipts Reserve</b>	<b>31-Mar-24 £'000</b>
(100)	Opening Balance	0
(1,718)	Receipts from disposal of an interest in a capital asset	(606)
(6,034)	Receipts from repayments of capital loans made by the council	(15,079)
7,852	Capital Receipts used for financing	15,079
<b>0</b>	<b>Closing Balance</b>	<b>(606)</b>

## 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-23 £'000	Capital Grants Unapplied	31-Mar-24 £'000
(7,949)	Opening Balance	(5,849)
(1,134)	Capital grants recognised in year	(324)
3,233	Capital grants and contributions applied	486
<b>(5,849)</b>	<b>Closing Balance</b>	<b>(5,688)</b>

## Note 25 - Unusable Reserves

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

The unusable reserves held by the Council are detailed in the table below. The purpose of each unusable reserve is detailed in the relevant section below.

31-Mar-23 £'000	Unusable Reserves Summary	31-Mar-24 £'000
(42,084)	Revaluation Reserve	(41,042)
316	Capital Adjustment Account	1,400
31,309	Pension Reserve	15,050
(522)	Deferred Capital Receipts Reserve	(114)
(5,314)	Collection Fund Adjustment Account	(1,464)
270	Accumulated Absences Account	458
<b>(16,026)</b>	<b>Total</b>	<b>(25,712)</b>



## Revaluation Reserve

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

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

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

31-Mar-23 £'000	Revaluation Reserve	31-Mar-24 £'000
	<b>Opening Balance</b>	
<b>(40,218)</b>	<b>Opening balance as restated</b>	<b>(42,084)</b>
(7,609)	Upward revaluation of assets	(2,890)
4,791	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	2,857
<b>(2,818)</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>(33)</b>
863	Difference between fair value depreciation and historical cost depreciation	1,024
89	Accumulated gains on assets sold or scrapped	51
0	Accumulated gains on Property transferred to Investment Property	0
<b>952</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>1,075</b>
<b>(42,084)</b>	<b>Closing Balance</b>	<b>(41,042)</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

**Note 14** provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

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

31-Mar-23	Capital Adjustment Account	31-Mar-24
£'000		£'000
	<b>Opening balance</b>	
<b>1,495</b>	<b>Opening balance as restated</b>	<b>316</b>
4,783	Charges for depreciation and impairment of non-current assets	5,254
4,651	Revaluation losses on non-current assets	3,794
606	Amortisation of intangible assets	549
2,125	Revenue expenditure funded from capital under statute	3,472
499	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	89
<b>12,663</b>	<b>Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	<b>13,159</b>
(952)	Adjusting Amounts written out of the Revaluation Reserve	(1,075)
<b>11,712</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>12,083</b>
(7,852)	Use of Capital Receipts Reserve to finance new capital expenditure	(15,079)
(6,393)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,230)
(4,869)	Statutory provision for the financing of capital investment charged against the General Fund	(4,410)
392	Increase in expected credit losses provision for long-term loans receivable	(687)
0	Direct Revenue contributions	0
<b>(18,721)</b>	<b>Capital financing applied in year:</b>	<b>(25,406)</b>
6,034	Write down of Capital Loans repaid to the Council	15,079
(205)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	367
0	Donated assets fair value less consideration	(1,039)
<b>316</b>	<b>Closing Balance</b>	<b>1,400</b>

## Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>31-Mar-23</b> <b>£'000</b>	<b>Pension Reserve</b>	<b>31-Mar-24</b> <b>£'000</b>
82,138	Opening Balance	31,309
(58,146)	Remeasurements of the net defined benefit (liability)/asset	(12,765)
10,182	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	5,633
(2,865)	Employer's pensions contributions and direct payments to pensioners payable in the year	(9,127)
<b>31,309</b>	<b>Closing Balance</b>	<b>15,050</b>

## Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements the council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

<b>31-Mar-23 £'000</b>	<b>Deferred Capital Receipts reserve</b>	<b>31-Mar-24 £'000</b>
(529)	Opening Balance	(522)
(296)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure statement	(114)
303	Transfer to the capital receipts reserve upon receipt of cash	522
<b>(522)</b>	<b>Closing Balance</b>	<b>(114)</b>

## Collection Fund Adjustment Account

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

<b>31-Mar-23 £'000</b>	<b>Collection Fund Adjustment Account</b>	<b>Business Rates £'000</b>	<b>Business Rates – other £'000</b>	<b>Council Tax £'000</b>	<b>31-Mar-24 Total £'000</b>
7,955	Opening Balance	(4,585)	(30)	(699)	(5,314)
(13,239)	Amount by which income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	3,429		389	3,818
(30)	Other transfers to/(from) the General Fund in accordance with non-domestic rates regulations		32		32
<b>(5,314)</b>	<b>Closing Balance</b>	<b>(1,156)</b>	<b>2</b>	<b>(310)</b>	<b>(1,464)</b>

## Accumulated Absences Account

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

31-Mar-23 £'000	Accumulated Absences Account	31-Mar-24 £'000
269	Opening Balance	270
(269)	Settlement or cancellation of the accrual made at the end of the preceding year	(270)
270	Amounts accrued at the end of the year	458
<b>270</b>	<b>Closing Balance</b>	<b>458</b>

## Note 26 - Members' Allowances

A detailed list of allowances paid to each member is available for examination on the Council's website under "Councillors – Members' Allowances"

The Local Councils (Members' Allowances) Regulations 2003 requires local Councils to publish the amounts paid to members under the members' allowances scheme. The allowances available in 2023/24 were as follows:

31-Mar-23 £'000		31-Mar-24 £'000
345	Allowances	349
4	Expenses	4
<b>349</b>	<b>Total Members' Allowances</b>	<b>353</b>

## Note 27 - Officers' Remuneration

The Council is required, under regulation 7(2) of the Accounts and Audit Regulations 2003, to include in the notes to the accounts the number of employees in the accounting period whose remuneration was in excess of £50,000 excluding pension contributions.

This does not include senior staff all accounted for in the table on the following page where they are employees of Cherwell District Council.

<b>31-Mar-23</b>	<b>Officers' Remuneration</b>	<b>31-Mar-24</b>
<b>Number of employees</b>	<b>Remuneration Band</b>	<b>Number of employees</b>
16	£50,001 to £55,000	21
10	£55,001 to £60,000	16
6	£60,001 to £65,000	10
1	£65,001 to £70,000	3
1	£70,001 to £75,000	2
0	Over £75,000	2
<b>34</b>	<b>Total</b>	<b>54</b>

Note 27 Continued... **The Remuneration paid to senior employees in Cherwell District Council 2023/24 is as follows:**

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration including pension contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council	Date in post 2023/24
Chief Executive - Yvonne Rees	143,524	4,860	41,922	<b>190,306</b>	20,499	210,805	-	<b>210,805</b>	<i>Until January 2024</i>
Chief Executive & Head of Paid Services - Gordon Stewart	34,677	13	-	<b>34,691</b>	5,514	40,204	-	<b>40,204</b>	<i>From January 2024</i>
Corporate Director of Resources	107,725	1,378	-	<b>109,103</b>	17,128	126,231	-	<b>126,231</b>	
Corporate Director of Communities	116,480	889	-	<b>117,369</b>	18,520	135,889	-	<b>135,889</b>	
Assistant Director Customer Focus	83,975	641	-	<b>84,616</b>	13,352	97,968	-	<b>97,968</b>	
Assistant Director Law and Governance & Monitoring Officer	96,441	4,055	-	<b>100,495</b>	15,334	115,829	-	<b>115,829</b>	
Assistant Director Environmental Services	88,728	1,645	-	<b>90,373</b>	14,108	104,481	-	<b>104,481</b>	
Assistant Director Planning and Development	88,728	811	-	<b>89,539</b>	14,108	103,646	-	<b>103,646</b>	
Assistant Director Growth and Economy	88,728	-	-	<b>88,728</b>	14,108	102,835	-	<b>102,835</b>	
Assistant Director Finance & S151	98,817	478	-	<b>99,294</b>	15,712	115,006	-	<b>115,006</b>	
Assistant Director Housing & Wellbeing	85,163	733	-	<b>85,895</b>	13,541	99,436	-	<b>99,436</b>	
Assistant Director Human Resources & Operational Resources	75,724	1,281	-	<b>77,005</b>	12,030	89,035	-	<b>89,035</b>	

Table continued on next page...



Note 27 Continued...

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration including pension contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council	Date in post 2023/24
Assistant Director Property	49,652	539		<b>50,191</b>	7,895	58,085		<b>58,085</b>	<i>From September 2023</i>
Head of Digital and Innovation	60,252	-	-	<b>60,252</b>	9,580	69,832	-	<b>69,832</b>	
Head of Finance & Deputy S151	65,218	377	-	<b>65,595</b>	10,370	75,965	-	<b>75,965</b>	
Assistant Director of Regulatory Services*	-	-	-	-	-	-	6,890	<b>6,890</b>	<i>Until May 2023</i>
Head of Regulatory Services & Community Safety	63,154	439	-	<b>63,594</b>	10,042	73,635	-	<b>73,635</b>	
<b>Total</b>	<b>1,346,983</b>	<b>18,140</b>	<b>41,922</b>	<b>1,407,045</b>	<b>211,838</b>	<b>1,618,884</b>	<b>6,890</b>	<b>1,625,774</b>	

Cherwell District Council had one joint post 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

Note 27 Continued... **The Remuneration paid to senior employees in Cherwell District Council 2022/23 is as follows:**

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration including pension contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council	Date in post 2022/23
Chief Executive - Yvonne Rees	172,108	266	-	<b>172,373</b>	26,830	<b>199,203</b>	-	<b>199,203</b>	
Corporate Director of Resources	76,939	691	-	<b>77,630</b>	12,233	89,864	-	<b>89,864</b>	<i>From July 2022</i>

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration including pension contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council	Date in post 2022/23
Corporate Director of Communities	83,192	-	-	<b>83,192</b>	1,323	84,515	-	<b>84,515</b>	<i>From July 2022</i>
Corporate Director of Customers, Organisation Development and Resources**	2,473	-	-	<b>2,473</b>	1,101	3,574	-	<b>3,574</b>	<i>Until June 2022</i>
Director of Customers and Cultural Services**	8,503	285	-	<b>8,788</b>	4,507	13,295	-	<b>13,295</b>	<i>Until July 2022</i>
Assistant Director Customer Focus	36,942	-	-	<b>36,942</b>	5,874	42,816	-	<b>42,816</b>	<i>From October 2022</i>
Assistant Director Customer Focus Interim	35,945	-	-	<b>35,945</b>	5,689	41,634	-	<b>41,634</b>	<i>May to October 2022</i>
Assistant Director of Environmental Services	85,894	1,069	-	<b>86,963</b>	13,581	100,544	-	<b>100,544</b>	
Assistant Director of Planning and Development	84,585	404	-	<b>84,989</b>	13,399	98,388	-	<b>98,388</b>	
Assistant Director of Growth and Economy	84,269	-	-	<b>84,269</b>	13,399	97,668	-	<b>97,668</b>	
Assistant Director of Finance S151	94,328	375	-	<b>94,703</b>	14,943	109,646	-	<b>109,646</b>	
Assistant Director of Wellbeing	80,743	-	-	<b>80,743</b>	12,793	93,535	-	<b>93,535</b>	
Assistant Director of Human Resources	72,409	583	-	<b>72,992</b>	11,444	84,435	-	<b>84,435</b>	<i>Interim Apr - October 2022, permanent thereafter</i>
Head of Finance (Deputy S151)	1,508	-	-	<b>1,508</b>	439	1,946	-	<b>1,946</b>	<i>From 20th March 2023</i>
Assistant Director of Regulatory Services*	-	-	-	-	-	-	68,785	<b>68,785</b>	
<b>Total</b>	<b>919,837</b>	<b>3,673</b>	-	<b>923,510</b>	<b>137,553</b>	<b>1,061,063</b>	<b>68,785</b>	<b>1,129,848</b>	

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

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

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

## Note 28 - External Audit Costs

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

The final fees payable in 2021-22 and 2022-23 are still subject to approval by the PSAA.

<b>31-Mar-23 £'000s</b>	<b>Fees</b>	<b>31-Mar-24 £'000s</b>
143	Fees payable with regard to external audit services carried out by the appointed auditor	149
38	Fees payable for the certification of grant claims and returns	179
<b>181</b>	<b>Total</b>	<b>328</b>

## Note 29 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24;

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

31-Mar-23 £'000	Grant Income Credited to Taxation	31-Mar-24 £'000
	<b>Revenue Grants and Contributions</b>	
(121)	Revenue Support Grant	(307)
(7,830)	Non-Domestic Rates (incl. Section 31 grant)	(8,504)
(3,462)	New Homes Bonus	(1,625)
(995)	Lower Tier Services Grant	0
(241)	Services Grant	(154)
0	Funding Guarantee Grant	(2,839)
(551)	Other Revenue Grants and Contributions	(154)
	<b>Capital Grants and Contributions</b>	
(105)	Growth Deal Funding	0
(517)	Local Authority Household Fund	(1,427)
(422)	Eco Town Grant	0
0	Longford Park Asset Donation	(1,039)
(1,476)	S106 Capital Contributions	(406)
(533)	Other Capital Grants and Contributions	(216)
<b>(16,253)</b>	<b>Total</b>	<b>(16,671)</b>

## Grant Income Credited to Services

31-Mar-23 £'000	Grant Income Credited to Services	31-Mar-24 £'000
(21,617)	Rent Allowances Subsidy Grant	(21,379)
(289)	Housing Benefit Administration Subsidy Grant	(285)
(238)	NDR Cost of Collection Grant	(243)
(608)	Homeless Support Grants	(778)
(619)	Section 106 Developer contributions	(567)
(102)	New Burdens	(6)
(186)	Discretionary Housing Payments	(232)
(536)	Other Grants & Contributions	(957)
(1,240)	Disabled Facilities Grant*	(1,348)
(1,707)	Contributions from other Local Authorities	(2,463)
(548)	Home Office – Housing Refugees	(741)
(102)	Covid-19 related grants	(37)
(221)	Council Tax Rebate – Discretionary Scheme	0
0	Local Authority Housing fund Round 2*	(1,672)
<b>(28,013)</b>	<b>Total</b>	<b>(30,709)</b>

\*These are Capital grants, however as they are being used to fund Revenue Expenditure Funded by Capital Under Statute (REFCUS), under the CIPFA code the grants should be accounted for as a revenue grant in the CIES and credited to services.

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

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

<b>31-Mar-23</b> <b>£'000</b>		<b>31-Mar-24</b> <b>£'000</b>
(829)	Section 106 developer contributions	(1,015)
(27)	COVID-19 Grant - LRSG Closed Addendum	(30)
(2)	COVID-19 Grant - LRSG Open	(2)
(72)	Council Tax Rebate Grant	(7)
(276)	Afghan Refugee Accommodation Programme	(481)
(367)	Homes for Ukraine	(726)
(175)	Energy Bills Support Scheme Alternative Funding	0
(567)	Alternative Fuel Payment Scheme Alternative Fund	0
0	Asylum Dispersal Grant	(266)
(464)	Other Grants and contributions	(613)
<b>(2,780)</b>	<b>Total</b>	<b>(3,141)</b>

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

<b>31-Mar-23</b> <b>£'000</b>		<b>31-Mar-24</b> <b>£'000</b>
(3,005)	Section 106 developer contributions	(3,208)
(165)	Other Grants and Contributions	(220)
<b>(3,170)</b>	<b>Total</b>	<b>(3,428)</b>

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

<b>31-Mar-23</b> <b>£'000</b>		<b>31-Mar-24</b> <b>£'000</b>
(5,381)	Section 106 Developer Contributions - Capital	(5,650)
(5)	Community Build Banbury	(5)
<b>(5,386)</b>	<b>Total</b>	<b>(5,655)</b>

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

<b>31-Mar-23</b> <b>£'000</b>		<b>31-Mar-24</b> <b>£'000</b>
(6,370)	Section 106 Developer Contributions - Capital	(7,305)
(3,484)	Eco Town Grant	(3,484)
<b>(9,853)</b>	<b>Total</b>	<b>(10,789)</b>

## **Note 30 – Related Parties**

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

### **Central Government**

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

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

### **Other Public Bodies**

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

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

### **Subsidiaries and Joint Operations**

The Council has several subsidiaries, full details of which are included in the Group Accounts and explanatory notes.

#### **Crown House Banbury Limited**

A wholly owned Council subsidiary for the purpose of management of market rented accommodation. Councillor Simon Holland (appointed October 2017) and CDC Official Nicola Riley (appointed August 2021) are directors of the company.

The value of loans outstanding from the council to the company as at the balance sheet date total £12.949m (2022/23 £12.331m). The income recognised by the council in relation to Crown House Banbury limited for the year was £0.624m (2022/23 £0.588m), this related to interest on the loan and IT and project management services provided to the company.



### **Crown Apartments Banbury Limited**

The company is a subsidiary of Crown House Banbury Ltd which manages the residential property. Councillor Simon Holland (appointed June 2018) and CDC Official Nicola Riley (appointed August 2021) are directors of the company.

There were no transactions between the Council and Crown Apartments Banbury Limited in 2023/24 or 2022/23.

### **Graven Hill Village Holdings Limited**

The company is a holding company, of which the council holds 100 per cent of the shares in the company.

Councillor Simon Holland (appointed March 2023) is a director of the company. Previous directors in 2022/23 and 2023/24 included Councillors Daniel Sames (from December 2018 to November 2022) and Ian Corkin (from December 2018 to May 2023)

The value of loans outstanding from the council to the company as at the balance sheet date total £12.234m (2022/23 £12.234m). The income recognised by the council in relation to interest on the loan for the year was £1.472m (2022/23 £1.468m). In addition, the company paid a dividend of £0.5m (2022/23 nil) to the council.

### **Graven Hill Village Development Company Limited**

The company is a subsidiary of Graven Hill Village Holdings Ltd. The holding company holds 99 per cent of the shares and the council holds 1 per cent. The council has dominant control of the company by virtue of its control of the holding company. The principal activity of the company during the period was that of a property development company. Councillor Simon Holland (appointed March 2023) is a director of the company. Previous directors in 2022/23 and 2023/24 included Councillors Daniel Sames (from July 2014 to November 2022) and Ian Corkin (from September 2015 to May 2023).

At the balance sheet date, the outstanding amount owed to the council by the company was £40.427m (2022/23 £46.436m). This primarily relates to loans and a revolving credit facility, with a small amount in relation to IT and other support recharged to the company. The income recognised by the council in relation to Graven Hill Village Development Company Limited for the year was £3.290m (2022/23 £2.890m). This relates primarily to interest on the loans, with a small amount in relation to IT and other support recharged to the company.

## Officers

- During 2023-24 Senior Officers of the Council made disclosures relating to their directorships of the Council's wholly owned and Joint owned companies as listed above. All transactions are fully compliant with the CIPFA Code and documented in the Group Accounts.

## Members

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

- Members of the Council made disclosures relating to their directorships of the Council's wholly owned and Joint owned companies as listed above. All transactions are fully compliant with the CIPFA Code and documented in the Group Accounts.
- One member disclosed they are a director of Bicester Vision CIC, a local not for profit organisation supporting local businesses and projects for the benefit of the Bicester area. In 2023/24 the Council paid a grant of £15,000 (2022/23 £30,000) to Bicester Vision CIC as part of the Bicester Vision partnership.
- 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.

## Entities Controlled or Significantly Influenced by the Authority

During 2023/24 grant funding payments of £373,593 (2022/23 £379,900) were made to the Banbury Museum Trust. This represents a significant part of the funding for this organisation.

## Note 31 – Capital Expenditure and Capital Financing

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

31-Mar-23 £'000	<b>Capital Expenditure and Capital Financing</b>	31-Mar-24 £'000
242,058	<b>Opening Capital Financing Requirement</b>	238,400
<b>Capital Investment:</b>		
7,073	Property Plant and Equipment	8,992
0	Investment Property	0
257	Intangible Assets	334
2,125	Revenue Expenditure Funded from Capital Under Statute	3,472
0	Long Term Investments	0
6,000	Debtors	9,000
<b>15,455</b>	<b>Total Capital Spending</b>	<b>21,798</b>
<b>Sources of Finance:</b>		
(7,852)	Capital receipts	(15,079)
(6,393)	Government Grants and other contributions	(5,230)
0	Donated Assets fair value less consideration included in capital investment above	(1,039)
<b>Sums set aside from revenue:</b>		
0	Direct revenue contributions	0
(4,869)	Minimum revenue Provision	(4,410)
<b>(19,113)</b>	<b>Total Sources of Finance</b>	<b>(25,758)</b>
<b>238,400</b>	<b>Closing Capital Financing Requirement</b>	<b>234,440</b>
<b>31-Mar-23 £'000</b>		<b>31-Mar-24 £'000</b>
1,211	Increase in underlying need to borrow (unsupported by government financial assistance)	450
(4,869)	Statutory provision for repayment of debt (minimum Revenue Provision)	(4,410)
<b>(3,658)</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>(3,960)</b>

## Note 32 – Leases

### 32.1 Authority as Lessee - Finance Leases

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

31-Mar-23 £'000		31-Mar-24 £'000
2,332	Other Land and Buildings	0
0	Vehicles, Plant, Furniture, Equipment and Other	0
<b>2,332</b>	<b>Total</b>	<b>0</b>

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

31-Mar-23 £'000		31-Mar-24 £'000
<b>Finance lease liabilities (net present value of minimum lease payments):</b>		
8	- current	0
1,554	- non-current	0
0	Finance costs payable in future years	0
<b>1,562</b>	<b>Minimum lease payments</b>	<b>0</b>

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

Minimum Lease payments			Finance Lease Liabilities	
31-Mar-23 £'000	31-Mar-24 £'000		31-Mar-23 £'000	31-Mar-24 £'000
8	0	Not later than one year	231	0
45	0	Later than one year and not later than five years	922	0
1,509	0	Later than five years	5,626	0
<b>1,562</b>	<b>0</b>	<b>Total</b>	<b>6,779</b>	<b>0</b>

## 32.2 Authority as Lessee - Operating Leases

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

<b>31-Mar-23</b> £'000		<b>31-Mar-24</b> £'000
55	Not later than one year	47
76	Later than one year and not later than five years	61
24	Later than five years	15
<b>155</b>	<b>Total</b>	<b>123</b>

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

<b>31-Mar-23</b> £'000		<b>31-Mar-24</b> £'000
51	Minimum lease payments	45
<b>51</b>	<b>Total</b>	<b>45</b>

## 32.3 Authority as Lessor - Finance Leases

<b>31-Mar-23</b> £'000		<b>31-Mar-24</b> £'000
	Finance lease debtor (net present value of minimum lease payments):	
0	- current	0
0	- non-current	0
0	Unearned finance income	0
0	Unguaranteed residual value of property	0
<b>0</b>	<b>Gross investment in the lease</b>	<b>0</b>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

Gross Investment in the Lease		Minimum Lease Payments	
31-Mar-23 £'000	31-Mar-24 £'000	31-Mar-23 £'000	31-Mar-24 £'000
0	0	0	0
0	0	0	0
0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 32.4 Authority as Lessor - Operating Leases

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

31-Mar-23 £'000		31-Mar-24 £'000
5,312	Not later than one year	5,026
15,424	Later than one year and not later than five years	14,859
71,145	Later than five years	69,766
<b>91,880</b>	<b>Total</b>	<b>89,652</b>

### Note 33 - Impairment Losses

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

During the year under review a number of assets have been professionally valued by external valuers as part of the Council's 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.

During 2023/24 the council has recognised an impairment loss of £888k in relation to Town Centre House. This asset was held leasehold on a finance lease until it was purchased by the council during 2023/24. Following advice from CIPFA technical

experts, the difference between the amount paid for the asset and the outstanding lease liability was added to the net book value of the asset on the balance sheet. However, an impairment indicator was identified due to the recent freehold purchase cost being lower than carrying value of the asset. An impairment loss was therefore recognised to correctly reflect the historic cost of the asset in-line with the reporting requirements for Assets Under Construction under the CIPFA code.

## Note 34 - Termination Benefits

The authority terminated the contracts of four employees which resulted in termination benefits of £83k in 2023/24. The Figure in the financial year of 2022/23 was £22k.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
£0-£20,000	2	2	0	1	2	3	£11,888	£21,709
£20,001-£60,000	1	0	1	0	2	0	£71,535	0
<b>Total</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>£83,423</b>	<b>£21,709</b>

## Note 35 - Defined Benefit Pension Scheme

### 35.1 Participation in Pension Schemes

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

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

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

### 35.2 Transactions Relating to Post-employment Benefits

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

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

<b>31-Mar-23</b>		<b>31-Mar-24</b>
<b>£'000</b>	<b>Comprehensive (Income) and Expenditure Statement</b>	<b>£'000</b>
	<b>Cost of Services:</b>	
7,783	Current Service Cost	3,906
0	Past Service Cost/(Gain) – Including Curtailments	91
116	Administration Expense	131
	<b>Financing and Investment (Income) and Expenditure:</b>	
2,283	Net Interest Expense	1,505
<b>10,182</b>	<b>Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services</b>	<b>5,633</b>
	<b>Other Comprehensive (Income) and Expenditure:</b>	
8,885	Return on Plan Assets (excluding amounts included in net interest expense)	(9,401)
(1,346)	Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	(924)
(78,439)	Actuarial (Gains) & Losses Arising on Changes in Financial Assumptions	(7,726)
12,754	Experience (Gain)/loss on defined benefit obligation	5,286
0	Other actuarial (Gains) & Losses on assets	0
<b>(58,146)</b>	<b>Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(12,765)</b>
	<b>Movement in Reserves Statement</b>	
(10,182)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(5,633)
2,865	Employer's Contributions Payable to the Pension Scheme	9,127
<b>(7,317)</b>	<b>Total</b>	<b>3,494</b>



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

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

<b>31-Mar-23 £'000</b>	<b>Pension Assets and Liabilities Recognised in the Balance Sheet</b>	<b>31-Mar-24 £'000</b>
(163,942)	Present value of the defined benefit obligation	(166,369)
132,633	Fair value of plan assets	151,319
<b>(31,309)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(15,050)</b>

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

<b>31-Mar-23 £'000</b>		<b>31-Mar-24 £'000</b>
<b>Reconciliation of Present Value of Scheme Liabilities</b>		
(221,696)	Liabilities as of the Beginning of the Period	(163,942)
(7,899)	Current Service Cost	(4,037)
(6,025)	Interest Cost	(7,741)
(1,136)	Contributions by Scheme Participants	(1,287)
78,439	Change in financial assumptions	7,726
1,346	Change in demographic assumptions	924
(12,754)	Experience (Losses)/Gains on defined benefit obligation	(5,286)
0	Losses on Curtailments	0
5,783	Benefits Paid	7,365
0	Past Service Costs	(91)
<b>(163,942)</b>	<b>Liabilities as of the End of the Period</b>	<b>(166,369)</b>
<b>Reconciliation of Fair Value of Scheme Assets</b>		
139,558	Assets as of the Beginning of the Period	132,633
3,742	Interest on Assets	6,236
(8,885)	Return on assets less interest	9,401
0	Other Experience (Losses)/Gains	0
2,865	Employer Contributions	9,127
1,136	Contributions by Scheme Participants	1,287
(5,783)	Benefits Paid	(7,365)
<b>132,633</b>	<b>Assets as of the End of the Period</b>	<b>151,319</b>

## Impact on the Council's cash Flow

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £166m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance relating to pensions of £14m (see also 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 2025 is £2.985m.

The weighted average time until payment of all expected future cashflows is 17 years.

## Sensitivity Analysis

Funding levels are monitored on an annual basis, with the last triennial review and valuation completed at 31 March 2022. The fund liability may go up and down depending on assumptions applied.

## Measurement of Pension Liability

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

The estimated effects of the changes in the key individual assumptions in determining the net pension liability would increase the Council's pension liability as of 31 March 2023 as follows:

31-Mar-23 £'000	Sensitivity analysis	31-Mar-24 £'000
2,703	0.1% per cent decrease in the real discount rate	2,811
254	0.1% per cent increase in the salary increase rate	241
2,490	0.1% per cent increase in the pension increase rate	2,620
6,558	1-year increase in member life expectancy	6,655

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

## 35.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for Oxfordshire County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2022.

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

31-Mar-23 per cent	Principal Assumptions	31-Mar-24 per cent
3.30	Rate of inflation: RPI	3.20
3.00	Rate of inflation: CPI	2.80
3.00	Rate of increase in salaries	2.80
3.00	Rate of increase in pensions	2.80
4.75	Rate of discounting scheme liabilities	4.80

These assumptions are set with reference to market conditions as at 31 March 2024. The estimated duration of Employer's pension liabilities to employees is 17 years.

The discount rate is the annualised yield at the 17-year point on the iBoxx AA-rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities.

The Retail Prices Index (RPI) increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England (BoE), specifically the 17 year point on the BoE market implied inflation curve.

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

31-Mar-23		31-Mar-24
Years	Mortality Assumptions	Years
	Longevity at 65 for current pensioners	
22.2	Men	22.0
24.8	Women	24.6
	Longevity at 65 for future pensioners	
22.4	Men	22.2
26.1	Women	25.8

### The following assumptions have been made:

Members will elect to take 50 per cent of their commutable pension for cash at retirement.

Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.

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

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

31-Mar-23 per cent	Estimated Asset Allocation	31-Mar-24 per cent
0	Equity Securities	0
2	Debt Securities	2
5	Private Equity	5
0	Real Estate	0
91	Investment Funds and Unit Trusts	91
0	Derivatives	0
2	Cash & Cash Equivalents	2
<b>100</b>	<b>Total</b>	<b>100</b>

### 35.6 Other factors arising from recent court cases

#### Guaranteed Minimum Pension (GMP) Indexation

The 2022 formal funding valuation included an allowance for full GMP equalisation / indexation within the LGPS. The rolled forward position to 31 March 2024 therefore includes this allowance.

The further ruling in respect of historical transfers is unlikely to be significant in terms of impact on the pension obligations of a typical Employer, and as a result no allowance has been made for this

**McCloud** - An allowance was added to the 2022 valuation results, so the impact is continued to be included within the balance sheet at 31 March 2024

**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 (circa 1% of obligations), and therefore there are not sufficient grounds to apply an additional adjustment to account for this.

## **Note 36 - Contingent Liabilities**

### **Oxfordshire County Council Bond**

Cherwell District Council issued a Bond to the sum of £22m to Oxfordshire County Council in December 2019 on behalf of its wholly owned subsidiary, Graven Hill Village Development Company Ltd (GHVDC), relating to GHVDC's obligations under the Section 106 Agreement for payment of contributions and direct delivery of a primary school. The Primary School achieved practical completion on 07th September 2023 and has been transferred to the County Council. Graven Hill requested that the Bond be reduced, and this was agreed by Oxfordshire County Council shortly after the year end date, reducing the amount to £988k as at 24 April 2024.

In August 2021 another Bond was issued under the Section 278 Agreement for the A41 roundabout for the sum of £2.12m. In August 2023 the bond was reduced by 80%, to £0.42m, as the highway works have been substantially completed and the Certificate of Completion issued.

The total Bond sum Cherwell District Council has issued to Oxfordshire County Council on behalf of its wholly owned subsidiary, Graven Hill Village Development Company Ltd (GHVDC), relating to GHVDC's obligations is £22.42m.

## **Note 37 - Contingent Assets**

The Council has no contingent assets at 31 March 2024.

# Collection Fund Accounts

31-Mar-2023			31-Mar-2024			
Business Rates	Council Tax	Total	Collection Fund	Business Rates	Council Tax	Total
£'000	£'000	£'000	Income:	£'000	£'000	£'000
	(125,430)	(125,430)	Council Tax Receivable		(133,792)	(133,792)
(93,244)		(93,244)	Business Rates Receivable	(100,278)		(100,278)
			Transitional Protection Payments Receivable	(4,692)		(4,692)
<b>(93,244)</b>	<b>(125,430)</b>	<b>(218,674)</b>	<b>Total Income</b>	<b>(104,970)</b>	<b>(133,792)</b>	<b>(238,762)</b>
			<b>Expenditure:</b>			
			<b>Contribution to Previous Year's estimated Surplus/Deficit:</b>			
(13,098)		(13,098)	Central Government	7,493		7,493
(10,479)	360	(10,119)	Cherwell District Council	5,994	650	6,644
(2,620)	2,393	(227)	Oxfordshire County Council	1,499	4,386	5,884
	352	352	Thames Valley Police and Crime Commissioner		642	642
			<b>Precepts, demands and shares:</b>			
43,093		43,093	Central Government	51,338		51,338
34,474	13,914	48,388	Cherwell District Council	41,070	14,682	55,752
8,619	93,814	102,433	Oxfordshire County Council	10,268	100,893	111,161
0	13,705	13,705	Thames Valley Police and Crime Commissioner		14,911	14,911
			<b>Charges to Collection Fund:</b>			
687		687	Transitional Protection Payments Payable			
0	16	16	Write-offs of uncollectable amounts			
			Interest payments on refunds	97		97
480	(73)	406	Increase/(decrease) in allowance for impairment	249	982	1,230
(1,515)		(1,515)	Increase/(decrease) in allowance for appeals and interest	(5,265)		(5,265)
238		238	Charge to General Fund for allowable collection costs for non-domestic rates	243		243
			<b>Other transfers to General Fund in accordance with non-domestic rates regulations</b>			
518		518	Renewable Energy	560		560
<b>60,397</b>	<b>124,480</b>	<b>184,876</b>	<b>Total Expenditure</b>	<b>113,544</b>	<b>137,146</b>	<b>250,689</b>
<b>(32,848)</b>	<b>(950)</b>	<b>(33,798)</b>	Movement on Fund Balance	8,574	3,353	11,927
21,384	(5,164)	16,220	Balance at the beginning of the Year	(11,464)	(6,114)	(17,578)
<b>(11,464)</b>	<b>(6,114)</b>	<b>(17,578)</b>	<b>Balance at the end of the Year</b>	<b>(2,890)</b>	<b>(2,761)</b>	<b>(5,651)</b>
			<b>Shares of Balance</b>			
(5,732)		(5,732)	Central Government	(1,445)		(1,445)
(4,586)	(699)	(5,285)	Cherwell District Council	(1,156)	(310)	(1,466)
(1,146)	(4,723)	(5,870)	Oxfordshire County Council	(289)	(2,135)	(2,424)
0	(692)	(692)	Thames Valley Police and Crime Commissioner		(316)	(316)
<b>(11,464)</b>	<b>(6,114)</b>	<b>(17,578)</b>	<b>Total</b>	<b>(2,890)</b>	<b>(2,761)</b>	<b>(5,651)</b>

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

### Note 1. General

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

In 2013/14 there was a change to the method for distributing and accounting for business rates income. Prior to 1 April 2013 Non-Domestic Rates were collected by the Council and then completely paid over to the Government, who then redistributed these sums across the country in the form of the Non-Domestic rates grant.

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

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

### Note 2. Business Rates

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

Business rates are calculated and collected by the Council. The Government specifies an amount (51.2p in 2023/24; 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 £104.4m in 2023/24. The rateable value for the Council's area was £264.6m at 31 March 2024 VOA valuation (2022/23: £236.5m).

### 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 2023/24 the accumulated provision for bad debts stood at £3.419m (£4.345m for 2022/23) made up as follows:

<b>31-Mar-23</b> <b>£'000</b>	<b>Provision for Uncollectable Amounts</b>	<b>31-Mar-24</b> <b>£'000</b>
2,261	Non-Domestic Rates	1,484
2,084	Council Tax	1,935
<b>4,345</b>	<b>Total Provision</b>	<b>3,419</b>

### Note 4. Council Tax Base

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

The figures for 2023/24 are:

<b>Band</b>	<b>Estimated equivalent no. of taxable properties after effect of discounts</b>	<b>Ratio</b>	<b>Band D Equivalent Dwellings</b>
<b>A</b>	4,131	6/9ths	2,753
<b>B</b>	12,666	7/9ths	9,851
<b>C</b>	16,322	8/9ths	14,508
<b>D</b>	11,010	9/9ths	11,010
<b>E</b>	8,324	11/9ths	10,174
<b>F</b>	4,084	13/9ths	5,899
<b>G</b>	2,672	15/9ths	4,453
<b>H</b>	240	18/9ths	480
<b>Totals</b>	<b>59,449</b>		<b>59,129</b>
			Adjustment for non-collection (-2.0 per cent)
			(1,182)
			Contribution from MOD Properties
			237
			<b>Council Tax Base 2023/24</b>
			<b>58,184</b>
			<b>Council Tax Base 2022/23</b>
			<b>56,802</b>



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

<b>Band</b>	<b>Multiplier</b>	<b>Cherwell Council</b>	<b>Oxfordshire County Council</b>	<b>Thames Valley Police and Crime Commissioner</b>	<b>Total £s</b>
<b>A</b>	6/9ths	99.00	1,156.02	170.85	1,425.87
<b>B</b>	7/9ths	115.50	1,348.69	199.33	1,663.52
<b>C</b>	8/9ths	132.00	1,541.36	227.80	1,901.16
<b>D</b>	9/9ths	148.50	1,734.03	256.28	2,138.81
<b>E</b>	11/9ths	181.50	2,119.37	313.23	2,614.10
<b>F</b>	13/9ths	214.50	2,504.71	370.18	3,089.39
<b>G</b>	15/9ths	247.50	2,890.05	427.13	3,564.68
<b>H</b>	18/9ths	297.00	3,468.06	512.56	4,277.62

# Group Accounts and Explanatory Notes

## Introduction

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

The Group Accounts include the following:

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

## Results of the Subsidiaries

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

During 2021/22 CSN Resources Ltd., which had previously been consolidated in the group accounts, entered voluntary liquidation. As a result, the company has not been consolidated in the group accounts as the company's accounts made up to the liquidation date are not material to the group. As at the publication date, the company is still going through the liquidation process.

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

The company is a holding company, of which the council holds 100 per cent of the shares in the company. The council has dominant control of the company by virtue of guaranteed majority voting rights on the board. The board consists of 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 from the Council and onward lends funds to its subsidiary company, Graven Hill Village Development Company Ltd.

For 2023/24, the company's results showed a profit of £0.982m (£0.027m loss in 2022/23), and net assets of £34.793m (2022/23: £34.311m). Loans outstanding owed to the group total £12.234m (2022/23: £12.234m).

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

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

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

For 2023/24, the company's results showed a surplus of £4.412m (2022/23: £4.068m), and net assets of £44.480m (2022/23: £41.068m). Loans outstanding from the group to the company total £52.648m (2022/23 £58.851m).

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

### **Graven Hill Management Company Ltd**

Graven Hill Village Management Company Ltd is a subsidiary of Graven Hill Village Development Company which manages the property retained within the group. The company was dormant for 2022/23 and 2023/24, and as such there was no activity for the company in this financial year.

### **Graven Hill Management Company Block E Ltd**

Graven Hill Village Management Company Block E is a subsidiary of Graven Hill Village Development Company which manages the property at the Block E apartments. The only activity for the company in this financial year relates to administrative expenses resulting in a surplus for the year of £0.062m (2022/23: loss of £0.057m) and net liability of £0.071m (2022/23: £0.133m).

### **Graven Hill Management Company Block C Ltd**

Graven Hill Village Management Company Block C is a subsidiary of Graven Hill Village Development Company which manages the property at the Block C apartments. The only activity for the company in this financial year relates to administrative expenses resulting in a loss for the year of £0.005m and net liability of £0.005m. In 2022/23 the company was dormant and so the corresponding figures are nil.

### **Crown House Banbury Ltd**

The company was purchased in Aug 2017. The principal activity of the company during the period was the management of market rented accommodation. The council holds 100 per cent of the shares in the company. The council has dominant control of the company by virtue of guaranteed majority voting rights on the board. The board consists of Councillors and Officers who are appointed by the council.

For 2023/24, the company's results showed a loss of £0.526m (2022/23: £2.266m), and net liabilities of £6.678m (2022/23: £6.152m). The value of loans outstanding from the council calculated using the Effective Interest Rate method total £12.949m (2022/23: £12.331m).

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 2023/24, the company's results showed a profit of £0.005m (2022/23 profit of £0.061m) and net assets of £0.031m (2022/23 £0.026m).

### **Summary of Group**

<b>Company Name</b>	<b>Date of Incorporation / Acquisition</b>
<b>Graven Hill Village Holdings Ltd</b>	25 Jun 2014
<b>Graven Hill Village Development Company Ltd</b>	25 Jun 2014
<b>Crown House Banbury Ltd</b>	4 Aug 2017
<b>Graven Hill Village Management Company Ltd</b>	26 Feb 2018
<b>Crown Apartments Banbury Ltd</b>	7 Jun 2018
<b>Graven Hill Village Management Company Block E</b>	3 Oct 2018
<b>Graven Hill Village Management Company Block C</b>	9 Dec 2021

## Group Comprehensive Income and Expenditure Statement

Year Ending 31 Mar 23			Directorates	Year Ending 31 Mar 24		
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
35,914	(30,733)	5,181	Chief Executive	72,965	(73,173)	(208)
24,322	(11,168)	13,154	Communities	23,801	(9,326)	14,476
46,203	(31,275)	14,928	Resources	40,417	(32,236)	8,181
<b>106,439</b>	<b>(73,175)</b>	<b>33,264</b>	<b>Cost of Services</b>	<b>137,183</b>	<b>(114,734)</b>	<b>22,449</b>
5,763	(1,212)	4,551	Other Operating Expenditure	6,042	(109)	5,933
6,411	(2,714)	3,697	Financing and Investment (Income) and Expenditure	8,791	(4,161)	4,629
0	(36,135)	(36,135)	Taxation and Non-Specific Grant (Income)	0	(40,551)	(40,551)
<b>118,613</b>	<b>(113,237)</b>	<b>5,376</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>152,015</b>	<b>(159,556)</b>	<b>(7,539)</b>
		(2,818)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(33)
		(58,146)	Remeasurement of the net defined benefit liability / (asset)			(12,765)
		<b>(60,964)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(12,798)</b>
		<b>(55,588)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(20,337)</b>

## Group Movement in Reserves Statement

23/24	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
<b>Opening Balance at 1 April 2023</b>	7,428	(23,671)	0	(5,509)	(21,752)	(17,292)	(39,044)
<b>Movement in Reserves during 2023/24</b>							
Surplus or deficit on the provision of services	(7,539)	0	0	0	(7,539)	0	(7,539)
Other Comprehensive Income / Expenditure	0	0	0	0	0	(12,798)	(12,798)
<b>Total Comprehensive Income and Expenditure</b>	<b>(7,539)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(7,539)</b>	<b>(12,798)</b>	<b>(20,337)</b>
Adjustments between accounting basis and funding basis under regulations	(3,343)	0	(606)	162	(3,787)	3,787	0
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(10,882)</b>	<b>0</b>	<b>(606)</b>	<b>162</b>	<b>(11,326)</b>	<b>(9,011)</b>	<b>(20,337)</b>
Transfers to / from Earmarked Reserves	7,206	(7,206)	0	0	0	0	0
<b>(Increase) or Decrease in 2023/24</b>	<b>(3,676)</b>	<b>(7,206)</b>	<b>(606)</b>	<b>162</b>	<b>(11,326)</b>	<b>(9,011)</b>	<b>(20,337)</b>
<b>Closing Balance at 31 March 2024</b>	<b>3,752</b>	<b>(30,877)</b>	<b>(606)</b>	<b>(5,347)</b>	<b>(33,078)</b>	<b>(26,303)</b>	<b>(59,381)</b>

22/23	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Receipts Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
<b>Opening Balance at 1 April 2022</b>	<b>6,518</b>	<b>(32,139)</b>	<b>(100)</b>	<b>(7,948)</b>	<b>(33,669)</b>	<b>50,212</b>	<b>16,543</b>
<b>Movement in Reserves during 2022/23</b>							
Surplus or deficit on the provision of services	5,376	0	0	0	<b>5,376</b>	0	<b>5,376</b>
Other Comprehensive Income / Expenditure	0	0	0	0	<b>0</b>	(60,964)	<b>(60,964)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>5,376</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,376</b>	<b>(60,964)</b>	<b>(55,588)</b>
Adjustments between accounting basis and funding basis under regulations	4,002	0	100	2,439	<b>6,541</b>	(6,541)	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>9,378</b>	<b>0</b>	<b>100</b>	<b>2,439</b>	<b>11,917</b>	<b>(67,505)</b>	<b>(55,588)</b>
Transfers to / from Earmarked Reserves	(8,468)	8,468	0	0	<b>0</b>	0	<b>0</b>
<b>(Increase) or Decrease in 2022/23</b>	<b>910</b>	<b>8,468</b>	<b>100</b>	<b>2,439</b>	<b>11,917</b>	<b>(67,505)</b>	<b>(55,588)</b>
<b>Closing Balance at 31 March 2023</b>	<b>7,428</b>	<b>(23,671)</b>	<b>0</b>	<b>(5,509)</b>	<b>(21,752)</b>	<b>(17,292)</b>	<b>(39,044)</b>

## Group Balance Sheet

31 March 2023 £000		31 March 2024 £000
183,763	Property, Plant & Equipment	180,836
4,640	Investment Property	4,274
1,965	Intangible Assets	1,750
1,110	Long Term Investments	1,111
6,473	Long Term Debtors	8,231
<b>197,951</b>	<b>Long Term Assets</b>	<b>196,201</b>
35,101	Short Term Investments	13,087
90,762	Inventories	67,295
12,781	Short Term Debtors	13,183
16,195	Cash and Cash Equivalents	33,886
0	Assets held for sale	199
<b>154,839</b>	<b>Current Assets</b>	<b>127,651</b>
(22,901)	Short Term Borrowing	(36,937)
(59,203)	Short Term Creditors	(37,038)
(75)	Provisions	(4,193)
(2,776)	Grants Receipts in Advance - Revenue	(3,132)
(3,170)	Grants Receipts in Advance - Capital	(3,428)
(511)	Cash and Cash Equivalents	(1,408)
<b>(88,635)</b>	<b>Current Liabilities</b>	<b>(86,135)</b>
(7,991)	Provisions	(1,770)
(166,000)	Long Term Borrowing	(145,000)
(31,309)	Pension Liability	(15,050)
(2,707)	Long Term Creditors	(71)
(5,386)	Grants Receipts in Advance - Revenue	(5,655)
(9,853)	Grants Receipts in Advance - Capital	(10,789)
<b>(223,246)</b>	<b>Long Term Liabilities</b>	<b>(178,335)</b>
<b>40,910</b>	<b>Net Assets / (Liabilities)</b>	<b>59,381</b>
(23,619)	Useable Reserves	(33,078)
(17,292)	Unusable Reserves	(26,303)
<b>(40,910)</b>	<b>Total Reserves</b>	<b>(59,381)</b>



## Group Cash Flow Statement

2022/23 £'000		Note(s)	2023/24 £'000
<b>Cash Flows from Operating Activities</b>			
<b>675</b>	<b>Net (Surplus)/Deficit on Provision of Services</b>		<b>(7,539)</b>
(4,789)	Depreciation & Impairment	14	(5,127)
(4,651)	Changes in Market Value of Property, Plant & Equipment	14	(3,794)
(606)	Amortisation of Intangible Assets	16	(549)
205	Changes in Fair Value of Investment Properties	15	(367)
(679)	Disposal of Assets	14, 15 & 16	(89)
0	Impairment of assets	14	(130)
22,084	Changes in Inventory	18	(23,467)
(1,525)	Changes in Short Term Debtors (decrease)	19	450
(11,639)	Changes in Short Term Creditors (increase)	22	22,189
620	Changes in Provisions (increase)	23	2,102
50,829	Changes in Net Pension Liability (decrease)	37	16,259
(58,146)	Remeasurement of Net Defined Benefit Liability	37	(12,765)
(1,694)	Changes in Long Term Creditors (increase)	17	2,635
774	Changes in Long Term Debtors (decrease)	17	1,757
4,293	Capital Grants Recognised	31	6,108
1,717	Proceeds on Disposal of Property, Plant & Equipment	24	606
<b>(2,533)</b>	<b>Net Cash Flows from Operating Activities</b>		<b>(1,721)</b>
<b>Cash Flows from Investing Activities</b>			
7,073	Purchase of Property, Plant & Equipment	14	8,181
0	Purchase of Investment Property	15	0
257	Purchase of Intangible Assets	16	334
(1,717)	Proceeds from the Disposal of Property, Plant and Equipment	24	(606)
(11,153)	Net Changes in Short Term and Long Term Investments (decrease)	17	(22,014)
<b>(5,540)</b>	<b>Net Cash Flows from Investing Activities</b>		<b>(14,104)</b>
<b>Cash Flows from Financing Activities</b>			
17,801	Changes in Grants and Contributions	29	(1,824)
0	Issued share capital		0
(4,293)	Capital Grants and Contributions Recognised	29	(6,108)
10,704	Cash Receipts of Short Term and Long Term Borrowing	17	6,964
<b>24,212</b>	<b>Net Cash Flows from Financing Activities</b>		<b>(968)</b>
16,139	Net (Increase)/Decrease in Cash and Cash Equivalents in the Period		(16,794)
<b>31,824</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>		<b>15,684</b>
<b>15,685</b>	<b>Cash and Cash Equivalents at the End of the Period</b>		<b>32,478</b>

## Notes to the Group Accounts

### Note 1 Accounting Policies of for the Group

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, 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. The Graven Hill companies and Crown House companies have been consolidated because together they are material to the Council's balance sheet.

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

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

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## Note 2 Group Property Plant and Equipment

Movements to 31 March 2023							
	Land and Buildings	Vehicles Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Balance at 1 April 2023</b>	<b>169,652</b>	<b>21,498</b>	<b>5,566</b>	<b>185</b>	<b>17</b>	<b>2,906</b>	<b>199,824</b>
Additions	406	651	0	35	0	7,089	8,182
Acc Dep & Imp WO to GCA	(1,911)	0	0	0	0	0	(1,911)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	706	0	0	85	0	0	790
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,794)	0	0	0	0	0	(3,794)
Derecognition – disposals	(93)	(78)	0	0	0	0	(171)
Assets reclassified (to)/from Assets held for sale	0	0	0	0	0	(199)	(199)
Other movements in cost or valuation	0	0	0	0	0	0	0
<b>Closing Balance at 31 March 2024</b>	<b>164,966</b>	<b>22,071</b>	<b>5,566</b>	<b>305</b>	<b>17</b>	<b>9,796</b>	<b>202,721</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>Balance brought forward</b>	<b>(3,045)</b>	<b>(11,541)</b>	<b>(3,276)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,862)</b>
Depreciation charge	(3,656)	(1,297)	(174)	0	0	0	(5,127)
Acc. Depreciation WO to GCA	1,911	0	0	0	0	0	1,911
Impairment losses/(Reversals) recognised in the Revaluation Reserve	0	0	0	0	0	(758)	(758)
Impairment Losses/(reversals) recognised in the Surplus/Deficit on provision of services	0	0	0	0	0	(130)	(130)
Derecognition – disposals	4	78	0	0	0	0	82
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0
<b>Closing Balance at 31 March 2024</b>	<b>(4,785)</b>	<b>(12,760)</b>	<b>(3,450)</b>	<b>0</b>	<b>0</b>	<b>(888)</b>	<b>(21,883)</b>
<b>Net Book Value</b>							
<b>at 31 March 2024</b>	<b>160,181</b>	<b>9,311</b>	<b>2,116</b>	<b>305</b>	<b>17</b>	<b>8,908</b>	<b>180,837</b>
<b>at 31 March 2023</b>	<b>166,609</b>	<b>9,957</b>	<b>2,289</b>	<b>185</b>	<b>17</b>	<b>2,905</b>	<b>181,964</b>

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

<b>31-Mar-23 £'000</b>	<b>Inventory</b>	<b>31-Mar-24 £'000</b>
23,339	Land	12,261
67,066	Development Costs	54,771
357	Stock	263
<b>90,762</b>	<b>Total Inventories</b>	<b>67,295</b>

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# Annual Governance Statement 2023/2024

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Shiraz Sheikh  
Monitoring Officer /  
Assistant Director Law & Governance

# Contents

*INTRODUCTION..... 135*

*THE PURPOSE OF THE GOVERNANCE FRAMEWORK..... 135*

*THE KEY ELEMENTS OF THE GOVERNANCE FRAMEWORK AT CHERWELL DISTRICT COUNCIL..... 135*

*ANNUAL PLANNING PROCESS ..... 136*

*DECISION MAKING..... 137*

*RISK MANAGEMENT ..... 137*

*CORPORATE LEADERSHIP TEAM (CLT)..... 137*

*FINANCE..... 138*

*ARRANGEMENTS FOR GOVERNANCE..... 139*

*REVIEW OF EFFECTIVENESS ..... 142*

*PEER REVIEW - PROGRESS FEEDBACK..... 144*

*GOVERNANCE SELF ASSESSMENT ..... 144*

*CONCLUSION..... 145*

*STATEMENT OF OPINION..... 146*

DRAFT

## INTRODUCTION

The CIPFA/SOLACE Delivering Good Governance in Local Government (2016) requires local authorities to publish an Annual Governance Statement, and to be responsible for ensuring that:

- its business is **conducted** in accordance with the **law and proper** standards
- public money is safeguarded and properly **accounted** for, and
- **resources** are used **economically, efficiently and effectively to deliver agreed priorities and benefit local people.**

The Council also has a **duty** to:

- make arrangements to **secure continuous improvement** in the way in which its functions are exercised
- put in place **proper arrangements for the governance of its affairs**, and
- implement and maintain effective processes of **internal control**, including appropriate arrangements to manage risk.

The Council's Accounts Audit & Risk Committee (AARC)) reviews governance arrangements, audit reports and risk registers. Their role is to recommend improvements or interventions if expected performance is not being achieved, or gaps in current governance arrangements have been identified. The Overview and Scrutiny Committee (OSC) also scrutinises performance reports as part of its work programme. Budget Planning Committee is also involved in looking at the budget process.

## THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, cultures and values which underpin how the Council is controlled and managed internally, and how it engages with taxpayers, service users and the wider community. The governance framework enables the Council to monitor delivery of its strategic objectives and assess whether those objectives are securing service improvements and value for money. Systems of internal control and risk management are a significant part of the governance framework and are designed to manage risk down to a reasonable level. Some risks can never be eliminated entirely, however, and these processes provide only reasonable and not absolute assurance of effectiveness.

## THE KEY ELEMENTS OF THE GOVERNANCE FRAMEWORK AT CHERWELL DISTRICT COUNCIL

The Council operates an executive based system of governance with a Leader. The Executive takes strategic key decisions with officers responsible for day to day decisions. The Executive is made up of a Leader and 9 other councillors. The leader then appoints individual councillors (portfolio holders) to other positions in the

Executive. Their remit includes obtaining assurance that Annual Delivery Plan priorities, and the Budget and Policy Framework approved by Council each year, are delivered in their relevant areas.

The Council has a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people.

We have various layers of management within the organisation and the management teams each play an important role in the governance framework.

The corporate leadership team (CLT), comprises the Head of Paid Service, Corporate Directors, Monitoring Officer and S151 Officer. CLT meets on a weekly basis. The extended leadership team (ELT) comprises the CLT and Assistant Directors. ELT meets on a monthly basis and are programmed as a series of sessions to focus on strategic issues, projects and programmes and health of the organisation.

The council has two wholly owned companies – Graven Hill and Crown House.

Graven Hill Village Developments was established in 2014. It is an ambitious project aimed at disrupting the market and creating innovative solutions to housing supply issues. The aim of Graven Hill is a large scale self-build community within a development of up to 1,900 new homes. It will also provide commercial space, a nursery, a primary school and health hub, continuing to create new jobs in the locality.

The Crown House apartments project was initiated to drive economic and social regeneration. The initiative has improved community safety, and provided housing in Banbury town centre, comprising 50 apartments and one commercial unit.

The Council commissioned an independent review of the governance arrangements for Graven Hill, the recommendations arising from it were reported to the Shareholder Committee in July 2023 with the action plan agreed with the members. The action plan is regularly reviewed by the Committee and progress is tracked.

## **ANNUAL PLANNING PROCESS**

The Council's Corporate Plan sets the Council's future priorities and objectives over 5 years . the current priorities are as follows:

Housing that meets your needs

Supporting environment sustainability

An enterprising economy with strong and vibrant local centres

Healthy, resilient and engaged communities.

The annual delivery plan sets out the key projects for delivering the above priorities on an annual basis. The new delivery plan was agreed in February 2024.



The Service Plans informed by the service set out how each service is working towards the annual delivery plan and the above priorities.

The framework also sets out the council's golden thread – how its annual priorities are cascaded down through the organisation to individual work plans . Progress towards these priorities is regularly reviewed and reported to the Executive and OSC. Performance monitoring includes key Indicators, monthly measures and targets.

## **DECISION MAKING**

There is a Forward Plan on a regularly basis for all key decisions.

All meetings are held in public and are webcast and available to watch after the event.

Decision are recorded on the Council website

Decision are supported by officer reports which are open to the public unless they qualify as legally “exempt” from publication.

Decisions are also subject to call-in to OSC.

## **RISK MANAGEMENT**

Risk registers identify operational and strategic risks.

Key risks are considered by Directorate Management Teams.

Strategic risks are reported to the Executive and AARC quarterly and overseen by Corporate Leadership Team

## **CORPORATE LEADERSHIP TEAM (CLT)**

CLT are responsible for the overall management of the Council

The Head of Paid Service is the Chief Executive who is responsible for all Council staff and for leading CLT.

The Corporate Directors lead the majority of services which are delivered to the public with the Chief Executive.

The Monitoring Officer is the Council's Assistant Director of Law, Governance and Procurement who is also responsible for ensuring legality and promoting high standards of conduct.

The Council's Assistant Director of Finance is the Council's S151 Officer/Chief Finance Officer and is responsible for safeguarding the Council's financial position and ensuring value for money.

There is also a statutory officer group with set objectives that meets to monitor governance issues.

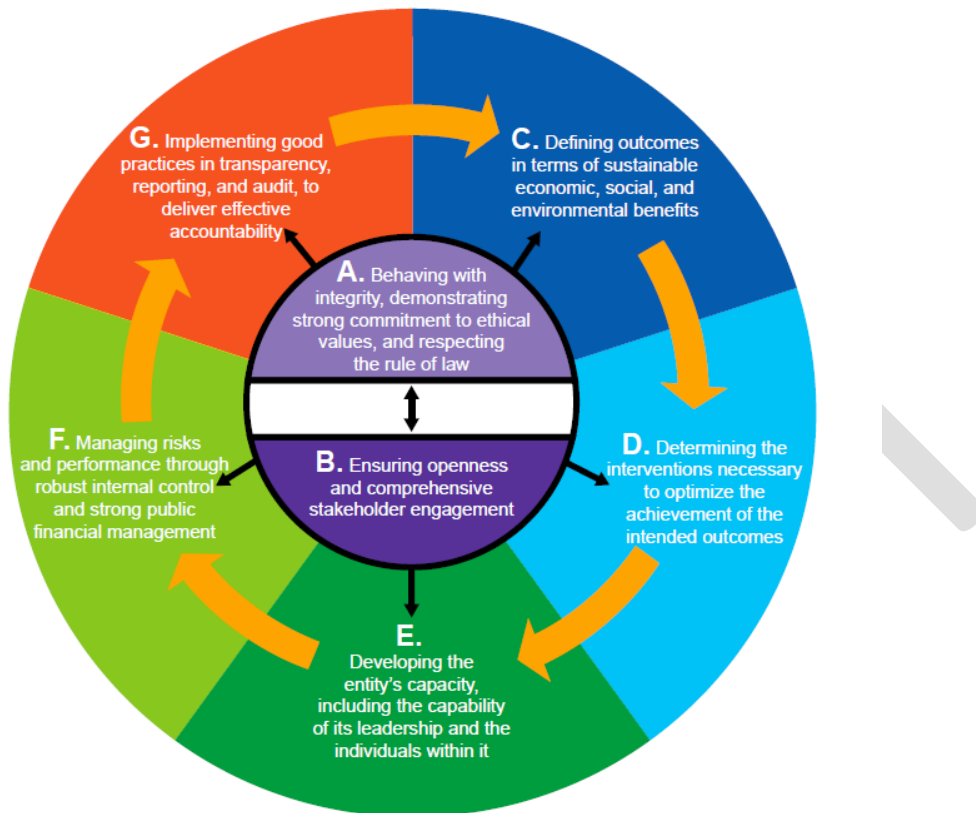
## **FINANCE**

A new Medium-Term Financial Strategy was approved by Council in February 2024 to cover the five years 2025/26 – 2028/29. The purpose of the Medium-Term Financial Strategy is to deliver a balanced and affordable 2024/25 budget and ensure that the Council's finances are robust and sustainable over the medium term or act as an early warning system of a gap in future years between forecast expenditure and resources which the Council must address, and that in the longer term, the Council's finances are not reliant on the unsustainable use of one-off reserves or funding.

The Council has a robust approach to the use of reserves with any changes in uses of reserves from budgeted levels requiring approval in line with the Council's reserves policy. The S151 Officer carries out a risk assessment of general balances as part of the budget setting process and issues an overall opinion on the level of reserves via their S25 statement.

## ARRANGEMENTS FOR GOVERNANCE

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016.



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

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;

The Council's Chief Finance Officer and Monitoring Officer have specific statutory responsibilities to ensure that decisions taken by the Council are lawful and in line with constitutional requirements. The Council implemented new format of report helps to assist with lawful decision making and contains legal and financial implications alongside impacts assessments for equality act, environmental, procurement and subsidy control to assist the decision maker in taking all relevant information into account when making a decision.

The Council has adopted codes of conduct for both Officers and Members which facilitates the promotion, communication and embedding of proper standards of behaviour. The Members Code of Conduct is based on the Local Government Association model code which has the benefit of it being consistent across the spectrum of County, District and Parish/Town councils and makes it easier to administer.

The Council's Constitution explains existing policy making and delegation procedures and the matters which must be dealt with by the full Council. It documents the role and responsibilities of the Executive, portfolio holders, each committee and Members and officers. The Monitoring Officer has also setup a Constitution Review Group working with members across the political spectrum to review the Constitution.

B. Ensuring openness and comprehensive stakeholder engagement;

The Council consults regularly with stakeholders, taxpayers and service users. The [letstalk.cherwell.gov.uk](http://letstalk.cherwell.gov.uk) is the consultation website and enables local people to find, participate in, and view outcomes from, any consultation activities that interest them. It also provides feedback opportunity for stakeholders, taxpayers and service users. In addition, a number of different groups and forums are in place to represent local views on a range of subjects including health and wellbeing and community safety.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;

The Annual Delivery Plan sets out how the Council aims to work in partnership to achieve its agreed objectives. These key objectives are designed to be both financially and environmentally sustainable and have been developed in consultation with partners. The Medium-Term Financial Strategy makes a realistic assessment of financial resources available, and the Budget and Policy Framework approved by Council each year sets out revenue and capital spending limits, savings and efficiency targets as well as key improvement priorities for the forthcoming year.

The Council has implemented a robust procurement strategy for all its procurement activities in accordance with the law and the Council's Contract Procedure Rules. The Social Value outcomes are included as part of the Council's procurement process.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes;

The Executive is responsible for ensuring that actions approved as part of the Budget and Policy Framework are delivered in each service area. The Projected Outturn, leadership risk register and performance against agreed key performance indicators (KPIs) reports to the Executive summarise the forecast financial outturn position each month against budget and delivery of agreed savings targets. These are also considered by CLT each month. These elements of the report are reviewed quarterly by the Budget Planning Committee and Accounts Audit and Risk Committee and the Overview and Scrutiny Committee respectively.

E. Developing the Council's capacity, including the capability of its leadership and the individuals within it;

Maximising capacity by working collaboratively is a key component of the Annual Delivery Plan and a number of longstanding partnership working arrangements are in place. The Constitution sets out how the governance aspects of these arrangements should operate in practice. The Human Resources and Development team has a specific role and remit to improve the capability and capacity of Council officers by offering a range of skills and qualification-based training opportunities.

F. Managing risks and performance through robust internal control and strong public financial management;

The Council's Monitoring Officer has formed the Corporate Oversight and Governance Group (COGG). The primary purpose of the COGG is to ensure good governance and decision-making processes, effective risk management, ensuring and improving value for money, effective internal controls and ensuring transparency and accountability. It also reviews the Governance Dashboard that has been developed by the MO periodically.

The COGG is an internal officer group consisting of the Corporate Director (Resources) as the responsible chair, Monitoring Officer, the S151 Officer, Chief Internal Auditor, Deputy S151 Officer, Head of Legal & Democratic/ Deputy Monitoring Officer (when in post).

For Council Companies there is a separate Companies Governance & Oversight Group which is led by the Chief Executive and supported by the Monitoring Officer, Corporate Director Resources, S151 Officer together with relevant company officers.

The Leadership Risk Register provides a high-level overview of key risks which are reported to CLT and Executive on a monthly basis and AARC on a quarterly meeting. Financial Procedure Rules, Contracts Procedure Rules and Employment Procedure Rules, set out the framework of internal controls. Internal Audit have a programme of work designed to assess how this framework operates in practice and report to the Accounts, Audit and Risk Committee.

Procurement strategy for individual procurements act as a lever for cascading corporate priorities down to services and capital projects that are delivered through commercial partners. Procurement Strategy approval process has been developed to provide a system of robust internal control and ensure best value is achieved through all significant contract awards.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

All Council meetings are held in public and minutes of meetings and webcasts are available on the Council's website. Public questions are allowed at Executive, Committees and Council meetings.

The Council publishes an Annual Financial Report (the Statement of Accounts) annually within the statutory timescales. The Annual Financial Report incorporates the full requirements of best practice guidance in relation to corporate governance, risk management and internal control.

The Council is subject to independent audit by Ernst and Young and receives an Annual Audit Letter reporting on findings. The Council supplements this work with its own internal audit function and ad hoc external peer reviews. The Accounts Audit and Risk Committee undertakes the core functions as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*.

## REVIEW OF EFFECTIVENESS

### Internal Audit

The Council uses several ways to review the effectiveness of governance arrangements. One of the key assurance statements is the annual report and opinion of the Chief Internal Auditor. The role of the Internal Audit Service is to provide assurance to management and those charged with governance about the quality and effectiveness of the governance framework and systems of internal control. The internal audit team have completed eight internal audits and three grant certifications, the outcomes are reported to the Accounts, Audit & Risk Committee.

The 2019 CIPFA Statement on the “Role of the Head of Internal Audit in public service organisations” outlines the principles that define the core activities and behaviours that belong to the role of the ‘Head of Internal Audit’ and the governance requirements needed to support them. The Council's arrangements conform with the governance requirements of the CIPFA statement as our Chief Internal Auditor as follows:

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

The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The self-assessment against the standards is completed on an annual basis and reported to the Accounts, Audit & Risk Committee. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This was undertaken in November 2023 and the results were reported to the Accounts, Audit & Risk Committee in January 2024. The assessment concluded that Internal Audit **fully conforms** with PSIAS, with no recommendations or actions required.

The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit

which concludes for the 12 months ended 31 March 2024, there is **satisfactory** assurance regarding Cherwell District Council's overall control environment and the arrangements for governance, risk management and control. Where weaknesses have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement.

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

The Council agrees an Annual Plan for the Counter-Fraud Service each year. This is presented to the July meeting of the Accounts, Audit and Risk Committee, supporting the Council's Anti-Fraud and Corruption Strategy with updates taken throughout the year. The Counter-Fraud team's purpose is to adhere and to promote the zero-tolerance approach to fraud detailed in the Council's Fraud Strategy, by thoroughly investigating any instances of fraud; applying the appropriate sanctions; undertaking proactive and preventive work to prevent and detect fraud through training, awareness raising, data matching and proactive reviews.

The key objectives of the Counter-Fraud Strategy for 2023/24 were:

- **Govern:** Have robust arrangements in place to ensure counter-fraud, bribery and corruption measures are embedded throughout the organisation.
- **Acknowledge:** Understand fraud risk and maintain a robust anti-fraud response.
- **Prevent:** Prevent and detect fraud taking place against the organisation, using proactive work and data analysis.
- **Pursue:** Carry out fraud investigations, apply sanctions to offenders and recover losses.
- **Protect:** Recognising the harm that fraud can cause in the community.

For the period April 2023 – March 2024, 54 cases were opened. 50 cases were closed, and 4 cases remain open. Of the 50 cases closed, 36 were unproven. The 14 proven cases all resulted in Single Person Discount removals.

#### Financial Management Code

A key goal of the Financial Management Code of Practice (launched by CIPFA in November 2019) (FM Code) is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Since April 2021 authorities have been expected to work towards full compliance of the FM Code. There are clear links between the FM Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes. As such, Annex 1 sets out the outcomes of the Council's latest self- assessment of compliance with the FM Code. The picture is positive, with the RAG (Red-Amber-Green) rating of compliance showing as Green for

all of the 19 standards. A column showing 'Further Work' gives an indication of improvements that can be made over the current year.

#### Actions

Significant actions identified in the preceding years AGS have now been completed.

## **PEER REVIEW - PROGRESS FEEDBACK**

LGA Corporate Peer Challenge (CPC) team noted that a variety of activity has taken place across the breadth of the Council's operations, including progressing work in response to recommendations from the CPC. This has been against a backdrop of significant change. Notably, following the May 2023 elections the council moved to no overall control, coalition arrangements were not forthcoming and as a result the Conservative Group were able to form a minority administration. It noted that both members and officers appear to have handled the move to no overall control well. A comprehensive member development programme was delivered for new members and a concerted effort has been applied to delivering an increased number of briefings for political group leaders.

CPC team further noted the Council is in the process of delivering a necessary organisational transformation to deliver the council's Business Plan and the Medium-Term Financial Strategy (MTFS).

However CPC highlighted the areas where further work is required:

- A medium-term vision is required which will inform the target operating model for the council and act as the golden thread to inform what the asset review and transformation looks like.
- The council will need to develop a plan to ensure that it focuses the delivery of its services within the resource envelope available to it if a phased reset of business rates income is implemented and significant resource reductions materialise.
- To achieve savings which resemble 21 per cent of the revenue budget by 2025/26 the council needs to accelerate its delivery.
- Consider developing a commercial strategy in line with the new asset strategy as these will be complementary documents. Both should inform elements of the transformation strategy and strategic decisions on key assets.

## **GOVERNANCE SELF ASSESSMENT**

Annual Assurance Statements from the Chief Executive, Corporate Directors and Assistant Directors in respect of governance and internal controls for their respective areas, confirm that expected governance arrangements have been in place throughout the year. They have also confirmed that Codes of Conduct, Financial regulations and other corporate processes have operated as expected by



undertaking self-assessments of governance arrangements. The themes arising from the self assessment are also reflected in the conclusion below.

## CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements. The following items are noted for improvement in 2024/2025:

- Review focus on transformation and identify work programmes with savings.
- Ensure reports commissioned for transformation projects have take into account financial implications and have clear actions plans.
- Establishing Corporate Programme office type arrangements to deliver corporate projects and transformation with project management methodology.
- Develop Workforce Strategy to address key staff vacancies in key services with staff development objectives.
- Update on the implementation of the Planning Improvement Plan following three different service review reports.
- Devise a work programme arising from the Digital Futures Strategy 2022 – 2025.
- Ensure understanding of the Council's governance at all levels including members and officers. This is to include roles and responsibilities and scheme of delegation.
- Ensure Implementation of Procurement Act 2023 effective from October 2024.
- Addressing issues identified by Internal Audit as requiring improvement in a timely manner.
- Ensure further improvements on Information Governance by setting up as a corporate project.
- Ensure Health and Safety requirements are properly understood for those working in the office and remotely.
- Implementation of the new waste regime and extended producer responsibility.

Other governance outcomes are shown below:

- Nil reports issued by the S151 Officer or the Monitoring Officer.
- The MO received 27 complaints about member conduct in 2023/ 2024. 19 were dismissed at initial stage with 2 offered an informal resolution. No further action was taken in 6 complaints due to members concerned resigning from serving as a councillor.
- The Local Government and Social Care Ombudsman upheld no complaint out of total 7 received.

## STATEMENT OF OPINION

It is our opinion that the Council's governance arrangements in 2023/24 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2024/25. It is our opinion that our ability to maintain sound governance during the past year, has been effective.

-----  
Gordon Stewart  
Chief Executive (from 10<sup>th</sup> January 2024)

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Cllr Barry Wood  
Leader of the Council (until 22<sup>nd</sup> May 2024)

Dated:

DRAFT

# Glossary of Terms

## **Accruals**

Cost of goods and services received in the financial year but not yet paid for.

## **Actuarial Gain (Loss)**

The changes in the valuation of the net pension liability that arise because of:

- a) Events have not coincided with the assumption used by the actuary when carrying out the previous triennial (three-yearly) valuation of the fund or
- b) The actuary changing the assumptions used in the current valuation from those used previously.

## **Amortisation**

The decrease in the value of intangible capital assets over their useful life as they become out of date or are used up.

## **Assets**

A resource with positive economic value that is owned or controlled by the Council e.g. cash, property

## **Band D Equivalent**

Council tax is a tax on domestic properties. Each domestic property is placed in a 'Band' from A to H, based on the capital value of that property in April 1991. Band D is the middle band and the other bands are weighted in relation to Band D (e.g. Band A is weighted 6/9ths of Band D and Band H is 18/9ths of Band D). Using the weighted number of the domestic properties in the area produces the 'Band D Equivalent' number of properties.

## **Best Value**

Under the Local Government Act 1999, local authorities must constantly aim to improve their services. Best Value is the approach introduced that gives local authorities a duty to provide local people with high-quality and efficient services.

## **Billing Authority**

This is the local authority which collects the council tax and business rates for its area. In shire counties the district or borough councils are the billing authorities. Cherwell District Council is the billing authority for Cherwell District.

## **Bond / Guarantee**

Where the Council has agreed to stand surety for a bond sum or to make payment if the Owner fails to pay any part of the County Contributions due under provision of an agreement.

## **Bond Fund**

A fund primarily invested in government and corporate bonds. The value of the investment changes as the market value of assets held by the fund changes.

## **Budget**

A statement of our spending plans for a financial year, which starts on 1 April and ends on 31 March.

## **Business Rates (Non-Domestic Rates – NDR)**

Non-domestic rates, or business rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1 April 2013, authorities keep a proportion of the business rates paid locally. The amount charged is based on multiplying the rateable value of each business property by the appropriate non-domestic multiplier. The Government sets a standard multiplier and small business multiplier for each financial year. .

## **Business Rate Retention Scheme**

Council's are able to keep a proportion of the business rates revenue, as well as growth on the revenue that is generated in their local area. The remainder is retained centrally by the government and used to provide grant funding to local authorities. It provides a direct link between business rates growth and the amount of money council's will have to spend on local people and local services.

## **Call Account**

A call account is a deposit account with a financial institution without a fixed maturity date.

## **Capital Adjustment Account**

The Capital Adjustment Account is an unusable reserve that absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

## **Capital Financing Requirement**

A measure of the capital expenditure incurred historically by the council that has yet to be financed. This measure also shows the underlying need to borrow for a capital purpose, although this borrowing may not necessarily take place externally.

## **Capital Programme**

Our plan of future spending on capital projects such as buying land, buildings, vehicles, and equipment.

## **Capital Receipt**

Cash received from selling non-current assets. Capital receipts can be used to finance new capital expenditure or repay long term debt within rules set by central Government, but they cannot be used to finance day-to-day revenue spending.

## **Capital Spending**

Spending on non-current assets that have long-term service and/or economic benefits for example, land, buildings and large items of equipment such as vehicles.

## **Cash Equivalent**

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Cash-flow Statement**

Summarises cash paid to and received from other organisations and individuals for capital and revenue purposes.

### **CIPFA**

Chartered Institute of Public Finance and Accountancy. One of the major accountancy institutes that specialises in the public sector.

### **Collection Fund**

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council in relation to the collection of business rates income and council tax income from taxpayers and its distribution to the County Council, Police Authority, and the Government.

### **Counterparties**

The opposite party in a contract or financial transaction. This may include the Central Government, Local Authorities, Banks and Building societies to name a few.

### **Community Assets**

The class of fixed assets held by an authority in perpetuity that have no determinable useful life and may have restriction on their disposal, such as parks and open spaces, historical buildings, works of art, etc.

### **Component Depreciation**

Is a procedure in which the cost of a large item of property, plant and equipment is split up into different components which have different useful lives, and each component is depreciated separately. This procedure is also referred to as componentisation.

### **Contingent Asset**

An asset arising from past events, whereby its existence can only be confirmed by one or more uncertain future events not wholly within the control of the Council.

### **Contingent Liability**

A condition which exists at the balance sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Council's control, or where it is not probable that an outflow of resources will be required to settle the obligation.

### **Council Tax**

A tax charged on domestic householders based on which of eight Council Tax Bands their property falls into. There is a reduction for empty properties or if you live on your own. Since 1 April 2013 council's must have a council tax reduction scheme, which allows for council tax reductions for people, or classes of people, who are considered to be in financial need. In Oxfordshire, the district or borough council issues council tax bills and collects the council tax. The level is determined by the revenue expenditure requirements for each authority divided by the council tax base for the year.

### **Council Tax Base**

An assessment by each billing authority of the number of properties, converted to Band D equivalents (the average band), on which a tax can be charged. The calculation allows for new properties, exemptions and discounts and a provision for non-collection.

### **Cost of Carry**

The difference between the interest payable on borrowing on debt and the interest receivable from investing surplus cash.

### **Credit Rating**

A credit rating assesses the credit worthiness of an individual, corporation or country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the entity being able to pay back a loan.

### **Creditors**

People or organisations we owe money to for work, goods or services which have not yet been paid for by the end of the financial year.

### **Current Asset**

An asset which is expected to be used up during the next accounting period e.g. cash, inventories.

### **Current Liabilities**

Liabilities that are due to be settled in less than one year, such as bank overdrafts and money owed to suppliers.

### **Current Service Cost**

The current service cost is the increase in the value of the pension scheme's future pension liabilities arising from the employee's ongoing membership of the pension scheme.

### **Curtailment Costs**

Curtailment costs are the amounts of money that are paid to a new pension scheme when a defined group of staff transfer from one pension scheme to another. The costs represent the value of the pension rights accrued by the transferring staff.

### **Debtors**

Amounts owed to the Council for goods and services that has not yet been received.

### **Deferred Income**

Prepaid income credited to the Balance Sheet and amortised to the Comprehensive Income and Expenditure Statement to match the benefit of the receipts over the term of the contractual arrangement.

### **Depreciation**

The systematic write-off of the reduction in value of a tangible fixed asset due to wear and tear, passing of time and technological changes over its economic useful life.

**Derecognition**

Removal of an asset or liability from the Balance Sheet.

**Earmarked Reserves**

Money set aside for a specific purpose.

**Equity instrument**

A contract such as an equity share in a company.

**Expected Credit Loss**

The probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of a financial instrument.

**Fair Value**

The price that could be received for an asset sold or a liability settled in an orderly transaction, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy or sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

**Financial Asset**

Financial Assets are any assets that is: Cash, equity, a contractual right to receive cash or another financial asset from another entity (e.g. trade debtors), or a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Council.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Financial instruments include bank deposits, investments, debtors, long-term debtors, creditors, temporary loans and borrowings.

**Financial liability**

An obligation to transfer economic benefits controlled by the District Council that is represented by a contractual obligation to deliver cash (or another financial asset) to another entity, or a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the District Council.

**Financial Year**

The District Council's accounts cover the period from 1 April in one year to 31 March in the next year.

**Fixed Asset**

A tangible asset that yields benefit to the District Council and the services it provides for a period of more than one year.

**General Fund**

The account that records and finances Council revenue expenditure that is funded by taxpayers.

## **Government Grants**

Payments by the Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or to fund local services generally (non-specific grants).

## **Heritage Asset**

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

## **Impairment**

A reduction in the carrying value of an asset arising from physical damage, obsolescence or a significant decline in market value.

## **Infrastructure Assets**

A class of assets whose life is of indefinite length and which are not usually capable of being sold, such as highways, drains and footpaths.

## **Intangible Asset**

An asset that does not have physical substance but is identifiable and controlled by the organisation through custody or legal rights e.g. software licenses.

## **Internal Borrowing**

Instead of taking external loans to fund activities such as Capital expenditure, a Local Authority may use income and grants received in advance, to fund these activities. Usually, surplus funds are invested to earn interest, however it is prudent to use these funds instead of loaning money as loans generally cost more than could be earned by investing the funds.

## **International Financial Reporting Standards (IFRS)**

These are issued by the International Accounting Standards Board and provide standards for the preparation of financial statements.

## **Inventories**

Raw materials and stores which the Council has bought and holds in stock for use as required.

## **Investment Properties**

Land and/or buildings held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

## **Lease**

An agreement where a rental charge is paid for use of an asset for a specified period of time.

## **Lessee**

A party to a lease agreement who makes payment to use an asset.

## **Lessor**

A party to a lease agreement who receives payment for the use of an asset.



## **Liabilities**

Amounts owed by the Council which will be paid at some time in the future.

## **Materiality**

Information is material if its omission or misstatement, individually or collectively, could influence the decisions that users make on the basis of financial information about a specific reporting entity.

## **Minimum Revenue Provision (MRP)**

The prudent minimum amount which the Council must set aside each year to repay loans and other long-term liabilities such as finance leases. This has the effect of reducing the Capital Financing Requirement.

## **Money Market Fund**

Funds are invested in short-dated assets including certificates of deposits, government securities and commercial papers making them highly liquid. Money Market Funds must be AAAMf rated, invest in high credit quality assets and maintain a weighted average maturity of 60 days or fewer. Investments have a stable net asset value and dividends are paid to investors on their investment.

## **Net Book Value (NBV)**

The balance sheet value of a non-current asset after depreciation and/or impairment.

## **Net Debt**

The District Council's borrowings and finance liabilities less cash and liquid resources.

## **Net Spending**

The cost of providing a service after allowing for specific grants and other income from fees and charges (i.e. not including council tax and money from the Government).

## **Non-current Asset**

A long-term asset that is not expected to be used up or realised within the next 12 months e.g. Property, Plant Equipment.

## **Non-Domestic Rate**

A levy on businesses based on a national rate in the pound set by the government multiplied by the 'rateable value' of the premises they occupy.

## **Operating Lease**

A type of lease, usually of computer equipment, vehicles, office equipment, etc., where the ownership of the goods and any risks and rewards remain with the lessor, therefore it is revenue expenditure and not capital expenditure.

## **Operational Asset**

An asset held partly, primarily or solely for the purpose of delivering against the council's corporate objectives and day-to-day services.

## **Past Service Costs**

The past service cost is the extra liability that arises when we grant extra retirement benefits that did not exist before, such as when we agree early retirement or extra years of service.

### **Petty Cash**

Small sums of cash kept by departments to pay minor expenses.

### **Precept**

The demand levied by a non-billing authority (County Council, Police Authority, parish and town councils) on the Collection Fund managed by a billing authority (this Council) towards their annual spending.

### **Property, Plant and Equipment**

A physical (tangible) asset that is expected to be held for operational purposes for several years, such as land, buildings, and vehicles.

### **Provision**

An amount of money put aside in the accounts for anticipated liabilities which are of uncertain timing or amount.

### **Public Works Loan Board (PWLB)**

A central government agency which provides long and shorter-term loans to local authorities at interest rates slightly higher than those at which the government itself can borrow. Local authorities are able to borrow a proportion of their requirement to finance capital spending from this source.

### **Rateable Value (RV)**

A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Valuation Office Agency.

### **Related-Party**

Two or more organisations are 'related parties' if, during the year, one of them has significant control over the other.

### **Reserves**

Amounts of money put aside to meet certain categories of expenditure in order to avoid fluctuations in the charge to the General Fund.

### **Revenue Expenditure**

The District Council's day-to-day expenditure on items which include wages, supplies and services, running costs for premises, and interest charges.

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

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

### **Specific Grants**

Payments from the Government to cover local authority spending on a particular service or project. Specific grants are usually a fixed percentage of the costs of a service or project.

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