

URGENT BUSINESS AND SUPPLEMENTARY INFORMATION

Accounts, Audit and Risk Committee

30 June 2016

Agenda Item Number	Page	Title	Officer Responsible	Reason Not Included with Original Agenda
14.	Pages 1 - 124	<p>Statement of Accounts 2015/16</p> <p>Report of Chief Finance Officer</p> <p>Purpose of report</p> <p>For members to consider and endorse the pre-audit Statement of Accounts for 2015/16.</p> <p>Recommendations</p> <p>The Accounts, Audit and Risk Committee is recommended to:</p> <p>1.1 Approve the carry forward of budget underspends from 2015/16 to 2016/17 as detailed in Appendix 1.</p> <p>1.2 Approve the balances on capital schemes which have slipped in 2015/16 to be carried forward into the 2016/17 capital programme as set out in Appendix 2.</p> <p>1.3 Consider the Statement of Accounts set out in Appendix 3.</p> <p>1.4 Note the outcomes from the informal review undertaken on 30 June immediately prior to the formal meeting at 5.00pm which will be updated verbally at the meeting</p>	Chief Finance Officer / Section 151 Officer	Report being reviewed and finalised at time of agenda dispatch

If you need any further information about the meeting please contact Sharon Hickson, Democratic and Elections sharon.hickson@cherwellandsouthnorthants.gov.uk, 01295 221554

This page is intentionally left blank

Cherwell District Council

Accounts, Audit and Risk Committee

30 June 2016

Statement of Accounts 2015/16

Report of Chief Finance Officer

This report is public

Purpose of report

For members to consider and endorse the pre-audit Statement of Accounts for 2015/16.

1.0 Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- 1.1 Approve the carry forward of budget underspends from 2015/16 to 2016/17 as detailed in Appendix 1.
- 1.2 Approve the balances on capital schemes which have slipped in 2015/16 to be carried forward into the 2016/17 capital programme as set out in Appendix 2.
- 1.3 Consider the Statement of Accounts set out in Appendix 3.
- 1.4 Note the outcomes from the informal review undertaken on 30 June immediately prior to the formal meeting at 5.00pm which will be updated verbally at the meeting

2.0 Introduction

- 2.1 The Statement of Accounts has been prepared in line with all relevant statutory reporting requirements and the closedown timetable. It has been reviewed by officers and the Chief Finance Officer.
- 2.2 To meet the statutory timescales the Statement of Accounts must be approved by the Chief Finance Officer and received by Ernst Young, the Council's external auditor by 30 June 2016.

3.0 Report Details

- 3.1 The Council's Provisional Revenue and Capital Outturn 2015/16 was presented to Executive on 6 June 2016, which included a list of proposed budget carry forwards and capital slippage requests.
- 3.2 The Council's Financial Procedure Rules (paragraph 2.4.6) state that Accounts, Audit and Risk Committee approval is required where the underspend exceeds 10% of the individual budget heading (where this amounts to £10,000 or more) or £50,000, whichever is less. This used to be the responsibility of full council but following a recommendation from the Accounts, Audit and Risk committee it was amended so that consideration of the slippage amounts and carry forward requests can take place at the same time as consideration of the accounts and before the end of June deadline.
- 3.3 Appendix 1 and 2 set out Revenue Carry Forwards and Capital Slippage respectively. The shaded items are those that require Accounts, Audit and Risk Committee approval.
- 3.4 The Statement of Accounts has been prepared on the basis that these proposed carry forwards and slippage requests (as supported by Executive) will be approved.
- 3.5 The statutory reporting requirements make the Statement of Accounts document very technical in nature and quite complex in parts. So, as in previous years, they will be subject to an informal review by member of this Committee prior to the formal meeting.
- 3.6 The review will take place at 5.00pm on 30 June and will provide members with an update on key elements of the Statement of Accounts and any changes from previous years. The review will focus some time on the incorporation of the Graven Hill companies, which will appear in the Council's accounts.

4.0 Conclusion and Reasons for Recommendations

- 4.1 To approve Revenue Budget Carry Forwards and Capital Slippage. To consider the Statement of Accounts, note the outcome of the informal review and requirement for the Head of Finance and Procurement (CFO) to approve and sign the Accounts by 30 June 2016.

5.0 Consultation

- 5.1 None

6.0 Alternative Options and Reasons for Rejection

- 6.1 None

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising directly from this report.

Comments checked by:
George Hill, Corporate Finance Manager
george.hill@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2. There are no legal implications arising directly from any outcome of this report.

Comments checked by:
Kevin Lane, Head of Law and Governance, 0300 0030107
Kevin.Lane@cherwellandsouthnorthants.gov.uk

Risk Implications

7.3 There are no risk implications arising directly from any outcome of this report.

Comments checked by:
Ed Bailey, Corporate Performance Manager, 01295 221605
edward.bailey@cherwellandsouthnorthants.gov.uk

Equality and Diversity

7.4 There are no equality and diversity implications from this report.

Comments checked by:
Caroline French, Corporate Policy Officer, 01295 221586
caroline.french@cherwellandsouthnorthants.gov.uk

8.0 Document Information

Annex No	Title
Appendix 1	Request for Revenue Budget Carry Forwards to 2016/17
Appendix 2	Capital Outturn 2015/16 (Including Slippage Requests)
Appendix 3	Statement of Accounts 2015/16
Background Papers	
None	
Report Author	Paul Sutton, Chief Finance Officer
Contact Information	Paul.sutton@cherwellandsouthnorthants.gov.uk 0300 0030106

This page is intentionally left blank

CHERWELL DISTRICT COUNCIL

BUDGET CARRY FORWARD REQUESTS from 2015/16 to 2016/17

BUDGET CARRY FORWARD REQUESTS	Head of Service	£000
Underspend from salary savings and court costs recovered to create a reserve to provide necessary one off staffing and ICT resource to enable the shared legal team to achieve re-accreditation to Lexcel and enable professional fee earners to have the necessary administrative support to maximise their chargeable, commercial, activity for internal & external clients.	Kevin Lane	25
Member training at Cherwell is now being planned on a four year basis as it is being combined with SNC based on their election cycle. In order to manage this it is proposed to set up a member training reserve, particularly as CDC has all out elections in 2016 and this extra money will be needed for a full refresh	Kevin Lane	11
Business Case Safer Communities to projects	Ian Davies	60
Single Homelessness funding to meet further project costs in 16/17	Chris Stratford	147
External Credit Union funding to meet further costs in 16/17	Chris Stratford	40
		283

This page is intentionally left blank

CHERWELL DISTRICT COUNCIL
 CAPITAL OUTFURN 2015/16 AND SLIPPAGE TO BE CARRIED TO 2016/17

DESCRIPTION	SERVICE OWNER	Project Approved	APPROVED BUDGET £000	ACTUAL £000	SLIPPAGE £000	VARIANCE £000	Has the project started Y/N	Start Date or Anticipated Start Date (mm/yy)	Anticipated Completion Date (mm/yy)	COMMENTS
Biomass Heating for Bicester Leisure Centre	Sharon Bolton	2012/13	86	2	84	0	Y	Dec-15	Sep-16	Addressing insurance requirement for additional works including an escape hatch and also have additional consultant fees to come in due to issue with Renewable Heating Initiative application. Slip into 16/17
Cooper Sports Hall Roof	Sharon Bolton	2014/15	100	0	100	0	N	Apr-16	Mar-17	Works will be required to align with agreement - expenditure will be slipped to 2016/17 - roof needs replacing urgently but Academy have no funds (53:47 split). Raised as H&S concern
Customer Self-Service Portal and CRM Solution	Natasha Barnes	2014/15	80	0	80	0	N	Nov-15	Mar-17	Slippage to cover Self Service portal etc.
The Hill Youth & Community Centre	Chris Stratford	2015/16	400	0	400	0	N	Oct-16	Jun-17	Work now out for tender.
Bicester Sports Village	Phil Rolls	2015/16	790	0	790	0	N	Nov-15	Aug-16	Work planned September to November 2015, contractor stage payments will be made - target completion in August 16 with retention.
Community Centre Refurbishments	Phil Rolls	2013/14	84	0	84	0	N	TBC	TBC	On hold in case it is needed for the Hill - Expenditure will be in 2016/17 replacement to ensure optimum efficiency to maximise Feed In Tariff payments.
Solar Photovoltaics at Sports Centre	Sharon Bolton	2013/14	80	0	80	0	Y	TBC	TBC	Grant fully paid
Village Hall, Recreation Play Grants	Phil Rolls	2013/14	7	7	0	0	Y	Nov-15	Mar-16	Work is programmed to take place in April 16.
Football Development Plan in Banbury	Phil Rolls	2013/14	20	0	20	0	Y	Nov-15	Aug-16	Anticipating remaining expenditure in 2016/17 due to slow negotiations with NOA (matter escalated to ID)
North Oxfordshire Academy AstroTurf	Sharon Bolton	2014/15	150	0	150	0	Y	Nov-15	Aug-16	with retention.
South West Bicester Sports Village	Phil Rolls	2011/12	1,271	316	955	0	N	Nov-15	Aug-16	Complete Retention paid
Athletics Track Refurbishment - North Oxfordshire	Sharon Bolton	2013/14	7	6	0	(1)	Y	Nov-15	Mar-16	Management contract not agreed - condition works to be slipped into Q1
Stratfield Brake Repair Works	Sharon Bolton	2014/15	22	0	22	0	N	Jan-16	Mar-16	£20k slippage from 14/15 to cover final costs no longer required.
KGSC ATP Replacement	Sharon Bolton	2013/14	20	0	0	(20)	N	-	-	Retention payment in 2016/17
Car Park Refurbishments	Natasha Barnes	2013/14	28	23	5	0	Y	Nov-15	Sep-16	Slippage to 2016/17 when Vehicle Parks proposals are agreed
Implementing Vehicle Parks Proposals	Natasha Barnes	2013/14	17	0	17	0	Y	Nov-15	Sep-16	Per SB some funds to also be used for condition survey works at WGLC. Final payments will be made in 2016/17
Sports Centre Modernisation Programme	Sharon Bolton	2011/12	118	32	86	0	Y	Nov-15	Aug-16	
			3,280	386	2,873	(21)				
Energy Efficiency Projects	Ed Potter	2014/15	31	7	24	0	Y	Apr-15	Sep-16	£23.3k to slip in to 2016/17
Glass Bank Recycling Scheme	Ed Potter	2012/13	24	16	8	0	Y	Apr-15	Sep-16	£8k to slip in to 2016/17
Recycling Bank Scheme	Ed Potter	2014/15	21	16	5	0	Y	Apr-15	Jun-16	£5k to slip in to 2016/17
Workshop Brake Rollers	Ed Potter	2015/16	32	36	0	4	Y	Apr-15	Mar-16	Project overspent but saving to be made on EACE005 to compensate
Public Conveniences	Ed Potter	2015/16	25	0	25	0	Y	Apr-15	Jun-16	Project delayed. £15 slippage required
Off Road Parking Facilities	Ed Potter	2011/12	18	0	18	0	Y	Apr-15	Sep-16	Due to delays with EA and Country Park, slippage required into 2016/17.
Urban Centres Improvements	Ed Potter	2011/12	15	15	0	0	Y	Apr-15	Mar-16	Fully committed
Vehicle Replacement Programme	Ed Potter	2015/16	575	555	15	(5)	Y	Apr-15	Mar-17	£5k variance to cancel out CEES004 overspend and £15k to slip to 2016/17
Fleet Management System	Ed Potter	2011/12	1	0	0	(1)	N	-	-	Budget no longer required
Thorpe Lane Depot Hard Standing	Ed Potter	2014/15	0	0	0	0	N	-	-	Creditor Accrual brought forward from 2014/15 - no longer required
			742	645	95	(2)				
			4,022	1,031	2,968	(23)				
Standardisation	Jo Pitman	2015/16	0	0	0	0	N	Apr-17	Mar-18	Funding will be required in 2017/18
Microsoft Licensing Agreement	Jo Pitman	2015/16	110	71	39	0	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
Thin Client Extension	Jo Pitman	2011/12	0	0	0	0	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
Core Business System Integration	Jo Pitman	2011/12	0	0	0	0	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
Corporate Bookings System	Jo Pitman	2014/15	8	0	8	0	Y	Apr-16	Mar-16	Will be fully spent in 2015/16
Extended Contract for Website Hosting	Jo Pitman	2012/13	40	4	36	0	Y	Apr-16	Mar-16	Will be fully spent in 2015/16
Visualities Upgrade	Jo Pitman	2013/14	32	0	32	0	N	-	-	Awaiting feedback from legal section - project may slip
Server Replacement 1314	Jo Pitman	2013/14	0	0	0	0	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
Financial System Upgrade	Jo Pitman	2014/15	0	73	0	73	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
CDC&SNC Cust Servs Desktop	Jo Pitman	2014/15	0	3	0	3	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
GCSX Secured Area - Wall Garden - PNC Compliance	Jo Pitman	2014/15	0	0	0	0	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
San Storage Renewal (IT hardware)	Jo Pitman	2014/15	0	0	0	0	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
Server Replacement Programme (IT hardware)	Jo Pitman	2013/14	0	0	0	0	Y	Apr-16	Mar-16	Will be fully spent in 2015/16
ESXI PROD 2 - capacity forward planning (IT hardware)	Jo Pitman	2013/14	0	0	0	0	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
Lync 2013 (professional fees, equipment, IT hardware)	Jo Pitman	2014/15	0	10	0	10	Y	Apr-16	Mar-16	Will be fully spent in 2015/16
Desktop PC Replacement	Jo Pitman	2013/14	0	3	0	3	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
Netback Up Upgrade	Jo Pitman	2014/15	0	0	0	0	Y	Apr-16	Mar-16	Will be fully spent in 2015/16
ISCSI Traffic Separation (IT hardware)	Jo Pitman	2014/15	0	0	0	0	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
Modular Development of CSM - Cherwell Helpdesk Sof	Jo Pitman	2014/15	0	0	0	0	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
Security Logging Software	Jo Pitman	2014/15	0	0	0	0	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
Hyper V Environment (IT hardware)	Jo Pitman	2014/15	0	0	0	0	N	-	-	Delete from capital programme - agreed at BPC on 9 September 2014
Aerial Imagery Update (professional fees)	Jo Pitman	2014/15	0	0	0	0	Y	Apr-16	Mar-16	Will be fully spent in 2015/16
Citrix - Expansion to Support Agile Working	Jo Pitman	2015/16	35	0	35	0	Y	Apr-16	Mar-16	see email from NT 18.03.16
Disaster Recovery	Jo Pitman	2015/16	0	0	0	0	N	Apr-16	Mar-18	Part of L&P harmonisation - profiled 50/50 across 16/17 and 17/18
Sharepoint - Joint Bid with SNC (split 50:50)	Jo Pitman	2014/15	77	0	77	0	N	Apr-16	Mar-18	see email from NT 18.03.16
Planning and Building Control replacement of ICLIP	Jo Pitman	2014/15	0	0	0	0	N	-	-	
3 way BACS & Payment Systems	Jo Pitman	2011/12	0	0	0	0	N	-	Mar-16	Project will be completed through the new finance system - delete balance
5 Year Rolling HW / SW Replacement Prog	Jo Pitman	2015/16	50	62	0	12	Y	Apr-16	Mar-16	see email from NT 18.03.16
Business Systems Harmonisation Programme	Jo Pitman	2015/16	40	37	0	(3)	Y	Apr-16	Mar-16	Five year rolling programme - £40,000/year
Audio Visual equipment replacement	Jo Pitman	-	125	125	0	0	Y	-	Oct-15	Project complete - funded from reserves
			517	388	227	98				
HR / Payroll System replacement	Paul Sutton/Jo Pitman	2015/16	38	0	38	0	N	Apr-16	Mar-17	Negotiations underway with current supplier to continue provision until replacement system implemented.
			38	0	38	0				
Elections Polling Booths and Count Tables	James Doble	2014/15	3	3	0	0	Y	-	-	Completed
			3	3	0	0				
			558	391	265	98				
East West Railways		2015/16	290	0	290	0	Y	Apr-15	Mar-16	5 year capital contributions - will be spent in year
Build Programme	Chris Stratford	2012/13	22,741	11,210	11,531	0	Y	Apr-15	Mar-16	Programme on course - NOTE Higham, St Johns, Prototype & Offsite are not technically part of Build! and are not funded from £34m budget
Cherwell Commun Led Prog The Hill Community Centre	Chris Stratford		0	1	0	1	Y	-	-	Not officially part of Build!
Cherwell Commun Led Prog The Local Housing Company	Chris Stratford		0	0	0	0	Y	-	-	Will transfer to revenue
Cherwell Commun Led Prog Offsite manufacturing pro	Chris Stratford		0	9	0	9	Y	-	-	Need details
St John's House, Banbury	Chris Stratford		0	49	0	49	Y	-	-	Need details
Higham Way	Chris Stratford		0	12	0	12	Y	-	-	Need details
Prototype Project	Chris Stratford		0	4	0	4	Y	-	-	Need details
Cherwell Commun Led Prog Cream Pot Cr Cropredy	Chris Stratford		0	81	0	81	Y	-	-	Need details
Disabled Access Audit	Linda Barlow	2013/14	0	0	0	0	Y		Sep-15	Completed
23&24 Thorpe Place Roof Lights	Linda Barlow	2013/14	4	0	4	0	Y		Mar-16	Completed - this is a retention sum to be spent this year
Condition Survey Works	Linda Barlow	2013/14	316	140	176	0				Requirement for 16/17 £393K; £217K shortage
Replacement AC to Main Chamber Bodicote	Linda Barlow		0	0	0	0				Completed
Highfield Depot Redevelop Office & Welfare Facilities	Ed Potter		0	0	0	0				
Replacement Air Con Banbury Museum	Nicola Riley		0	0	0	0				
Bradley Arcade Roof Repairs	Linda Barlow	2014/15	123	25	98	0	Y	Apr-15	Mar-16	Consultation stage - main works still to start
DPS Access Audit	Linda Barlow	2014/15	0	0	0	0	Y		Sep-15	£40k remedial work still required
Empty Homes and Work-in-default (recoverable) Enfo	Tim Mills	2014/15	100	0	100	0	Y			Expenditure on enforcement action - expenditure is recoverable
18 & 19 Thorpe Place - Replacement Roof Lights	Linda Barlow	2014/15	0	0	0	0	Y		Sep-15	Completed
Upgrade to Uninterrupted Power Supply & Back up Sy	Linda Barlow	2014/15	338	1	337	0	Y	?		Work procured through Solihull Partnership. Work is urgent, so there is a need to complete this year (15/16). On plan for 16/17
Improvements to Amenities to Orchard Way Shops	John Slack	2011/12	25	0	25	0	Y	Dec-15	Jun-16	Work procured through Solihull Partnership. Likely to have a lengthy lead-in time so defer until Q.1 2016/17
Bolton Road Design Works		2015/16	0	20	0	20				
Woodgreen - Condition Survey Works	Linda Barlow	2015/16	30	0	30	0	Y	Apr-15	Mar-16	Flooring work complete - awaiting a decision on whether to replace the flat roof (ONGOING)
Banbury Museum - Emergency Lighting Replacement	Linda Barlow	2015/16	70	71	0	1	Y	Nov-15	Mar-16	Completed
Orchard Way Shopping Arcade - front service area a	John Slack	2015/16	300	0	300	0	Y	Dec-15	Jun-16	Work procured through Solihull Partnership. Likely to have a lengthy lead-in time so defer until Q.1 2016/17
Units 21 & 23 Thorpe Place - Replacement of Roof L	Linda Barlow	2015/16	30	30	0	0	Y	Dec-15	Mar-16	Completed
Bodicote House - Access Control System	Linda Barlow	2015/16	35	8	27	0				Completing 16/17
Environmental Improvements Grimsbury	Andy Preston	2012/13	0	0	0	0	Y			Project completed in 2013
Bicester Cattle Market Car Park Phase 2	John Slack	2011/12	0	0	0	0	N	TBC	TBC	Pedestrianisation scheme slipped for four years
Old Bodicote House	Linda Barlow	2011/12	124	51	73	0	Y			Scheme has now started. to be completed 16/17
Bicester Town Centre Redevelopment	Tim Mills	2011/12	176	77	99	0	Y			Scheme has now started. to be completed 16/17
Highfield Depot Repairs	Linda Barlow		0	3	0	3				
Kidlington High Street Pedestrianisation		2011/12	7	5	2	0				Complete
Disabled Facilities Grants	Tim Mills	2015/16	832	751	81	0	Y	Apr-15	Mar-16	The budget will either be spent or committed as a grant offer - committed grants that are not paid in the year are routinely slipped to the following year
Discretionary Grants for Domestic Properties - Es	Tim Mills	2015/16	411	182	229	0	Y	Apr-15	Mar-16	The budget will either be spent or committed as a grant offer - committed grants that are not paid in the year are routinely slipped to the following year
Banbury Foyer & Banbury Youth Hub			0	0	0	0				
Discretionary House Condition Grants	Tim Mills		0	19	0	19				
Thorpe Lane Depot - CCTV Replacement	Linda Barlow	2015/16	40	0	40	0	N	Apr-16		New project - defer to 2016/17
Bodicote House - CCTV Upgrade	Linda Barlow	2015/16	15	0	15	0	N	Apr-16		New project - defer to 2016/17
			26,007	12,749	13,457	199				
			26,007	12,749	13,457	199				
Bicester Community Building	Karen Curtin	-	6,998	6,240	758	0	Y	2014	01/05/16	final valuation certificate outstanding - issued as at April 19th. £250k spend on 2nd floor outstanding - to be incurred in 16-17
Eco Town - Eco Business Centre	Karen Curtin	-	0	5	0	5	Y	2015	31/03/18	funded from Eco Town Capital pot.
Graven Hill	Karen Curtin	-	23,333	0	23,328	(5)	Y			£12m drawdown for phase 1 MOD land delayed until May 2016
			30,331	6,245	24,086	0				

This page is intentionally left blank

CHERWELL DISTRICT COUNCIL
ANNUAL FINANCIAL REPORT 2015-16

CONTENTS

	<u>Page</u>
1. INTRODUCTION	1
2. NARRATIVE REPORT	2
3. STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS.....	12
4. MOVEMENT IN RESERVES STATEMENT	13
5. COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT.....	14
<u>6. BALANCE SHEET</u>	<u>15</u>
7. CASH FLOW STATEMENT	16
8. NOTES TO THE CORE FINANCIAL STATEMENTS	17
<u>9. COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT</u>	<u>63</u>
10. NOTES TO THE COLLECTION FUND	65
11. EMPLOYMENT BENEFITS.....	67
12. ACCOUNTING POLICIES.....	77
13. GROUP ACCOUNTS	96
14. GLOSSARY OF TERMS USED IN FINANCIAL STATEMENTS.....	107

1. INTRODUCTION

Welcome to Cherwell District Council's Statement of Accounts for the year ending 31 March 2016. The Statement of Accounts is a statutory document providing information on the cost of services provided by Cherwell District Council to the council tax payer and detailing how those services were financed. In addition, it provides information, within the Balance Sheet on the value of our assets (what we own), what we are owed and the value of our liabilities (what we owe). The terminology used can often be confusing so I hope you find the glossary in section 14 a useful reference.

A summary of the financial position is available in the Summary of Accounts and you can find a copy on our website.

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

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

Paul Sutton
Chief Finance Officer

Cherwell District Council
PO Box 27
Banbury
Oxfordshire
OX15 4BH

2. NARRATIVE REPORT

This document sets out the Council's statutory accounts for the financial year ended 31 March 2016. The format accords with statutory undertakings and the requirements for publication of financial information set out in the Code of Practice on Local Authority Accounting in the United Kingdom and complies with International Financial Reporting Standards (IFRS).

The explanatory foreword gives readers a brief overview of the most significant matters reported in the accounts and an explanation in overall terms of the Council's financial position.

2.1 The Accounting Statements

Detailed below is an explanation of the Statements within these accounts and the relationship between them:

The Statement of Responsibilities for the Statement of Accounts - identifies the officer who is responsible for the proper administration of the Council's financial affairs.

The Accounting Statements:

Movement in Reserves Statement - This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase/ Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves are undertaken by the Council.

Comprehensive Income and Expenditure Statement - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet – The Balance Sheet shows the value as at the Balance Sheet date 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. Reserves are reported in two categories. The first category of reserves are usable reserves, ie. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement – The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period. 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 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 outflows 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.

The Supplementary Financial Statements:

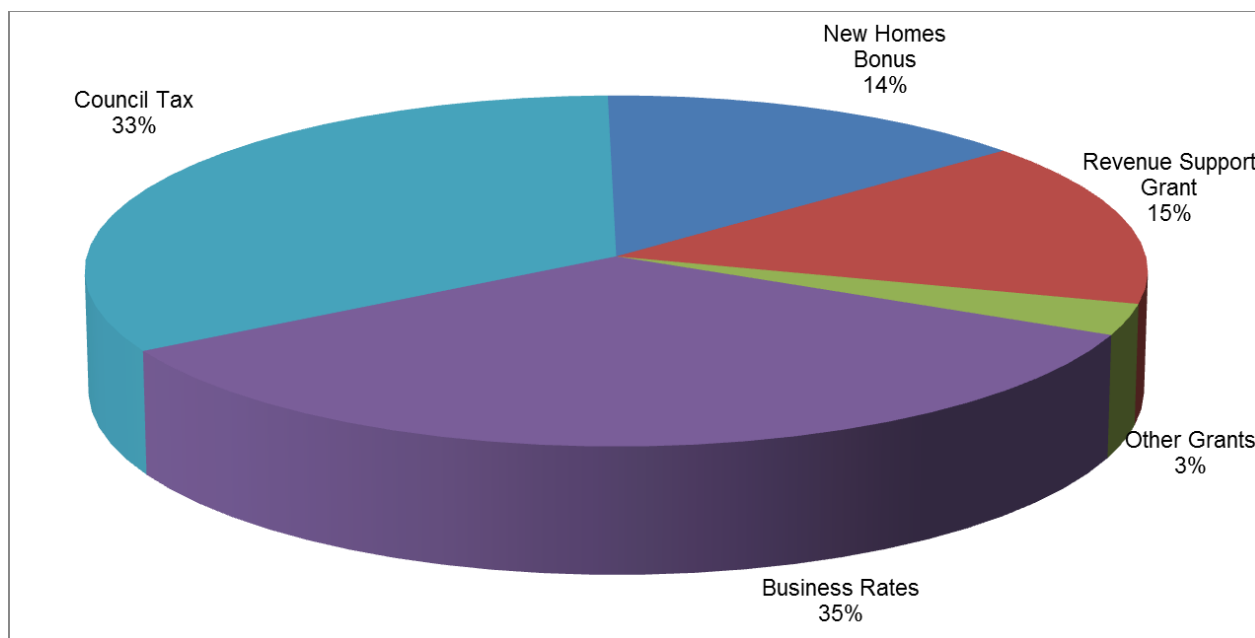
The Collection Fund - The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government to council tax and non-domestic rates. A Statement of Accounting Policies (Note 1 to the Financial Statements) supports these statements and details the general accounting conventions used in preparing the accounts. Where accounting policies do not adhere to recommended practice, this is disclosed.

2.2 Revenue Expenditure

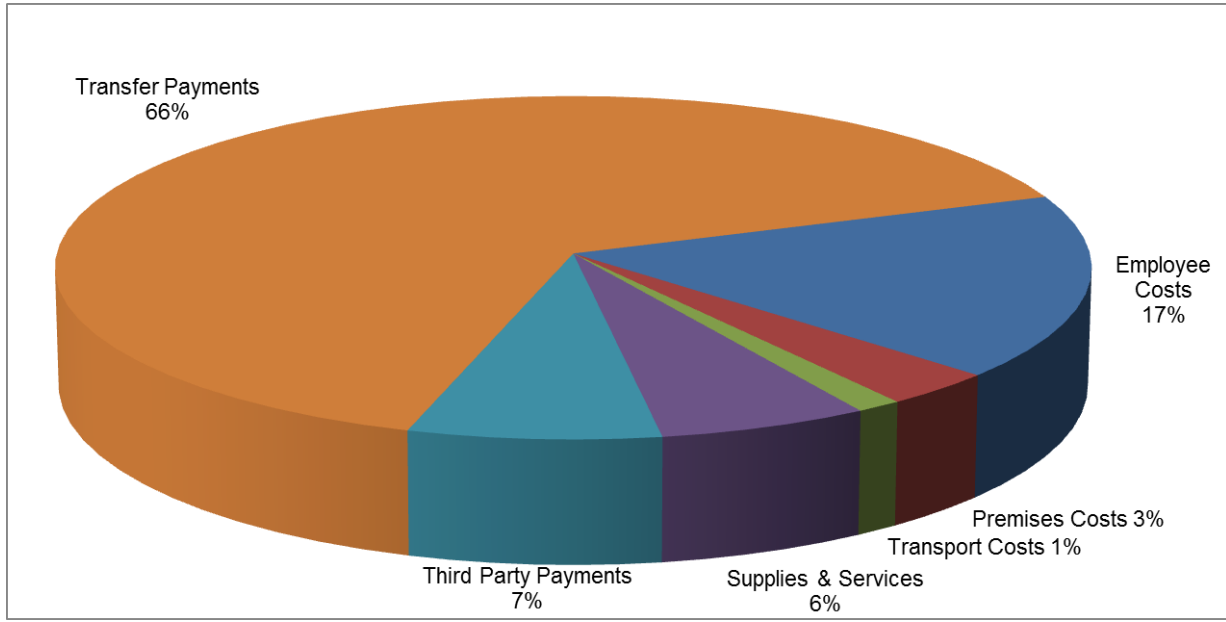
The charts below outline where the Council's revenue money came from, how it was spent and on which services. They show the overall position of the Council's revenue budgets for 2015/16.

The purpose of this Statement of Accounts is to present the financial results of the Council's activities for the year ended 31 March 2016, and to summarise the overall financial position of the Council as at this date.

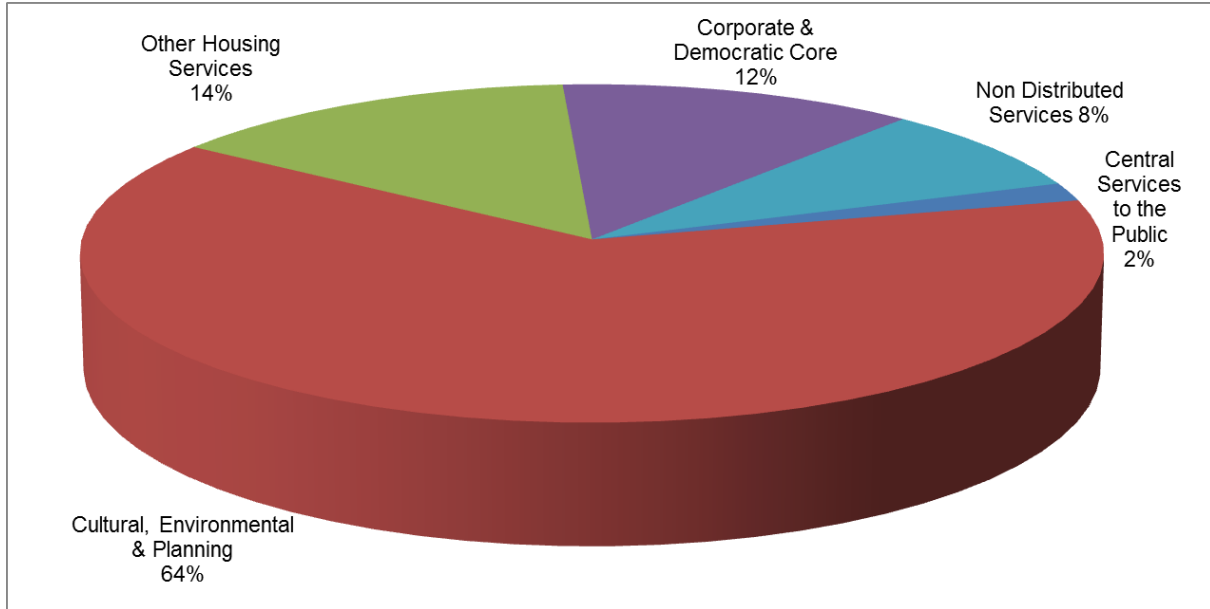
Where The Money Came From



What the Money Was Spent



What Services Have Been Provided



General Fund Revenue Account

The following table summarises the position for the General Fund for 2015/16.

	Adjusted Budget 2015-16 £000	Final Outturn 2015-16 £000	Variance 2015-16 £000
Expenditure			
Net Service Expenditure	18,427	18,441	14
Capital Financing Adjustments	(4,000)	(4,000)	0
Sub Total	14,427	14,441	14
Transfers To Reserves	2,040	2,037	(3)
Total Net Expenditure	16,467	16,478	11
Income			
Revenue Support Grant	(2,711)	(2,733)	(22)
Business Rates	(5,569)	(6,091)	(522)
Met by local council taxpayers	(5,959)	(5,959)	0
New Homes Bonus	(2,543)	(2,542)	1
Investment Income	161	(562)	(723)
Other Grants	154	51	(103)
Review of Reserves	0	(433)	(433)
	(16,467)	(18,269)	(1,802)
(Surplus)/Deficit for the year	0	(1,791)	(1,791)
Balance Brought Forward	(1,726)	(1,726)	0
Balance Carried Forward	(1,726)	(3,517)	(1,791)

Budget Variations

The outturn reflects a number of one off and ongoing savings. These have been achieved as a result of the significant work undertaken when preparing the 2015/16 budget. The total service underspend is £968k and the major variances are set out below:

(Under)/Overspends	£000
a. Car park additional income	(149)
b. Recreational course fees and sports additional income	(273)
c. Environmental Services reduction in waste & recycling refuse	331
d. Street Cleansing reduction in work	(96)
e. Planning Fee income higher than anticipated in the budget	(212)
f. Castle Quay reduction in income	500
g. Investment income higher than anticipated in the budget	(723)
h. Business rate grown higher than anticipated in the budget	(422)
i. Graven Hill income for commitment fee and interest	(660)
j. Land Charges grant to general fund balances	(95)
k. Other small variances	8
	(1,791)

It should be noted that due to the nature of the Council's budget, there are hundreds of individual budgets, many of which had some degree of variation. The items detailed above identify the significant areas only.

2.3 Capital Expenditure

Capital expenditure relates primarily to spending on Council assets (i.e. an item with an expected life of more than one year). Overall the expenditure during the year was £20.416m compared to the approved budget of £60.918m.

	Original Budget 15/16 £000	Adjusted 15/16 £000	APPROVED BUDGET 15/16 £000	ACTUAL 15/16 £000	SLIPPAGE 15/16 £000	VARIANCE 15/16 £000
Directorate						
Bicester Regeneration Projects	23,333	6,998	30,331	6,245	24,086	0
Community & Environment	1,845	2,177	4,022	1,031	2,968	(23)
Resources	324	234	558	391	265	98
Development	1,875	24,132	26,007	12,749	13,457	199
GRAND TOTAL	27,377	33,541	60,918	20,416	40,776	274

2.4 Material Transactions

The following material transaction relates to 2015/16:

a) Pensions

The value of the pension fund deficit for 2015/16 is £72.7m; this reflects an decrease of £6.1m from the 2014/15 deficit position of £78.8m.

2.5 Reserves

The Council at 31 March 2016 has a General Fund balance of £3.5m, which is in line with the Council's Medium Term Financial Strategy. In addition, the Council has earmarked revenue reserves totalling £18.3m (details are included within Note 8.5 (Pages 24 - 25)).

2.6 Graven Hill

During 2014/15 the Council established two companies to deliver a self-build housing project at Graven Hill Bicester. Shares in Graven Hill Holding Company are 100% owned by the Council and Shares in Graven Hill Development Company are 99% owned by Graven Hill Holding Company and 1% by the Council.

The arrangements require the Council to prepare Group Accounts in 2015/16. The accounts for the company are prepared by the companies' accountants Clark Howes and are presented at page 97.

2.7 Investments in Iceland

Cherwell District Council was one of at least 123 local authorities that were affected by the collapse of Icelandic banking institutions.

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The Council had £6.5m deposited with one of these institutions, Glitnir, with varying maturity dates and interest rates as follows:

Glitnir	Date Invested	Maturity Date	Amount Invested	Interest Rate
Investment 1	06/02/07	08/02/10	£2,000,000	5.74%
Investment 2	26/10/06	26/10/09	£2,000,000	5.72%
Investment 3	31/08/07	30/03/09	£2,500,000	6.30%
			£6,500,000	

Following the Icelandic Supreme Court decision to grant UK local authorities priority status, the winding up board made a distribution to creditors in a basket of currencies in March 2012. An element of the distribution is in Icelandic Krona placed in an escrow account in Iceland which earned interest at a blended rate of 3.97%.

The Glitnir investment remaining in the Council's balance sheet at 31 March 2016 is £1.74m

Glitnir	Claim Ref	Total Claim Value	Claim Value in Escrow at 31/3/2016	Claim Value in Escrow at 31/3/2016
		ISK	ISK	£1 : 178.26 ISK
				£
Investment 1	1819	430,659,559	95,846,625	537,679
Investment 2	1870	436,659,157	97,181,882	545,169
Investment 3	1888	527,451,012	117,388,313	658,523
		1,394,769,728	310,416,820	1,741,371

The amounts were converted from Icelandic Krona to GBP Sterling with the 'sell' exchange rate as at 31 March 2016 as published on the Central Bank of Iceland website and in accordance with CIPFA LAAP Bulletin 82 Update 7. A foreign exchange gain of £206,587 was recognised at the balance sheet date.

Post balance sheet event note 8.3.1: Following a decision by the Icelandic Parliament on 22nd May 2016, a further debt auction was held with the Central Bank of Iceland. Cherwell District Council opted to place its entire deposit of £1.741m into the auction held on 16th June 2016, but the final settlement is still subject to the rate of exchange transfer.

2.8 Impact of the current economic climate

The Council's financial strategy and 2015/16 budget were approved in February 2015 at the meeting of Full Council. The key messages in relation to the budget were;

The current economic climate presents unprecedented challenges in meeting spending priorities without placing undue burden on local taxpayers. The Council's successful approach to improving value for money and securing efficiencies on an ongoing basis provides a solid foundation.

The strategy for generating resources at the same rate as grant is expected to reduce is predicated on a strategy that focusses on three areas:

Joint Working

The Council's partnership with South Northants Council has delivered in excess of £3m pa savings. The potential for delivering further savings through not only joint working but the Council's plans to set up a confederation for commissioning services is significant.

Maximising Income

The Council has identified that residential and commercial growth presents an opportunity to improve income streams (Business Rates, New Homes Bonus and Council Tax). We in partnership with South Northants Council have set up a team focussed on maximising income from these areas

Investment

The Council has a significant role in creating prosperity in its area and is taking on ambitious regeneration projects, which will breathe new life into the areas targeted. Many of these projects will also deliver revenue and capital income streams over the medium term. This approach is expected to deliver significant community and financial benefits.

2.9 Financial Improvement Plan

The Financial Improvement Plan was a core outcome from the KPMG report "Review of NNDR Overpayment" and was adopted by the Accounts Audit and Risk Committee on 20 January 2016. The progress of the financial improvements and issues arising are reported and tracked by the Accounts Audit and Risk Committee.

2.10 Performance Indicators

In 2015/16 the Council set itself challenging performance targets and is delighted to report that it has met, or made satisfactory progress on, 96% of all the performance targets set out in the Corporate Performance Management Framework including Equalities, Programmes and Partnership plans.

A general summary of our performance at year end, against each of our scorecards is outlined in the table below:-

END OF YEAR 2015/16 Summary Outturn					
No. of measures	Green *	Green	Amber	Red	Total
Performance Pledges	0	10	2	0	12

END OF YEAR 2015/16 Summary Outturn					
No. of measures	Green *	Green	Amber	Red	Total
District of Opportunity	0	22	6	0	28
Safe, Green and Clean	1	7	8	2	18
Thriving District	9	31	2	0	42
Sound budgets & Customer focussed Council	1	21	3	2	27
Corporate Business Plan Total (not including Pledges)	11	91	19	4	115

Areas of performance strength relating to each of the 4 strategic priorities:-

District of Opportunity	
Complete Bicester Town Centre regeneration including the Council's commercial Community Building	
✓	Practical completion achieved on 29 March 2016 and building opened on 4 April 2016. The project was delivered within budget and work continues on marketing the space available on the second and ground floor.
Support business growth, skills & employment in local companies & the visitor economy to strengthen the economy of the District	
✓	<p>36 detailed business enquiries served in Q4, including inward investors from UK and overseas, expanding indigenous companies and businesses seeking advice and information. A wide range of projects and services are being developed and provided including:</p> <ul style="list-style-type: none"> • Provision of one-to-one advice to local residents starting their own businesses through active partnership and hosting a venue for Oxfordshire Business Enterprises services • Development of 'sector propositions' with Local Enterprise Partnerships to support the expansion of key clusters of Cherwell's economy such as performance engineering, bio-science, space technology, construction and logistics • Support for the development of the Bicester Eco-Business Centre, Pioneer Square and Graven Hill business investment opportunities • Attraction of businesses into Pioneer Square and Franklin House units and collaboration with Oxfordshire County Council to relocate the Bicester Job Club to the new library from April
Safe, Green and Clean	
Deliver an additional 1,000 blue recycling bins this year	
✓	Target significantly exceeded full year due in part to publicity campaigns, reduction in the price of Blue Bins in conjunction with Blitz events and specific bin sale in December, all of which proved popular.
Undertake 6 neighbourhood blitzes with community involvement	

✓	All of the six planned Neighbourhood Blitz events have been completed. They all proved to be very popular with members of the public and Councillors alike. We have also recently supported Banbury Town Council in the "Clean for the Queen" initiatives, which involved our staff, members of the public, and local Councillors.
---	--

Thriving District

Average time to process change in circumstances (days)	
---	--

✓	<p>Processing of changes of circumstances has remained well within target due to the impact of ATLAS automation. 43,617 changes in circumstances were actioned this year compared with 39,081 last year.</p> <p>An exceptional full year performance of 3.16 days which compares favourably with 4.17 days in 2014/15.</p>
---	--

Average time taken to process new claims and changes for Housing Benefit (days)	
--	--

✓	<p>A good improvement in performance during Q4 and comfortably within target for the period and also full year; it is expected this level of performance will be maintained in the coming year.</p> <p>This year's full year performance of 3.56 days reflected a good improvement over 5.75 days achieved in 2014/15.</p>
---	--

Sound Budgets and Customer Focussed Council
--

Make successful bids for external funding	
--	--

✓	<p>The Business Support Unit has been considering the options for accessing external funding opportunities, including using external funding databases to support this process. The Grants Officer has investigated the options and a decision has been made on a preferred supplier to support this process. Once we go live with the product in the first quarter of 2016-2017, we will be able to advise, support and encourage the bid process in order to enable the organisation to make successful bids for external funding.</p>
---	--

Percentage of council tax collected	
--	--

✓	<p>As expected the change to paying by 12 monthly instalments means that collection rates have recovered in the final quarter of the year with 98.65% collection vs a target of 98.25%.</p>
---	---

Percentage of NNDR collected	
-------------------------------------	--

✓	<p>Collection targets have been met (98.96% vs a target of 98.5%) due to proactive work by the Service Assurance and Customer Service teams in cooperation with Capita's staff. The collection rate would have been even higher but for a number of large units entering the list just before the end of the financial year.</p>
---	--

The Council has made strong progress towards delivering its ambitions to improve the services delivered to the public and against key projects and priorities, despite tough performance targets, a challenging economic environment, and on-going policy and organisational change.

With a 96% delivery rate against the key strategic priorities and the deliverables that sit underneath them, this clearly demonstrates that the council's performance is excellent, and that together we are making a significant and positive difference to the District, our residents, businesses and other key stakeholders.

Paul Sutton CPFA
Chief Finance Officer

Date:

3. STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

3.1 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 Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

3.2 The Chief Finance Officer's Responsibilities

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

In preparing this Statement of Accounts, the Chief Finance 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;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

3.3 Chief Finance Officer's Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31st March 2016.

Paul Sutton CPFA
Chief Finance Officer

Date:

3.4 Chairman of Accounts, Audit and Risk Committee Certificate

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

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

Date:

4. MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus/(Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

31-Mar-16		General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000
Balance 1 April 2015	BS	(1,726)	(16,649)	(11,658)	(47)	(30,080)	(61,928)	(92,008)
Movement in reserves during 2015/16								
Surplus or (deficit) on the provision of service	C&E	743				743		743
Other Comprehensive Income & Expenditure						0	(7,291)	(7,291)
Total Comprehensive Income & Expenditure		743	0	0	0	743	(7,291)	(6,548)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 8.4)	8.4	(4,089)		8,497		4,408	(4,408)	0
Reversing Use of capital receipts to fund Glitnir, Iceland capitalisation								0
Increase/ (decrease) before transfers to Earmarked Reserves		(3,346)	0	8,497	0	5,151	(11,699)	(6,548)
Transfers to/(from) Earmarked Reserves		1,604	(1,604)			0		0
Appropriations to/from Earmarked Reserves AFS assets		2				2	(2)	0
Transfers to/(from) Unusable Reserves		(51)				(51)	51	0
Total movements in Earmarked Reserves	8.5	1,555	(1,604)	0	0	(49)	49	0
Increase / (decrease) in 2015/16		(1,791)	(1,604)	8,497	0	5,102	(11,650)	(6,548)
Balance at 31 March 2016 carried forward		(3,517)	(18,253)	(3,161)	(47)	(24,978)	(73,578)	(98,556)

Comparative figures for 2014-15 are:

31-Mar-15		General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000
Balance 1 April 2014	BS	(1,405)	(13,387)	(25,209)	(47)	(40,048)	(68,339)	(108,387)
Movement in reserves during 2014/15								
Surplus or (deficit) on the provision of service	C&E	5,831				5,831		5,831
Other Comprehensive Income & Expenditure						0	10,548	10,548
Total Comprehensive Income & Expenditure		5,831	0	0	0	5,831	10,548	16,379
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 8.4)	8.4	(9,466)		13,551		4,085	(4,085)	0
Reversing Use of capital receipts to fund Glitnir, Iceland capitalisation								0
Increase/ (decrease) before transfers to Earmarked Reserves		(3,635)	0	13,551	0	9,916	6,463	16,379
Transfers to/(from) Earmarked Reserves		3,296	(3,296)			0		0
Use of reserves for capital financing		(34)	34			0		0
Transfers to/(from) Unusable Reserves		52				52	(52)	0
Total movements in Earmarked Reserves	8.5	3,314	(3,262)	0	0	52	(52)	0
Increase / (decrease) in 2014/15		(321)	(3,262)	13,551	0	9,968	6,411	16,379
Balance at 31 March 2015 carried forward		(1,726)	(16,649)	(11,658)	(47)	(30,080)	(61,928)	(92,008)

5. COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
31-Mar-15	31-Mar-15	31-Mar-15		31-Mar-16	31-Mar-16	31-Mar-16	
£000	£000	£000		£000	£000	£000	
1,221	(986)	235	Central Services to the Public	3,261	(2,912)	349	
8,240	(1,759)	6,481	Cultural and Related Services	7,363	(2,474)	4,889	
7,947	(2,480)	5,467	Environment and Regulatory Services	9,476	(3,410)	6,066	
6,103	(3,541)	2,562	Planning Services	6,857	(5,100)	1,757	
1,448	(1,753)	(305)	Highways, Roads & Transport Services	1,073	(1,932)	(859)	
45,011	(40,873)	4,138	Housing Services (General Fund)	45,277	(41,569)	3,708	
2,444	(366)	2,078	Corporate and Democratic Core	2,993	(550)	2,443	
1,333	0	1,333	Non Distributed Costs	1,644	0	1,644	
73,747	(51,758)	21,989	Net Cost of Services	77,944	(57,947)	19,997	
		3,070	Other Operating Expenditure (Note 8.6)			1,432	
			Financing and Investment Income & Expenditure				
		853	(Note 8.7)			1,233	
			Taxation and Non-Specific Grant Income (Note				
		(20,029)	8.8)			(21,919)	
		5,883	Deficit on Provision of Service			743	
			(Surplus) / deficit on the revaluation of non-current				
		(2,216)	assets (Note 8.22.1)			1,307	
			Re-measurement of the net defined benefit liability				
		12,764	(Note 8.22.4)			(8,598)	
		0	(Surplus)/Deficit on Other items			0	
		10,548	Other Comprehensive Expenditure			(7,291)	
		16,431	Total Comprehensive (Income) & Expenditure			(6,548)	

6. BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date 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. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2015 £000		Notes	31 March 2016 £000
117,411	Property, Plant & Equipment	8.9	122,930
15,701	Investment Property	8.11	15,317
757	Intangible Assets	8.12	576
3,741	Long Term Investments	8.15	5,855
6,609	Long Term Debtors	8.17	9,691
144,219	Long Term Assets		154,369
42,032	Short Term Investments	8.15	25,779
147	Inventories	8.37	3,082
13,911	Short Term Debtors	8.17	13,762
10,150	Cash and Cash Equivalents	8.18	14,037
66,240	Current Assets		56,660
(1,936)	Bank Overdraft	8.18	(1,719)
(12,954)	Short Term Creditors	8.19	(12,231)
(3,970)	Receipts in Advance	8.19	(1,269)
(2,710)	Provisions	8.20	(2,353)
(21,570)	Current Liabilities		(17,572)
(78,836)	Pension Liability	8.22.4	(72,683)
(709)	Provisions	8.20	(1,788)
(17,336)	Capital Grants Receipts in Advance	8.33	(20,430)
(96,881)	Long Term Liabilities		(94,901)
92,008	Net Assets		98,556
(30,080)	Useable Reserves	8.21	(24,978)
(61,928)	Unusable Reserves	8.22	(73,578)
(92,008)	Total Reserves		(98,556)

Paul Sutton CPFA
Chief Finance Officer

Date:

7. CASH FLOW STATEMENT

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

31-Mar-15 £000		Note	31-Mar-16 £000
(5,831)	Net Surplus or (Deficit) on the Provision of Services	8.23	(743)
20,457	Adjustments to net surplus or deficit on the provision of services for non-cash movements	8.23	4,053
(5,023)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities	8.23	7,318
9,603	Net cash flows from Operating Activities	8.23	10,628
(10,528)	Investing Activities	8.24	(9,038)
(40)	Financing Activities	8.25	2,512
(965)	Net increase or (decrease) in cash and cash equivalents		4,102
9,180	Cash and cash equivalents at the beginning of the reporting period	8.18	8,215
8,215	Cash and cash equivalents at the end of the reporting period	8.18	12,317

8. NOTES TO THE CORE FINANCIAL STATEMENTS

8.1 Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 12, the Council 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:

Future Funding of Local Government

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. The Council prepares a detailed Medium Term Financial Plan, which models the risk and helps identify what needs to be done to manage the risks.

8.2 Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation of Property, Plant & Equipment	The Council assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.	Where the Council determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Council's accounts when the change in estimate is determined. The carrying value of assets in the balance sheet is £122,930k
Impairment of Property, Plant & Equipment & Intangible Assets	The Council assesses the impairment of property, plant and equipment and intangible assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as	The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units requires significant judgement which is determined by a qualified

	<p>required by accounting standards</p> <p>Factors that are considered important and which could trigger an impairment review include the following:</p> <ul style="list-style-type: none"> • obsolescence or physical damage; • significant changes in technology and regulatory environments; • significant underperformance relative to expected historical or projected future operating results; • significant changes in the use of its assets or the strategy of the overall business; • significant negative industry or economic trends; and • significant decline in the market capitalisation relative to net book value for a sustained period. 	<p>valuer.</p>
<p>Fair Value Measurements</p>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for <i>similar</i> assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer).</p> <p>Information about the valuation</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.</p>

	techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 8.11 and 8.16 below.	
Impairment allowance for doubtful debt	The Impairment allowance for doubtful debt reflects the Council's estimates of losses arising from the failure or inability of the Council's customers to make required payments. The allowance is based on the ageing of customer accounts, customer credit worthiness and the Council's historical write-off experience.	Changes to the allowance may be required if the financial condition of the Council's customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.
Pensions	The Council provides one defined benefit pension scheme for its employees. The asset (or liability) recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as: <ul style="list-style-type: none"> • the life expectancy of the Officers; • the length of service; • the rate of salary progression; • the rate of return earned on assets in the future; • the rate used to discount future pension liabilities; and • future inflation rates. 	The assumptions used by the Council are set out in note 11 and are estimates chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice but have been comparable to the median estimates in this regard used by other Councils. Changes to these assumptions could materially affect the size of the defined benefit scheme's liabilities and assets disclosed in note 11.
Icelandic Investments values	Estimations of the repayments in respect of the remaining Icelandic investments are included in the accounts based on guidance in LAAP Bulletins 79 and 82 and best estimates of future distributions. Adjustments have been made to reflect the most up-to-date position this year.	Adjustments to the carrying values will continue to be made until the final distributions are received. Revised impairment gains or losses will be reflected as appropriate that will impact the Comprehensive Income and Expenditure Statement.
Provision for Business Rates Appeals	Following the changes in accounting for Business Rates, the Council has set up a provision for Business Rates appeals. The provision has been calculated based upon the latest appeals list from the Valuation Office. Business Rates Pool have used their local knowledge to calculate their provisions, for Cherwell this equated to 9.4% of rateable value on appeal.	If the provision for appeals was increased by 1% the resulting increase would be £63,334 shared across Central Government (50%), the county council (10%) and Cherwell District Council (40%)

<p>Business Rates NNDR3 Return 2014</p>	<p>The Council has impaired a £1.5million debtor with the Department of Communities and Local Government (DCLG) for differences arising on its NNDR3 (Business Rates) Return from 2014. The debt owing to the Council has been discussed with the DCLG. Given there has been a change in regulations as well as significant time passing, there is a risk that DCLG does not agree to the transaction.</p> <p>The Council has impaired the £1.5million to take account of any risk of non-payment.</p>	<p>We are liaising with DCLG regarding £1.5m debtor and for this to be received prior to the signing of the financial statement.</p> <p>The Council has impaired the £1.5million to take account of any risk of non-payment.</p>
---	--	--

8.3 Events after the balance sheet date

The Statement of Accounts will be authorised for issue by the Chief Finance Officer prior to the 30 September 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes will be adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2016 as they provide information which is relevant to an understanding of the Council's financial position but do not relate to conditions existing at that date:

8.3.1. Icelandic Banks

At 31 March 2016 the Council had £1.741m relating to the failed Glitnir Bank held in an escrow account in Iceland.

Following a decision by the Icelandic Parliament on 22nd May 2016 there would be a further auction of debt with the Central Bank of Iceland paying creditors between 65% and 75% of amounts on deposit, with settlement in Euros. Cherwell District Council opted to place its entire deposit of £1.741m into the auction, the final amount recovered will depend on the outcome of the auction, to be held on 16th June 2016, and on the rate of exchange between the Euro and Sterling when settlement takes place.

8.3.2 Bolton Road Multi-Storey Car Park

Bolton Road Multi-Storey Car Park is an investment asset currently valued at £1.45m in the Council's financial statements. Revenues relating to the car park were £111k for the year.

In June 2016 a survey undertaken by Independent Structural Engineers specialising in reinforced concrete structures identified catastrophic structural failures in the decking of the multi storey car park which resulted in the necessity to close it to the public for safety reasons.

The structural issues are such that the car park will need to be demolished.

This could substantially affect the valuation figure provided for the 31 March 2016 asset valuation exercise because at this time the car park was operational and the valuation was based on revenue which related to multi-storey level parking.

Future revenues and asset values will depend on whether, following demolition, the site operates as a surface car park or is redeveloped for commercial or residential purposes (subject to obtaining the necessary planning consents). The value of the car park could be impaired by 75% in the event that it is operated as a surface car park or is released for commercial redevelopment.

8.4 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

31-Mar-16	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Adjustments involving the Capital Adjustment Account:					
Reversal of items debited or credited to the CIES:					
Charges for depreciation and impairment of non current assets	(3,714)	0	0	0	(3,714)
Amortisation of intangible assets	(293)	0	0	0	(293)
Revaluation losses on Property Plant and Equipment	354	0	0	0	354
Revenue expenditure funded from capital under statute	(1,185)	0	0	0	(1,185)
Movements in the market value of Investment Properties - I&E	(511)	0	0	0	(511)
Amounts of Non-current Assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(5,813)	0	0	0	(5,813)
FV and Historic Cost Depreciation Adjustment	0	0	0	0	0
Contributions in relation to donated assets credited to the CIES	0	0	0	0	0
Capital expenditure charged against the General Fund (RCCO)					
Adjustments involving the Capital Grants Unapplied Account					
Capital Grants and contributions unapplied credited to the CIES			0	0	0
Application of grants to capital financing transferred to the CAA	462	0	0	0	462
Adjustments involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	5,797	0	(5,797)	0	0
Other capital cash receipts	2,668	0	(2,668)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	16,962	0	16,962
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:					
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0	0	0	0	0
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	(5,709)	0	0	0	(5,709)
Employer's pensions contributions and direct payments to pensioners payable in the year	3,264	0	0	0	3,264
Adjustments involving the Collection Fund Adjustments Account:					
Amount by which council tax income credited to the CIES is different from the council tax income calculated for the year in accordance with statutory requirements	53	0	0	0	53
Amount by which non-domestic rates income credited to the CIES is different from the non-domestic rates income calculated for the year in accordance with statutory requirements	560	0	0	0	560
Adjustment involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(22)	0	0	0	(22)
TOTAL ADJUSTMENTS	(4,089)	0	8,497	0	4,408

Comparative figures for 2014-15 are:

31-Mar-15	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Adjustments involving the Capital Adjustment Account:					
Reversal of items debited or credited to the CIES:					
Charges for depreciation and impairment of non current assets	(3,811)	0	0	0	(3,811)
Amortisation of intangible assets	(308)	0	0	0	(308)
Revaluation losses on Property Plant and Equipment	(1,522)	0	0	0	(1,522)
Revenue expenditure funded from capital under statute	(1,423)	0	0	0	(1,423)
Movements in the market value of Investment Properties - I&E	(625)	0	0	0	(245)
Amounts of Non-current Assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(2,888)	0	0	0	(3,268)
FV and Historic Cost Depreciation Adjustment	0	0	0	0	
Contributions in relation to donated assets credited to the CIES	0	0	0	0	0
Capital expenditure charged against the General Fund (RCCO)	34	0	0	0	34
Adjustments involving the Capital Grants Unapplied Account					
Capital Grants and contributions unapplied credited to the CIES	0	0	0	0	0
Application of grants to capital financing transferred to the CAA	389	0	0	0	389
Adjustments involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	2,857	0	(2,857)	0	0
Other capital cash receipts	1,358	0	(1,358)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	154	0	17,762	0	17,762
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(4)	0	4	0	0
Adjustments Involving the Deferred Capital Receipts Reserve:					
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	421	0	0	0	421
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	(5,344)	0	0	0	(5,344)
Employer's pensions contributions and direct payments to pensioners payable in the year	3,179	0	0	0	3,179
Adjustments involving the Collection Fund Adjustments Account:					
Amount by which council tax income credited to the CIES is different from the council tax income calculated for the year in accordance with statutory requirements	5	0	0	0	5
Amount by which non-domestic rates income credited to the CIES is different from the non-domestic rates income calculated for the year in accordance with statutory requirements	(1,822)	0	0	0	(1,822)
Adjustment involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	39	0	0	0	39
TOTAL ADJUSTMENTS	(9,465)	0	13,551	0	4,086

8.5 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 in 2015-16.

Reserve	Balance 31-Mar-15	Transfer in	Transfer out	Year End Review of Reserves	Statutory Accounts Balance 31-Mar-16
	£000	£000	£000	£000	£000
General Fund:					
Building Control	(100)	0	0	0	(100)
Capacity Funding	(203)	0	115	0	(88)
Car Park Studies	(200)	0	85	(70)	(185)
Corporate IT	(143)	0	0	0	(143)
Corporate Transformation	(621)	0	255	(500)	(866)
Country Park Reserve	(100)	0	0	0	(100)
Debt Collection Improvements	(25)	0	0	25	0
Elections	(109)	0	0	0	(109)
Environmental Warranties	(2,240)	0	0	1,240	(1,000)
General Fund Items	(675)	(200)	0	630	(245)
Graven Hill Equalisation Reserve	(3,396)	0	0	0	(3,396)
Hanwell Fields Open Space	(79)	0	0	0	(79)
Heat Network	(74)	0	68	6	0
High Speed 2	(3)	0	0	3	0
Housing Reserve	(220)	0	0	0	(220)
Joint External Bid-writer	(30)	0	0	0	(30)
Jubilee / Olympics	(21)	0	0	21	0
Licensing	(131)	(56)	0	41	(146)
Local Plan Charges	(400)	0	250	(362)	(512)
Member Training Reserve	(9)	0	0	9	0
NHB - Affordable Housing	(125)	(289)	0	(1)	(415)
NHB - Economic Development	(726)	(761)	59	0	(1,428)
NHB - Superfast Broadband	0	(727)	0	0	(727)
Planning Control	(918)	0	0	168	(750)
Corporate Projects	0	0	0	(674)	(674)
Retained Business Rates	(908)	0	0	(1,297)	(2,205)
S31 Grants	(731)	0	0	731	0
Sainsbury's Primary Authority	(55)	0	0	0	(55)
Self Insurance	(160)	0	0	0	(160)
Shared Payment Management System	(10)	0	0	10	0
Transport Engineer Consultancy	(280)	0	0	280	0
Valuation Consultancy	(70)	0	0	70	0
VAT Deminimus	0	0	0	(500)	(500)
Welfare Reform	(279)	0	0	180	(99)
Wheeled Bin Replacements	(111)	0	0	0	(111)
	(13,152)	(2,033)	832	10	(14,343)
Earmarked Reserves from Grants & Contributions					
Area Based Grant	(83)	0	0	0	(83)
Bicester Fields Main Park	(97)	0	0	0	(97)
Brighter Futures - Skills Reward Grant	(43)	0	0	(52)	(95)
Brighter Futures Reserve Account	(48)	0	0	48	0
Bicester Garden Town	0	(1,521)	0	0	(1,521)
Bicester Youth Bus	(65)	0	0	0	(65)
Broadfield Road Yarnton Sports	(4)	0	0	0	(4)
Courtyard Youth Arts	(39)	0	0	0	(39)
Dovecote Milcombe	(56)	0	0	0	(56)
Eco Town Revenue	(845)	(4)	253	4	(592)
Flood Recovery Grant	(94)	0	0	54	(40)
Government Grant LABGI	(25)	0	0	25	0
Green Deal Pioneer Places	(69)	0	0	0	(69)
Home Improvement Agency	0	(235)	0	1	(234)
Homelessness Prevention	(70)	0	0	0	(70)
New Burdens Grant	(247)	(2)	0	1	(248)
New Homes Bonus	(834)	0	834	0	0
Planning Delivery Grant	(322)	0	0	0	(322)
Planning Policy Statement Climate Change	(82)	0	0	82	0
Total of smaller grants & contrib under £65k	(474)	(91)	0	190	(375)
	(3,497)	(1,853)	1,087	353	(3,910)
Total Earmarked Reserves	(16,649)	(3,886)	1,919	363	(18,253)

Comparative figures for 2014-15 are:

Reserve	Balance 31-Mar-14	Transfer in	Transfer out	Year End Review of Reserves	Statutory Accounts Balance 31-Mar-15
	£000	£000	£000	£000	£000
General Fund:					
Apprentice	(41)	0	41		0
Building Control	(47)	(53)	0		(100)
Capacity Funding	0	(203)	0		(203)
Car Park Studies	0	(200)	0		(200)
Corporate IT	(143)	0	0		(143)
Corporate Transformation	(655)	0	67	(33)	(621)
Country Park Option Appraisal	(50)	0	0	50	0
Country Park Reserve	(50)	0	0	(50)	(100)
Debt Collection Improvements	0	(25)	0		(25)
Economic Risk	(250)	0	250		0
Elections	(127)	0	18		(109)
Environmental Warranties	(2,240)	0	0		(2,240)
General Fund Items	(388)	(311)	24		(675)
Graven Hill Equalisation Reserve	(2,800)	(596)	0		(3,396)
Hanwell Fields Open Space	(79)	0	0		(79)
Heat Network	(90)	0	16		(74)
High Speed 2	(14)	0	11		(3)
Housing Reserve	(100)	(120)	0		(220)
Joint External Bid-writer	0	(30)	0		(30)
Jubilee / Olympics	(21)	0	0		(21)
Licensing	(70)	(61)	0		(131)
Local Plan Charges	0	(400)	0		(400)
Member Training Reserve	0	(9)	0		(9)
NHB - Affordable Housing	(126)	0	8	(7)	(125)
NHB - Economic Development	(726)	0	0		(726)
Planning Control	(618)	(300)	0		(918)
Planning Policy	(300)	0	300		0
Retained Business Rates	(523)	0	0	(385)	(908)
S31 Grants	(385)	(731)	0	385	(731)
Sainsbury's Primary Authority	0	(55)	0		(55)
Self Insurance	(160)	0	0	0	(160)
Shared Payment Management System	0	(10)	0		(10)
Special Initiatives	(33)	0	0	33	0
Transport Engineer Consultancy	0	(280)	0		(280)
Valuation Consultancy	0	(70)	0		(70)
Welfare Reform	(150)	0	0	(129)	(279)
Wheeled Bin Replacements	(126)	0	15		(111)
	(10,312)	(3,454)	750	(136)	(13,152)
Earmarked Reserves from Grants & Contributions					
Area Based Grant	(83)	0	0		(83)
Bicester Fields Main Park	(97)	0	0		(97)
Bicester Youth Bus	(65)	0	0		(65)
Brighter Futures - Skills Reward Grant	(43)	0	0		(43)
Brighter Futures Reserve Account	(67)	0	19		(48)
Broadfield Road Yarnton Sports	(5)	0	1		(4)
Courtyard Youth Arts	(82)	0	43		(39)
Dovecote Milcombe	(57)	0	1		(56)
Eco Town Revenue	(1,156)	(29)	340		(845)
Flood Recovery Grant	(94)	0	0		(94)
Government Grant LABGI	(25)	0	0		(25)
Green Deal Pioneer Places	(69)	0	0		(69)
Homelessness Prevention	(97)	0	27		(70)
Local Government Resource Review	(129)	0	0	129	0
New Burdens Grant	(108)	(139)	0		(247)
New Homes Bonus	(11)	(834)	4	7	(834)
Planning Delivery Grant	(331)	0	9		(322)
Planning Policy Statement Climate Change	(82)	0	0		(82)
Total of smaller grants & contrib under £65k	(474)	(48)	48		(474)
	(3,075)	(1,050)	492	136	(3,497)
Total Earmarked Reserves	(13,387)	(4,504)	1,242	0	(16,649)

The following table sets out how the earmarked reserves above £350,000 will be used:

Bicester Garden Town	Funds for the Bicester Garden Town
Corporate Projects	To enable corporate projects to take place
Corporate Transformation	Change reserve to fund restructuring and business transformation projects
Eco Town Revenue	Funds for the Eco Town in Bicester
Environmental Warranties	To fund commitment on asbestos for the period associated with Stock Transfer Contract
Graven Hill Equalisation Reserve	To minimise the borrowing impact on the Council's net revenue budget for the Graven Hill project
Local Plan Charges	The funding of the preparation and approval for the Local Plan will span a number of years and the reserve will be used to "smooth" the costs.
NHB - Economic Development	To enable economic development to take place across the district
NHB – Affordable Housing	To enable affordable housing to take place across the district
NHB – Superfast Broadband	To enable superfast broadband to take place across the district
Planning Control	Created to cover planning appeals
Retained Business Rates	Retained business rates from 2015-16
VAT Deminimis	To cover a breach in VAT partial exemption above 5%
Total Small grants & contributions under £65,000	Each of these individual grants & contributions do not exceed £350,000

8.6 Other Operating Expenditure

31-Mar-15 £000		31-Mar-16 £000
4,279	Parish Council Precepts	4,084
4	Payments to the Government Housing Capital Receipts Pool	0
(10)	(Gains) / losses on the disposal of non current assets	15
(1,203)	Income from disposal of capital interests	(2,667)
3,070	Total	1,432

8.7 Financing and Investment Income and Expenditure

31-Mar-15 £000		31-Mar-16 £000
2,743	Net interest on the net defined benefit liability/(asset)	2,549
(793)	Interest receivable and similar income	(578)
(245)	Income and expenditure in relation to investment properties and changes in their fair value	511
196	Other investment income / expenditure (Glitnir)	(862)
(72)	Surplus/Deficit on Revaluation of Assets for Sale	(20)
(127)	Finance Lease Income	(126)
(850)	Surplus on trading undertakings (note 8.11)	(241)
853	Total	1,233

8.8 Taxation and Non Specific Grant Income

31-Mar-15 £000		31-Mar-16 £000
(9,747)	Council Tax Income	(10,042)
(63)	Council Tax Freeze Grant	(65)
1,881	Non Domestic Rates	(286)
(6,556)	Non-ringfenced government grants	(4,926)
(154)	Capital grants and contributions	0
(5,390)	Business Rates Retention Scheme	(6,600)
0	Donated Asset contribution	0
(20,029)	Total	(21,919)

8.9 Property, Plant & Equipment

At Cherwell District Council, for the financial year 2015-16, all property valuations are carried out by John Slack MRICS, Chief Valuer Regeneration and Estates. 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).

31-Mar-16	Operational Assets			Community Assets £000	Non-Operational Assets		Total £000
	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000		Assets Held For Sale £000	Assets under Construction £000	
Cost or valuation							
As at 1st April 2015	112,690	10,439	5,424	386	0	13,261	142,200
Additions	163	912	15	0	0	14,909	15,999
Derecognition - Disposals	0	0	0	0	0	0	0
Revaluation increases / decreases recognised in the Revaluation Reserve	(1,307)	0	0	0	0	0	(1,307)
Revaluation increases / decreases recognised in the Surplus / Deficit on the Provision of Services	354	0	0	0	0	0	354
Reclassification	(156)	156	0	0	0	0	0
Other movements in Cost or Valuation	0	48	0	0	0	0	48
As at 31st March 2016	111,744	11,555	5,439	386	0	28,170	157,294
Accumulated Depreciation and Impairment							
As at 1st April 2015	(15,527)	(7,200)	(2,001)	(62)	0	0	(24,790)
Depreciation Charge	(2,846)	(738)	(175)	0	0	0	(3,759)
Derecognition - Disposals	(208)	0	0	0	0	(5,607)	(5,815)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0
Acc. Depreciation WO to GCA	0	0	0	0	0	0	0
As at 31st March 2016	(18,581)	(7,938)	(2,176)	(62)	0	(5,607)	(34,364)
Net Book Value							
At 31st March 2016	93,163	3,617	3,263	324	0	22,563	122,930
At 31st March 2015	97,163	3,239	3,423	324	0	13,261	117,410

Comparative Movements in 2014-15:

31-Mar-15	Operational Assets			Community Assets	Non-Operational Assets		Total
	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure		Assets Held For Sale	Assets under Construction	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation							
As at 1st April 2014	114,751	9,397	5,375	386	0	5,186	135,095
Additions	587	1,601	49	0	0	14,323	16,560
Derecognition - Disposals	(141)	(559)	0	0	0	(2,750)	(3,450)
Revaluation increases / decreases recognised in the Revaluation Reserve	2,217	0	0	0	0	0	2,217
Revaluation increases / decreases recognised in the Surplus / Deficit on the Provision of Services	(1,522)	0	0	0	0	0	(1,522)
Reclassification	771	0	0	0	0	(771)	0
Other movements in Cost or Valuation	(3,973)	0	0	0	0	(2,727)	(6,700)
As at 31st March 2015	112,690	10,439	5,424	386	0	13,261	142,200
Accumulated Depreciation and Impairment							
As at 1st April 2014	(16,578)	(7,052)	(1,822)	(62)	0	0	(25,514)
Depreciation Charge	(2,925)	(707)	(179)	0	0	0	(3,811)
Derecognition - Disposals	3	559	0	0	0	0	562
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0
Acc. Depreciation WO to GCA	3,973	0	0	0	0	0	3,973
As at 31st March 2015	(15,527)	(7,200)	(2,001)	(62)	0	0	(24,790)
Net Book Value							
At 31st March 2015	97,163	3,239	3,423	324	0	13,261	117,410
At 31st March 2014	98,172	2,346	3,552	324	0	5,186	109,581

Assets held at "historical cost" and at "fair value" on the balance sheet:

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Asset under Construction	Total
	£000	£000	£000	£000	£000	£000
Carried at historical cost	17,068	3,617	3,263	14	22,563	46,525
Valued at Fair Value @						
31-Mar-16	51,302	0	0	0	0	51,302
31-Mar-15	1,442	0	0	0	0	1,442
31-Mar-14	2,124	0	0	10	0	2,134
31-Mar-13	21,227	0	0	300	0	21,527
31-Mar-12	0	0	0	0	0	0
Total Value At 31st March 2016	93,163	3,617	3,263	324	22,563	122,930

Revaluations

The Council carries out a rolling programme that ensures that all Property Plant & Equipment required to be measured at current value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standard of the Royal Institute of Chartered Surveyors. Vehicle plant and equipment are carried at depreciated historic cost.

In 2015-16 a 20% valuation exercise was undertaken by the Chief Valuer. This approach works well in markets that are not showing great volatility. If there are major changes in the market or a specific deterioration or incident damaging a property then this property would be added to the list of assets to be valued.

8.10 Heritage Assets

As set out in our summary of significant accounting policies, the Council requires heritage assets to be carried in the balance sheet at valuation.

In the Council's critical judgements in applying accounting policies (see Note 8.1), the Council has concluded that there are no assets to recognise on its balance sheet that were not previously recognised or no heritage assets previously recognised within community assets that should be reclassified as heritage assets in the Balance Sheet.

8.11 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-15		31-Mar-16
£000		£000
1,336	Rental Income from investment property	1,103
(486)	Direct operating expenses arising from investment property	(1,247)
850	Net gain	(144)

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

Movement in the fair value of investment properties over the year:

31-Mar-15		31-Mar-16
£000		£000
16,224	Balance at start of the year	15,701
	Additions:	
102	Subsequent expenditure	127
(380)	Disposals	0
(245)	Net gains/losses from Investment Property fair value adjustments	(511)
	Transfers:	
0	To/from Property, Plant and Equipment	0
15,701	Balance at end of the year	15,317

Fair Value Measurement of Investment Property

Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2016 are as follows:

Recurring fair value Measurements using:	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-Mar-16 £000
Residential (market rental) properti	0	0	0	0
Office units	0	1,210	0	1,210
Commercial units	0	14,107	0	14,107
Total	0	15,317	0	15,317

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 Council's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

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

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the

Royal Institution of Chartered Surveyors. The authority's valuation experts work closely with finance officers reporting directly to the Chief Finance Officer on a regular basis regarding all valuation matters.

8.12 Intangible Assets

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 the Council holds are all purchased licenses and 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 total amounts held for each category of useful lives are:

31-Mar-15		31-Mar-16
£000	Software and Licences	£000
0	1 Year	0
180	3 Years	185
0	4 Years	0
423	5 Years	284
0	7 Years	0
154	10 Years	107
757		576

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £293,000 charged to revenue in 2015-16 was mostly charged to the ICT infrastructure support cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services.

The movement on Intangible Asset balances during the year is as follows:

31-Mar-15		31-Mar-16
£000	Software and Licences	£000
967	Balance at start of year:	757
4,353	Gross carrying amounts	4,451
(3,386)	Accumulated amortisation	(3,694)
967	Net carrying amount at start of year	757
	Additions:	
99	Purchases	112
0	Disposals Gross Carrying Amount	0
0	Disposals amortisation	0
(1)	Other Adjustments	0
(308)	Amortisation for the period	(293)
757	Net carrying amount at end of year	576
	Comprising:	
4,451	Gross carrying amounts	4,445
(3,694)	Accumulated amortisation	(3,869)
757		576

8.13 Commitments under Capital Contracts

As at 31st March 2016 the Council had entered into contracts for the construction or enhancement of property, plant and equipment in 2016-17. These commitments were:-

Council Approved Capital Commitments			
	Total Contract Value £000	Previously Spent £000	2016/17 £000
South West Bicester Sports Village	1,016	908	108
Bicester Community Building	8,328	7,897	431
Biomass Heating System	311	301	9
Replacement Refuse Vehicles	534	534	0
Build! Programme	12,411	10,328	2,083
Financial Information System	229	211	18
Bodicote House Access Control	35	0	35
	22,864	20,179	2,684

Graven Hill

The sale of Bicester's Graven Hill site has been completed with Cherwell District Council, through a company limited by shares, taking ownership of the site from the Ministry of Defence (MoD).

The Council has, through Graven Hill Development Company, purchased the land from the MoD for £27.25m (payable in installments connected with access to parcels of land over a 5 year period). Graven Hill will deliver the UK's first large-scale self-build community of up to 1,900 homes and one million square feet of commercial space.

This is a multimillion pound project which cannot be met from existing capital resources. Therefore the associated costs will be financed through borrowing in line with the Council's Treasury Management Strategy.

8.14 Revenue Expenditure funded from Capital under Statute

The following analysis represents capital expenditure incurred during 2015-16 which did not result in the creation of a tangible asset owned by the Council. This expenditure has been written off to revenue in 2015-16.

31-Mar-15 £000	Type of Charge	31-Mar-16 £000
847	Disabled Facilities Grant	751
0	Village Hall, Recreation Play Grants	7
0	South West Bicester Sports Village	25
0	Old Bodicote House	51
241	Other Discretionary Grants	201
75	Energy Efficiency Schemes	0
0	Bicester Town Centre Redevelopment	5
0	Kidlington High Street Pedestrianisation	5
50	Claypits Land	0
210	Condition Survey Works	140
1,423		1,185

8.15 Treasury Investments

31-Mar-15 £000		31-Mar-16 £000
Long Term Investments		
3,741	Available for Sale Financial Assets	5,855
3,741		5,855
Current Investments		
37,028	Fixed Term Loans and Receivables	22,776
0	Fair Value through I&E Investments	
5,004	Available for Sale Financial Assets	3,003
42,032		25,779
45,773		31,634

Analysis of Investments

Long Term Investments – Available for Sale Financial Asset

This investment is a UK Gilt Holding due to mature on 22 July 2018. The carrying value is adjusted for any notional loss / gain.

Current Investments - Fixed-term loans and receivables

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

Current Investments - Fair value through Income and Expenditure Investments

In 2013-14 this represented funds held with fund managers Investec. These were returned to in house control within 2013-14.

Current Investments – Available for Sale Financial Assets

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

Investment gains and losses

31-Mar-15 £000		Loans and Receivables £000	31- 3-16 Fair value through I&E £000	Available for sale Financial Assets £000	Total £000
(791)	Interest and Investment Income	(574)	(1)	(3)	(578)
(791)					
0	Gains on forward deals	0	0	0	0
0	Impairment of Iceland investments	0	0	0	0
0		0	0	0	0
(791)	Net gain	(574)	(1)	(3)	(578)

8.16 Financial Instruments

8.16.1 Carrying Values

Financial assets comprise 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. Financial liabilities are creditors excluding statutory obligations that arise from contracts.

For each category, the financial instruments disclosed in the Balance Sheet are carried at the following values:

Long Term	Short Term		Long Term	Short Term
31-Mar-15	31-Mar-15		31-Mar-16	31-Mar-16
£000	£000		£000	£000
0	37,028	Fixed Term Loans & Receivables	0	22,776
0	0	Fair Value through I&E Investments	0	0
3,741	5,004	Available for sale Financial Assets	1,783	3,003
0	10,150	Cash & Cash Equivalents	0	14,037
6,609	3,095	Loans & Receivables	9,691	1,400
10,350	55,277	Total Financial Assets	11,474	41,216
0	(1,936)	Bank Overdraft	0	(1,719)
0	(12,954)	Creditors	0	(12,232)
0	(14,890)	Total Financial Liabilities	0	(13,951)

8.16.2 Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction. Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value;
- Fair value of trade and other receivables is taken to be the invoiced or billed amount.

Carrying Value	Fair Value		Carrying Value	Fair Value
31-Mar-15	31-Mar-15		31-Mar-16	31-Mar-16
£000	£000		£000	£000
10,150	10,150	Cash Equivalents	14,037	14,037
3,741	3,741	Long Term Investments	5,855	5,855
42,032	42,032	Short Term Investments	25,779	25,779
6,609	6,609	Long Term Debtors	9,691	9,691
3,095	3,095	Short Term Trade Debtors	1,400	1,400
65,627	65,627	Total	56,762	56,762

As at 31st March 2016 the council held a UK Gilt holding which has been categorised as long term as it is due to mature is on 22 July 2018. UK Gilt holdings have been valued using the current market rate at 31 March 2016.

8.16.3 Income, Expense, Gains & Losses

The income, expenses, gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are as follows:

	Financial Liabilities Liabilities at amortised cost	Loans & Receivables	Financial Assets Assets at fair value through I&E	Financial Assets Available for Sale Financial Assets 31-Mar- 16	Total
	31-Mar-16 £000	31-Mar-16 £000	31-Mar-16 £000	31-Mar- 16 £000	31-Mar-16 £000
Interest expense	0	0	0	0	0
Impairment losses	0	0	0	0	0
Total expense in the Surplus or deficit on the Provision of Service	0	0	0	0	0
Interest income	0	(574)	(1)	(3)	(578)
Total income in the Surplus or deficit on the Provision of Service	0	(574)	(1)	(3)	(578)
Net (gain) / loss for the year	0	(574)	(1)	(3)	(578)

Comparative figures for 2014-15 are:

	Financial Liabilities Liabilities at amortised cost	Loans & Receivables	Financial Assets Assets at fair value through I&E	Financial Assets Available for Sale Financial Assets 31-Mar- 15	Total
	31-Mar-15 £000	31-Mar-15 £000	31-Mar-15 £000	31-Mar- 15 £000	31-Mar-15 £000
Interest expense	0	0	0	0	0
Impairment losses	0	0	0	0	0
Total expense in the Surplus or deficit on the Provision of Service	0	0	0	0	0
Interest income	0	(775)	(12)	(4)	(791)
Total income in the Surplus or deficit on the Provision of Service	0	(775)	(12)	(4)	(791)
Net (gain) / loss for the year	0	(775)	(12)	(4)	(791)

8.16.4 Key Risks

The Council's activities expose it to a variety of financial risks. The Council did not require debt financing in 2015-16 and currently does not have any debt exposure. As such the key risks are in relation to financial assets and are:

- 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;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements and credit ratings due to methodology changes thus affecting the council's approved counterparty list.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses with its financial regulations;
- by approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures as to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year;
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting meeting. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

The 2015-16 annual treasury management strategy which incorporates the prudential indicators was approved by Council in February 2015 and is available on the Council website. During 2015-16 all of the Council's Treasury Management activities were undertaken inhouse. The funds arise from daily cashflow and a core balance of cash backed reserves which are available for investment over a longer period in accordance with the approved Treasury Management Strategy.

External fund managers: In 2013/14 a proportion of the Council's funds were externally managed on a discretionary basis by Investec. The Council ceased its contract with Investec and recalled all its funds in March 2014.

As at 31 March 2015 all funds were returned bar a UK Gilt Holding which is due to mature in July 2018. The custodianship of this Gilt was transferred to King and Shaxon to maturity.

These Treasury Management policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

The Council's Treasury Management function and the rates quoted in this valuation are supported and obtained by the Council's treasury management advisors Capita Asset Services (formerly Sector).

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard and Poor Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after the initial criteria are applied. The full Investment Strategy was approved by Council and can be found on the Council's website.

This Council uses the creditworthiness service provided by Capita Asset Services This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31st March 2016 that this was likely to crystallise

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

Deposits with banks and financial institutions (excluding Iceland Banks)	Credit Rating	Principal Amount 31-Mar-16 £000s	Historical experience of default (adjusted to reflect market conditions)	Estimated maximum exposure to default 31-Mar-16
Goldman Sachs MMF GBP Liquid Reserves Inst G630	AAA	4,254	0%	0
Federated Short-Term Sterling Prime Fund 4	AAA	5,996	0%	0
Federated Sterling Cash Plus Fund 4 Fair Value	AAA	1,023	0%	0
Svenska Handelsbanken Instant Access Account	AA-	606	0%	0
Lloyds	A	1,500	0%	0
Lloyds	A	4,000	0%	0
Lloyds	A	2,000	0%	0
Lloyds	A	4,500	0%	0
Lloyds	A	3,000	0%	0
Landesbank Hessen Thuringen	A	3,000	0%	0
Landesbank Hessen Thuringen	A	3,000	0%	0
Nordea Bank CD	AA-	3,000	0%	0
UK Treasury 1.25% 22/07/2018 Gilt	AA+	1,783	0%	0
		37,662		0
Short Term Trade Debtors		1,400	5.00%	1
Long Term Debtors		9,691		
Sub - Total: Debtors		11,091		1
Total		48,753		1

The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council generally allows 30 days credit for its debtors. The past due amount can be analysed by age as follows:

31-Mar-15 £000		31-Mar-16 £000
68	Less than three months	202
55	Three to twelve months	351
116	More than one year	139
239		692

Creditors are paid according to terms; there are no defaults or exposures to be considered. The Council initiates a legal charge on property where, for instance, works in default invoices are raised but the debtor cannot afford to pay immediately. The total collateral at 31 March 2016 was £41,105 (2014-15 £61,883).

Glitnir Bank hf

In October 2008, the Icelandic bank, Glitnir Banki hf, collapsed. The Council had £6.5m on deposit with the bank. Following the grant of priority status to UK local authorities by the Icelandic Supreme Court in October 2011, the Glitnir winding up board made a first and final distribution to the Council in a basket of currencies in March 2012. At the time of distribution, it was not clear under Icelandic law the applicable exchange rate to be used when calculating the basket of currencies. Consequently the winding up board reserved its rights in this regard. Following clarification by the Icelandic Supreme Court, in April 2014 the winding up board made claims for repayment of part of the funds paid in March 2012. The claims were settled in March 2015 with the Council making a repayment of £80k. This was reported as a contingent liability in 2013/14.

Part of the distribution was in Icelandic Krona which is held in an escrow account in Iceland due to Icelandic law and is earning interest at a blended rate of 3.97%. However, this means that the amount held in the escrow account is exposed to foreign exchange rate risk over which the Council has no control.

The amounts were converted from Icelandic Krona to GBP Sterling in accordance with CIPFA LAAP Bulletin 82 Update 7. The exchange rate used is the 'sell price' as at 31 March 2016 as published on the Central Bank of Iceland's website. A foreign exchange gain of £207k has been recognised at the balance sheet date.

Glitnir	Claim Ref	Total Claim Value	Claim Value in	Claim Value in
			Escrow at 31/3/2016	Escrow at 31/3/2016
				£1 : 203.34 ISK
		ISK000	ISK000	£000
Investment 1	1819	430,660	95,847	538
Investment 2	1870	436,659	97,182	545
Investment 3	1888	527,451	117,388	658
		1,394,770	310,417	1,741

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury Management Strategy), as well through cash flow management procedures required by the Code of Practice. This seeks to ensure that cash is available when needed.

In the event of an unexpected cash requirement the Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets is as follows:

31-Mar-15		31-Mar-16
£000	Investments (including Glitnir, Iceland)	£000
42,032	Less than one year	25,779
0	Between one and two years	0
0	Between two and three years	1,783
3741	More than three years	4,072
45,773		31,634

Refinancing and Maturity Risk

The Council maintains an investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure of replacing financial instruments as they mature. This risk relates to the maturing of longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved Treasury Management Strategy address the main risks and the treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The Council has no long term financial liabilities. All trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

The Council has a number of strategies for managing interest rate risk. The Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

As at 31 March 2016, there was no material exposure to changes in interest rates as the majority of investment activity was undertaken at a fixed rate of interest. Therefore, had the

interest rate been 1% higher (or conversely 1% lower), there would be no material impact on other financial statements within these accounts.

Price risk - The Council, excluding the pension fund, does not generally invest in equity shares but does hold a marketable UK Gilt and certificates of deposits.

Foreign exchange risk in Relation to Icelandic Deposits - The Council has foreign exchange exposure resulting from an element of the settlement received from Glitnir. This is being held in Icelandic Krona in an escrow account due to the current Icelandic law.

8.17 Debtors

31-Mar-15		31-Mar-16
£000		£000
5,453	Central government bodies	4,215
1,894	Other local authorities	6,361
25	NHS bodies	24
	Other entities and individuals:	
681	Council Tax	649
1,932	Non-Domestic Rates *	1,151
1,358	Housing Benefit Overpayments	1,573
3,050	Other	1,400
14,393	Total Debtors	15,373
(107)	Council Tax payers	(107)
(339)	General Fund	(498)
(380)	Housing Benefits Overpayments	(380)
(91)	Non Domestic Rates	(700)
(917)	Total Impairment Allowance for Doubtful Debts	(1,685)
435	Sundry Persons	74
435	Total for Payments in Advance	74
13,911	TOTAL NET CURRENT DEBTORS	13,762
9	Housing	9
6,600	General Fund	9,682
6,609	TOTAL LONG TERM DEBTORS	9,691

*Non-Domestic Rates debtor of £1,932k in 2014/15 incorporates a debtor of £1,500k with the Department of Communities and Local Government (DCLG) for differences arising on its NNDR3 (Business Rates) Return from 2014. The debt owing to the Council has been discussed with the DCLG. Given there has been a change in regulations as well as significant time passing, there is a risk that DCLG does not agree to the transaction.

The Council have impaired the £1.5million in 2015/16 to take account of any risk of non-payment.

8.18 Cash & Cash Equivalents

31-Mar-15			31-Mar-16	
£000			£000	
(1,936)	Bank Overdraft		(1,719)	
10,150	Short-term deposits		14,037	
8,214	Total Cash and Cash Equivalents		12,318	

8.19 Creditors

31-Mar-15			31-Mar-16	
£000			£000	
(642)	Central government bodies		(5,397)	
(74)	Other local authorities		(3,648)	
(577)	Non-Domestic Rates		(474)	
(86)	Council Tax		(190)	
(11,575)	Other		(2,523)	
(12,954)	Total Creditors		(12,232)	
(7)	Central government bodies		(7)	
(1)	Other local authorities		(1)	
(3,962)	Sundry persons		(2,345)	
(3,970)	Receipts in Advance (current - within 1 year)		(2,353)	

8.20 Provisions

The main provisions during 2015-16 are for NNDR appeals where the Council is required to hold a provision for the potential cost of successful appeals with the valuation office. Other provisions include:

- Landlord Rent Guarantee provides for the cost of damage/repairs to properties when tenants vacate properties
- the restructure provision where the Council undertook to find budget savings and increase efficiencies through joint working/restructuring with South Northants Council
- Housings Home Improvement provision for running this service

Provisions have been made to cover the estimated costs of implementation of these initiatives.

Balance at 31/03/12	Balance at 31/03/13	Balance at 31/03/14	Balance at 31-Mar-15	Additional provisions made in 2015-16	Amounts used in 2015-16	Unused Amounts Reversed in 2015-16	Unwinding of discounting in 2015-16	Balance at 31-Mar-16
£000	£000	£000	£000	£000	£000	£000	£000	£000
(221)	(97)	(46)	(25)	0	25	0	0	0
(1)	(1)	(1)	(4)	0	0	0	0	(4)
0	0	(333)	(2,681)	0	1,416	0	0	(1,265)
(222)	(98)	(380)	(2,710)	0	1,441	0	0	(1,269)
0	0	0	0	(1,269)	0	0	0	(1,269)
(98)	(106)	(108)	(113)	(2)	0	0	0	(115)
(405)	(326)	(275)	(275)	0	0	0	0	(275)
(18)	(18)	(18)	(18)	0	0	0	0	(18)
(16)	(23)	(31)	(39)	(8)	0	0	0	(47)
(23)	(33)	(43)	(53)	(10)	0	0	0	(63)
(104)	(125)	(171)	(211)	0	0	0	211	0
(664)	(631)	(646)	(709)	(1,289)	0	0	211	(1,787)
(886)	(729)	(1,026)	(3,419)	(1,289)	1,441	0	211	(3,056)

Usable and Unusable Reserves

The Council keeps a number of reserves in the balance sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans. Different reserves held by the Council are analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves' (i.e. those that cannot be applied to fund expenditure or reduce local taxation).

8.21 Usable Reserves

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

31-Mar-15 £000		Movement in Year £000	31-Mar-16 £000	Purpose of Reserve
(11,658)	Capital Receipts Reserve	8,497	(3,161)	Available proceeds of fixed asset sales
(16,649)	Earmarked Reserves	(1,604)	(18,253)	Various individual needs
(1,726)	General Fund	(1,791)	(3,517)	Available revenue resources
(47)	Capital Contributions & Grants Unapplied	0	(47)	Capital grants not used to fund capital expenditure.
(30,080)		5,102	(24,978)	

8.22 Unusable Reserves

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

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

31-Mar-15 £000		31-Mar-16 £000
(43,402)	Revaluation Reserve	(40,544)
(96,346)	Capital Adjustment Account	(104,159)
(39)	Financial Instruments Available for Sale Reserve	(41)
(3,291)	Deferred Capital Receipts Reserve	(3,291)
78,836	Pensions Reserve	72,683
2,141	Collection Fund Adjustment Account	1,579
173	Accumulated Absences Account	195
(61,928)	Total Unusable Reserves	(73,578)

8.22.1 Revaluation Reserve

The Revaluation Reserve contains gains made by the Council arising from increases in the value of property. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used to provide services and the gains are consumed through depreciation, or;
- Disposed of and the gains realised.

The Reserve contains only revaluation gains accumulated since 1st 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-15		31-Mar-16
£000		£000
(42,622)	Balance at 1 April	(43,403)
(5,486)	Upward revaluation of assets	(2,879)
3,270	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	4,186
(2,216)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	1,307
1,341	Difference between fair value depreciation and historical cost depreciation	1,552
95	Accumulated gains on assets sold or scrapped	0
1,436	Amount written off to Capital Adjustment Account	1,552
(43,403)	Balance at 31 March	(40,554)

8.22.2 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 8.4 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-15 £000		31-Mar-16 £000
(87,302)	Balance at 1 April	(96,345)
(87,302)		(96,345)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
3,811	Charges for depreciation and impairment of non-current assets	3,714
1,522	Revaluation gains / losses on Property, Plant and Equipment	(354)
308	Amortisation of intangible assets	293
1,423	Revenue expenditure funded from capital under statute	1,185
2,888	Amounts of non-current assets written off on disposal of sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,813
9,952		10,651
(1,436)	Adjusting amounts written out of the Revaluation Reserve	(1,552)
8,516	Net written out amount of the cost of non-current assets consumed in the year	9,099
	Capital financing applied in the year :	
(17,762)	Use of the Capital Receipts Reserve to finance new capital expenditure	(16,962)
(389)	Use of grants to finance Revenue Expenditure Financed from Capital Under Statute	(462)
(34)	Use of Earmarked Reserves	0
(18,185)		(17,424)
625	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	511
(96,345)	Balance at 31 March	(104,159)

8.22.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

31-Mar-15 £000		31-Mar-16 £000
33	Balance at 1 April	(39)
(72)	Downward movement in Fair value and Market value of Financial Instruments available for sale	(2)
(39)	Balance at 31 March	(41)

8.22.4 Pension Reserve

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

31-Mar-15		31-Mar-16
£000		£000
63,907	Balance at 1 April	78,836
12,764	Re-measurements of the net defined benefit (liability)/asset	(8,598)
5,344	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	5,709
(3,179)	Employer's pensions contributions and direct payments to pensioners payable in the year	(3,264)
78,836	Balance at 31 March	72,683

8.22.5 Deferred Capital Receipts Reserve

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

31-Mar-15		31-Mar-16
£000		£000
(2,871)	Balance at 1 April	(3,291)
(420)	Transfer to the Capital Receipts Reserve upon receipt of cash	0
(3,291)	Balance at 31 March	(3,291)

8.22.6 Collection Fund Adjustment Account

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

31-Mar-15		31-Mar-16
£000		£000
303	Balance at 1 April	2,141
(4)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(53)
1,822	Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(560)
20	Transfers to/from General Fund from Collection fund adjustment account	51
2,141	Balance at 31 March	1,579

8.22.7 Accumulated Absences Account

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

31-Mar-15		31-Mar-16
£000		£000
212	Balance at 1 April	173
(212)	Settlement or cancellation of accrual made at the end of the preceding year	(173)
212	Amounts accrued at the end of the current year	173
(39)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	22
173	Balance at 31 March	195

8.23 Cash Flow Statement – Operating Activities

31-Mar-15 £000		31-Mar-16 £000
(5,831)	Net Surplus on the Provision of Service	(743)
	Adjust net surplus on the provision of services for non-cash movements	
3,811	Depreciation	3,714
1,522	Impairment and downward valuations	(354)
308	Amortisation	293
3,117	Material Impairment losses on Investments debited to surplus or deficit on the provision of services in year	0
6,708	Increase/(Decrease) in Creditors	(6,636)
(1,682)	(Increase)/Decrease in Debtors	1,587
34	(Increase)/Decrease in Inventories	(2,935)
2,165	Movement in Pension Liability	2,445
3,173	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	5,813
4,418	Other non-cash items charged to the net surplus or deficit on the provision of services	126
20,457		4,053
	Adjust for items included in the net surplus on the provision of services that are investing or financing activities	
0	Net adjustment from the sale of short and long term investments	16,245
(4,634)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(8,465)
(389)	Capital Grants credited to the surplus on the provision of services	(462)
(5,023)		7,318
9,603	Net Cash Flows from Operating Activities	10,628

The cash flows from operating activities include the following:

31-Mar-15 £000		31-Mar-16 £000
628	Interest received	589
628		589

8.24 Cash Flow Statement – Investing Activities

31-Mar-15 £000		31-Mar-16 £000
(14,660)	Purchase of property, plant and equipment, investment property and intangible assets	(15,537)
(1,963)	Movement in short-term and long-term investments	(2,114)
(3,161)	Other payments for Investing Activities	(4,699)
4,635	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,466
4,621	Other receipts from investing activities	4,846
(10,528)	Net cash flows from investing activities	(9,038)

8.25 Cash Flow Statement – Financing Activities

31-Mar-15 £000		31-Mar-16 £000
(40)	Council Tax and NNDR	2,512
(40)	Net cash flows from financing activities	2,512

8.26 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Council's Executive on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- the Accumulated Absences accrual is excluded as it will not be matched;
- the balances unspent on revenue grants and contributions without conditions received in year are excluded.

The income and expenditure of the Council's directorates recorded in the budget reports for the year is as follows:

Directorate Income and Expenditure 2015/16	Community & Environment £000	Development £000	Resources £000	Total £000
Fees, charges & other service income	(6,169)	(4,896)	(2,744)	(13,809)
Interest and investment income	0	0	(275)	(275)
Income from Council Tax	0	0	(40)	(40)
Government grants and contributions	(10)	(228)	(40,833)	(41,071)
Total income	(6,179)	(5,124)	(43,892)	(55,195)
Employee expenses	7,118	4,768	6,001	17,887
Other service expenses	7,201	4,882	5,036	17,119
Support Service recharges	(725)	(232)	(6,750)	(7,707)
Depreciation, amortisation and impairment	3,158	479	363	4,000
Interest Payments	0	0	51	51
Precepts & Levies	0	0	42,307	42,307
Payments to Housing Capital Receipts Pool	0	0	0	0
Gain or Loss on Disposal of Fixed Assets	(21)	0	0	(21)
Total operating expenses	16,731	9,897	47,008	73,636
Net expenditure	10,552	4,773	3,116	18,441

Comparative Movements in 2014-15:

Directorate Income and Expenditure 2014/15	Community & Environment £000	Development £000	Resources £000	Total £000
Fees, charges & other service income	(5,956)	(5,256)	(2,189)	(13,401)
Interest and investment income	0	(1)	183	182
Income from Council Tax	0	0	5	5
Government grants and contributions	(34)	(25)	(39,909)	(39,968)
Total income	(5,990)	(5,282)	(41,910)	(53,182)
Employee expenses	6,747	4,119	5,543	16,409
Other service expenses	7,451	4,533	5,086	17,070
Support Service recharges	(635)	(386)	(6,644)	(7,665)
Depreciation, amortisation and impairment	0	0	0	0
Interest Payments	0	0	0	0
Precepts & Levies	0	0	42,024	42,024
Payments to Housing Capital Receipts Pool	0	0	0	0
Gain or Loss on Disposal of Fixed Assets	(48)	0	0	(48)
Total operating expenses	13,515	8,266	46,009	67,790
Net expenditure	7,525	2,984	4,099	14,608

8.26.1 Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

31-Mar-15 £000		31-Mar-16 £000
14,608	Net Expenditure in the Directorate Analysis	18,441
3,341	Services & Support Services not in Analysis	0
3,577	Amounts in the comprehensive Income and Expenditure Statement not reported to management in the Analysis	592
411	Amounts included in the Analysis not included in Comprehensive Income and Expenditure Statement	965
21,937	Cost of Services in Comprehensive Income and Expenditure	19,998

8.26.2 Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	Directorate Analysis	Services & Support Services not in Analysis	Not reported to Management	Not included in I&E	Allocation of recharges	Cost of services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
2015/16								
Fees, charges & other service income	(13,809)	0	0	1,151	0	(12,658)	(13,846)	(26,504)
Interest and investment income	(275)	0	0	274	0	(1)	(4,166)	(4,167)
Income from council tax	(40)	0	0	0	0	(40)	(29,733)	(29,773)
Government grants and contributions	(41,071)	0	(462)	0	0	(41,533)	(6,471)	(48,004)
Total income	(55,195)	0	(462)	1,425	0	(54,232)	(54,216)	(108,448)
Employee expenses	17,887	0	(83)	(9)	0	17,795	10	17,805
Other service expenses	17,119	0	1,532	(228)	0	18,423	370	18,793
Support Service recharges	(7,707)	0	(363)	3,874	0	(4,196)	225	(3,971)
Depreciation, amortisation and impairment	4,000	0	(32)	(13)	0	3,955	864	4,819
Interest Payments	51	0	0	0	0	51	5,272	5,323
Precepts & Levies	42,307	0	0	(4,084)	0	38,223	28,240	66,463
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0
Gain or Loss on Disposal of Fixed Assets	(21)	0	0	0	0	(21)	(20)	(41)
Total operating expenses	73,636	0	1,054	(460)	0	74,230	34,961	109,191
Surplus or deficit on the provision of services	18,441	0	592	965	0	19,998	(19,255)	743

Comparative Movements in 2014-15:

	Directorate Analysis	Support Services not in Analysis	Not reported to Management	Not included in I&E	Allocation of recharges	Cost of services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
2014/15								
Fees, charges & other service income	(13,401)	0	0	1,845	0	(11,556)	(12,872)	(24,428)
Interest and investment income	182	0	0	(183)	0	(1)	(3,841)	(3,842)
Income from council tax	5	0	0	(5)	0	0	(26,577)	(26,577)
Government grants and contributions	(39,968)	0	(389)	48	0	(40,309)	(6,747)	(47,056)
Total income	(53,182)	0	(389)	1,705	0	(51,866)	(50,037)	(101,903)
Employee expenses	16,409	0	(615)	(1,882)	0	13,912	9	13,921
Other service expenses	17,070	0	976	1,134	0	19,180	363	19,543
Support Service recharges	(7,665)	0	453	7,535	0	323	257	580
Depreciation, amortisation and impairment	0	3,341	2,803	(3,802)	0	2,342	(245)	2,097
Interest Payments	0	0	0	0	0	0	5,989	5,989
Precepts & Levies	42,024	0	349	(4,279)	0	38,094	27,579	65,673
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0
Gain or Loss on Disposal of Fixed Assets	(48)	0	0	0	0	(48)	(21)	(69)
Total operating expenses	67,790	3,341	3,966	(1,294)	0	73,803	33,931	107,734
Surplus or deficit on the provision of services	14,608	3,341	3,577	411	0	21,937	(16,106)	5,831

8.27 Trading Operations

Chargeable 2014-15 £000	Non Chargeable 2014-15 £000	Total 2014-15 £000	Building Control Charging Account	Chargeable 2015-16 £000	Non Chargeable 2015-16 £000	Total 2015-16 £000
119	47	166	Employees	189	66	255
6	3	9	Premises	5	2	7
15	5	20	Transport	18	1	19
50	17	67	Supplies and Services	14	1	15
138	14	152	Central and Departmental Recharges	115	12	127
328	86	414	Total Expenditure	341	82	423
Income						
(357)	0	(357)	Building Regulations Charges	(339)	0	(339)
0	0	0	Miscellaneous Income	0	0	0
(357)	0	(357)	Total Income	(339)	0	(339)
(29)	86	57	(Surplus)/Deficit for Year 2015-16	2	82	84
				(29)	(Surplus)/Deficit for Year 2014-15	
				(40)	(Surplus)/Deficit for Year 2013-14	
				(67)	Three year (Surplus) or Deficit	

Net (Surplus) / Deficit 2014/15 £000s		Expenditure 2015/16 £000s	Income 2015/16 £000s	Net (Surplus) / Deficit 2015/16 £000s
General Corporate Properties				
(924)	These are all investment properties, which have been acquired as a result of developments in previous years, often having strategic importance, and which are now managed with a view to maximising medium term investment income.	1,185	(949)	236
Industrial Units				
(314)	The Council owns 14 small industrial units which it leases to business occupiers as investment properties, with a view to maximising its medium-term investment.	76	(154)	(78)
Markets				
17	The council has the right to hold street markets in Banbury and Bicester. It employs contractors to run those markets with the aim of contributing to the retail offered in those towns whilst generating an income for the Council.	35	(49)	(14)
(1,221)		1,296	(1,152)	144

8.28 Partnerships, Agency Income and Expenditure

Cherwell District Council (CDC) is in partnership with Vale of White Horse District Council, South Oxfordshire District Council, Oxfordshire County Council, Oxford City Council and West Oxfordshire District Council to fund a joint Growth Board for Oxfordshire.

CDC is the accountable body from 1 July 2015 to 30 June 2016 and, as such, all accounting entries come through the ledgers of CDC. Only the proportion of the costs associated with CDC are shown in the primary statements. This memorandum account shows the full expenditure for the Growth Board in 2015-16 and how it was funded by the partner authorities

31-Mar-15 £000		31-Mar-16 £000
	EXPENDITURE	
0	Professional fees	352
		352
	INCOME	
0	Cherwell District Council	30
0	Vale of White Horse District Council	30
0	South Oxfordshire District Council	30
0	Oxford City Council	30
0	West Oxfordshire District Council	30
0	West Oxfordshire District Council – funding transfer	202
0	Total	352

The Council undertake Section 38 Highways Act supervision on behalf of Oxfordshire County Council. This is largely funded by payments from private developers. The

Council also provides grounds maintenance services to other Councils as:

31-Mar-15 £000		31-Mar-16 £000
391	Bicester Town Council	314
142	Oxfordshire County Council	18
85	Kidlington Parish Council	113
0	South Northants District Council	19
0	Gosford and Water Eaton Parish Council	7
618	Total	471

8.29 Members' Allowances

The total of Members' Allowances paid in the year amounted to £308,511. This compares to £314,000 in 2014-15. 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 2015-16 were as follows:

31-Mar-15 £000		31-Mar-16 £000
	Members' Allowances	
208	Basic Allowance	206
96	Special Responsibility Allowance	94
10	Travel & subsistence/Others	9
314	Total	309

8.30 Officers' Remuneration

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

Number of employees 31-Mar-15	Remuneration Band	Number of employees 31-Mar-16
2	£50,000 to £54,999	6
1	£55,000 to £59,999	1
0	£60,000 to £64,999	2
0	£65,000 to £69,999	0
0	£70,000 to £74,999	0
1	£75,000 to £79,999	2
0	£80,000 to £84,999	0
2	£85,000 to £89,999	0
0	£90,000 to £94,999	1
0	£95,000 to £99,999	0
0	£100,000 to £104,999	0
0	£105,000 to £109,999	0
0	£110,000 to £114,999	0
0	£115,000 to £119,999	1
0	£120,000 to £124,999	0
0	£125,000 to £129,999	0
0	£130,000 to £134,999	0
1	£135,000 to £139,999	0
0	£140,000 to £144,999	0
0	£145,000 to £149,999	0
0	£150,000 to £154,999	1
7		14

Key	Post title	Basic Salary	Fees - Monitoring Officer, S151, Returning Officer Inc Elections Payments	Expenses Allowances	Compensation for loss of office	Total Remuneration excluding Pension Contribution	Pension Contributions	Total Remuneration including Pension costs	Cherwell District Council Total Remuneration including Pension Costs
		£s	£s	£s	£s	£s	£s	£s	£s
1	Sue Smith - Chief Executive	129,744	18,542	2,586	0	150,872	20,302	171,174	85,587
7	Director of Community & Environment	68,505	325	942	0	69,772	9,385	79,157	39,579
8	Director of Operations & Delivery	23,750	0	437	0	24,187	3,254	27,441	13,720
5	Director of Resources	100,033	2,500	354	30,000	132,887	13,124	146,011	73,006
5	Director of Development	113,892	325	1,493	30,000	145,710	14,354	160,063	80,032
3	Director of Bicester	109,342	515	796	0	110,652	0	110,652	110,652
9	Director of Commercial Development	7,959	0	22	0	7,981	0	7,981	6,385
6	Director of Strategy & Commissioning	7,667	0	0	0	7,667	1,050	8,717	4,359
1	Head of Environmental Services	75,771	215	1,365	0	77,351	10,381	87,731	43,866
4	Head of Finance and Procurement	73,695	368	477	0	74,539	10,096	84,635	42,318
2	Head of Law and Governance	75,771	2,917	2,220	0	80,908	10,019	90,927	45,463
2	Head of Transformation	69,356	325	678	0	70,359	8,901	79,260	39,630
2	Head of Development Management	76,633	325	1,160	0	78,118	9,699	87,816	43,908
2	Head of Strategic Planning and the Economy	75,771	368	1,437	0	77,575	0	77,575	38,787
2	Head of Regeneration and Housing	75,975	0	893	0	76,868	0	76,868	38,434

1	Joint Management Team Post employed by CDC. (SNC bear 50% of costs from 1st October 2011)
2	Joint Management Team Post employed by SNC. (CDC bear 50% of costs from 1st October 2011)
3	Joint Management Team Post employed by CDC only. Post started on 1st September 2013. Post holder took up new role as Commercial Dir
4	Joint Management Team Post employed by CDC. Post holder started on the 15th September 2014
5	Joint Management Team Post employed by SNC. Post holder left on the 31st March 2016
6	Joint Management Team Post employed by CDC. Post holder started on the 1st March 2016
7	Joint Management Team Post employed by CDC. Post holder ended this role on the 31st December 2015
8	Joint Management Team Post employed by CDC. Post holder started this role on the 1st January 2016
9	Joint Management Team post employed by CDC. Took up new role from 1 March 2016. (SNC Bear 20% of costs from 1 March 2016)

Other Officers over £50K

	Basic Salary	Fees - Monitoring Officer, S151, Returning Officer Inc Elections Payments	Expenses Allowances	Compensation for loss of office	Total Remuneration excluding Pension Contribution	Pension Contributions	Total Remuneration including Pension costs	Cherwell District Council Total Remuneration including Pension Costs
	£s	£s	£s	£s	£s	£s	£s	£s
Democratic & Elections Manager	56,878	3,578	279	0	60,734	7,964	68,698	39,501
Waste Resource Manager	55,593	225	4,499	0	60,318	7,616	67,934	33,967
Democratic & Elections Team Leader	52,145	2,689	2,826	0	57,660	7,144	64,804	37,262
Customer Services Manager	51,933	515	666	0	53,114	7,115	60,229	60,229
Business Support Unit Manager	51,752	340	924	0	53,016	6,417	59,433	29,717
Group Accountant	50,815	0	1,441	0	52,256	6,962	59,218	29,609
Business Transformation Manager	51,093	455	11	0	51,559	7,000	58,559	29,279
Building Control Manager	48,223	0	4,040	0	52,263	6,244	58,507	29,253
Interim Shared Recreation Facilities and Projects Manager	50,313	300	499	0	51,112	6,893	58,005	29,002
Shared Communities, Partnerships and Recreation Manager (Interim)	47,835	225	2,865	0	50,925	6,672	57,597	28,798
Street Scene and Landscape Services Manager	48,119	0	2,512	0	50,631	6,683	57,314	57,314
Corporate Communications Manager	52,197	240	1,340	0	53,777	0	53,777	26,888

Comparative figures for 2014-15 are:

2014/15

Key	Post title	Basic Salary	Fees - Monitoring Officer, S151, Returning Officer Inc Elections Payments	Expenses Allowances	Compensation for loss of office	Total Remuneration excluding Pension Contribution	Pension Contributions	Total Remuneration including Pension conts	Cherwell District Council Total Remuneration including Pension Costs
		£s	£s	£s	£s	£s	£s	£s	£s
1	Chief Executive	127,512	8,654	3,084	0	139,250	18,655	157,905	78,953
1	Director of Community & Environment	89,769	223	1,093	0	91,085	12,298	103,383	51,692
2	Director of Resources	89,769	2,500	324	0	92,593	11,810	104,403	52,202
2	Director of Development	89,769	215	2,244	0	92,228	11,490	103,718	51,859
3	Director of Bicester	87,554	318	1,183	0	89,055	0	89,055	89,055
5	Head of Community Services	32,870	426	981	0	34,277	4,607	38,884	19,442
1	Head of Environmental Services	72,427	215	2,495	0	75,137	9,923	85,060	42,530
4	Head of Finance and Procurement	39,433	0	547	0	39,980	5,402	45,382	22,691
2	Head of Law and Governance	74,467	2,948	2,498	0	79,913	9,852	89,765	44,883
2	Head of Transformation	67,327	215	438	0	67,980	8,618	76,598	38,299
2	Head of Development Management	74,467	0	457	0	74,924	9,532	84,456	42,228
2	Head of Strategic Planning and the Economy	74,467	215	1,247	0	75,929	0	75,929	37,965
2	Head of Regeneration and Housing	72,848	215	794	0	73,857	0	73,857	36,929

1 Joint Management Team Post employed by CDC. (SNC bear 50% of costs from 1st October 2011)

2 Joint Management Team Post employed by SNC. (CDC bear 50% of costs from 1st October 2011)

3 Joint Management Team Post employed by CDC only. Post started on 1st September 2013

4 Joint Management Team Post employed by CDC. Post holder started on the 15th September 2014

5 Joint Management Team Post employed by CDC. Post holder left on the 22nd September 2014

Other Officers over £50K

	Basic Salary	Fees - Monitoring Officer, S151, Returning Officer Inc Elections Payments	Expenses Allowances	Compensation for loss of office	Total Remuneration excluding Pension Contribution	Pension Contributions	Total Remuneration including Pension conts	Cherwell District Council Total Remuneration including Pension Costs
	£s	£s	£s	£s	£s	£s	£s	£s
Building Control Manager	46,797	0	4,317	0	51,114	6,006	57,120	28,560
Interim Public Prot & Env Health Mgr	53,082	0	2,799	0	55,881	6,853	62,734	31,367
Policy Team Leader	52,998	0	241	0	53,239	7,261	60,500	60,500
Waste Resource Collection Manager	49,477	0	3,611	0	53,088	6,792	59,880	29,940
Democratic & Elections Manager	55,234	2,988	283	0	58,505	7,947	66,452	38,210

8.31 Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the tables below

CDC entirely responsible for these costs

[a] Exit package cost band (including special payments)	[b] Number of compulsory redundancies		[c] Number of other departures agreed		[d] total number of exit packages by cost band [(b) +		[e] Total cost of exit packages in each band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
£0-£100,000	0	1	1	1	1	2	£5,209	£3,736
£100,001-£150,000	0	0	0	0	0	0	£0	£0
£150,001-£200,000	0	0	0	0	0	0	£0	£0
Total	0	1	1	1	1	2	£5,209	£3,736

CDC/SNC 50/50 responsible for these costs.

[a] Exit package cost band (including special payments)	[b] Number of compulsory redundancies		[c] Number of other departures agreed		[d] total number of exit packages by cost band [(b) +		[e] Total cost of exit packages in each band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
£0-£100,000	0	0	3	5	3	5	£37,296	£228,411
£100,001-£150,000	0	0	0	0	0	0	£0	£0
£150,001-£200,000	0	0	0	0	0	0	£0	£0
Total	0	0	3	5	3	5	£37,296	£228,411

8.32 External Audit Costs

In 2015-16 the council incurred the following fees relating to external audit and inspection:

31-Mar-15		31-Mar-16
£000		£000
69	Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor	39
9	Fees payable to the External Auditor for the certification of grant claims and returns	7
0	Fees payable to the External Auditor for questions answered regarding HS2.	1
78		54

8.33 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015-16:

31-Mar-15 £000		31-Mar-16 £000
	Credited to Taxation and Non Specific Grant Income	
0	Section 106 Developer Contributions	2,712
3,865	Non-ringfenced Government Grants	5,080
277	Non Domestic Rates	959
64	Council Tax Freeze Grant	65
2,026	New Homes Bonus	2,723
6,673	Total	11,539
	Credited to Services	
689	DWP Administration Subsidy Grant	473
37,794	DWP Rent Allowances	37,949
0	Credit Union	40
64	Area Based Grant	8
65	Individual Electoral Registration	39
5	Arts Grants	5
69	Developer Contributions (S106 R)	370
389	Disabled Facilities Grant	457
75	Home Improvement Agency Grant	143
85	Homelessness Grant	0
738	Capacity Funding	1,670
78	Department for Communities and Local Government	137
220	NDR Cost of Collection Grant	223
122	New Burdens	220
96	Other Grants & Contributions	129
143	Oxfordshire Waste Partnership	0
40,633	Total	41,863

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

31-Mar-15 £000		31-Mar-16 £000
	Capital Grants Received in Advance	
10,890	Eco Town Grant	10,886
3,784	Section 106 Developer Contributions - Capital	3,701
4	DECC Green Deal	4
8	DCLG Modelling	8
45	Other Contributions	45
14,731		14,644
	Revenue Grants Received in Advance	
2,605	Section 106 Developer Contributions - Revenue	5,786
2,605		5,786
17,336	Total	20,430

8.34 Related Parties

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

Central Government

Central government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (eg Council Tax bills, Housing Benefits). Grants received from government departments are set out in the subjective analysis in Note 8.26 on reporting for resource allocation decisions. Significant grants received in the year are detailed in note 8.33.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in the year is shown in Note 8.29. During 2015/16 works and services to the value of £164,240 (2014/15 £169,092) were made to parties where Members had declared an interest. Contracts were entered into in full compliance with the Council's Standing Orders. All elected Members are required to complete a questionnaire detailing any areas where potential conflicts of interest may occur between their private interests and their position as the elected representatives of the Council. Details are recorded in the register of members' interest, open to public inspection at the Council Offices during office hours.

Officers

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

Cherwell District Council Shared post:	Officer is employed by:
Chief Executive	Cherwell District Council
Director of Community & Environment	Cherwell District Council
Director of Operational Delivery	Cherwell District Council
Director of Resources	South Northants Council
Director of Development	South Northants Council
Director of Bicester	Cherwell District Council
Commercial Director	Cherwell District Council
Director - Strategy & Commissioning	Cherwell District Council
Head of Environmental Services	Cherwell District Council
Head of Finance and Procurement	Cherwell District Council
Head of Law and Governance	South Northants Council
Head of Transformation	South Northants Council
Head of Development Management	South Northants Council
Head of Strategic Planning and the Economy	South Northants Council
Head of Regeneration and Housing	South Northants Council

Although the officers named above are in positions of influence, decisions on overall policy and the strategic direction are still set by Executive and Council.

In addition to those listed above, there are a number of additional operational staff which the Council shares in a bid to boost efficiency and reduce costs. The employing Council invoices a proportionate share of the cost of the employee to the corresponding Council for any work done.

Other Public Bodies

The Council collects precepts on behalf of Oxfordshire County Council, Thames Valley Police & 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 Council provides retirement benefit to its employees. The Local Government Pension Scheme is administered by Oxfordshire County Council.

The Council partnerships with other public bodies can be found in note 8.28

Entities Controlled or Significantly Influenced by the Authority

Graven Hill Holding Company and Graven Hill Development Company Accounts are set out in section 11 of these Statements.

During 2015/16 grant funding payments of £386,000 (2014/15 £387,000) were made to the Banbury Museum Trust and of £32,588 (2014/15 £36,405) to the Mill Arts Centre. These transactions represent a significant part of the funding for these organisations and are therefore disclosed as being material.

8.35 Capital Expenditure & Financing

31-Mar-15		31-Mar-16
£000		£000
	Capital Investment	
2,237	Operational Assets (Note 8.9)	1,091
14,324	Non-operational Assets (Note 8.9)	14,909
102	Investment Properties (Note 8.11)	127
99	Intangible Assets (Note 8.12)	112
1,423	Revenue Expenditure Funded from Capital under Statute (REFCUS) (Note 8.14)	1,185
18,185		17,424
	Sources of finance (Note 8.22.2)	
17,762	Capital Receipts	16,962
389	Government Grants and Other Contributions	462
34	Funding from Earmarked reserve through Revenue	0
0	Direct Revenue Financing	0
18,185		17,424

8.36 Leases

8.36.1 Council as a Lessee

Finance Leases

The Council had no finance leases as at 31st March 2016.

Operating Leases

The Council has acquired several small items of equipment by entering into operating leases, with typical lives of two years.

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

31-Mar-2015		31-Mar-2016
£000		£000
0	Not later than one year	14
0	Later than one year and not later than five years	31
0		45

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0 (2014-15 £0).

8.36.2 Council as a Lessor

Finance Leases

The Council has leased out property at the

- Castle Quay Shopping Centre, Banbury to Scottish Widows with a remaining term of 233 years
- Town Hall, Banbury to National Westminster Bank Ltd with a remaining term of 59 years

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

31-Mar-15		31-Mar-16
£000		£000
	Finance lease liabilities (net present value of minimum lease payments)	
0	Current	0
2,883	Non-Current	3,276
0	Unearned finance income	0
0	Unguaranteed residual value of property	0
2,883	Gross Interest investment in the lease	3,276

Gross Investment in the Lease 31-Mar-15	Minimum Lease Payments 31-Mar-15	The gross investment in the lease and the minimum lease payments will be received over the following periods:	Gross Investment in the Lease 31-Mar-16	Minimum Lease Payments 31-Mar-16
£000	£000		£000	£000
0	127	Not later than one year	0	127
0	506	Later than one year and not later than five years	0	506
2,883	24,523	Later than five years	3,276	24,397
2,883	25,156		3,276	25,029

Operating Leases

The Council also has 42 smaller operating leases with a total value of £9.374m.

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

31-Mar-15		31-Mar-16
£000		£000
492	Not later than one year	938
1,432	Later than one year and not later than five years	3,083
2,116	Later than five years	5,354
4,040		9,375

8.37 Inventories

Part of the Build project offers an individual, or group of people, the opportunity to come together to either build a new home, or to renovate and decorate an existing property. In return for the work they put in they can benefit from a reduced purchase price or lower rental rates. Those involved also get a greater opportunity to create a home that is more suited to their individual needs.

A total of 250 new homes in Banbury and Bicester will be created through this project. The proportion of properties available to buy on an outright sale basis are shown as inventories below.

There are also a number of small general consumable stores that Cherwell District Council operate, these are mainly for wheeled bin and refuse vehicle fuel stock.

31-Mar-15		31-Mar-16
£000		£000
	EXPENDITURE	
148	Consumable stores	123
0	Build project homes in intermediate stages of completion	2,959
0	Build project homes finished for resale	5,641
148		8,723
	INCOME	
0	Finished build project homes sold	(5,641)
0		(5,641)
148		3,082

8.38 Contingent Assets

8.38.1 VAT Share

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

9. COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2014-15 BUSINESS RATES £000	2014-15 COUNCIL TAX £000	2014-15 TOTAL £000		2015-16 BUSINESS RATES £000	2015-16 COUNCIL TAX £000	2015-16 TOTAL £000
INCOME FOR THE YEAR:						
0	(76,468)	(76,468)	Income From Council Tax	0	(79,806)	(79,806)
0	(58)	(58)	Council Tax Grant	0	0	0
0	(1)	(1)	Transitional Payments	0	(1)	(1)
(70,254)	0	(70,254)	Income From Non-Domestic Rates	(75,394)	0	(75,394)
(70,254)	(76,527)	(146,781)	TOTAL INCOME FOR THE YEAR	(75,394)	(79,807)	(155,201)
EXPENDITURE FOR THE YEAR:						
Apportionment of Previous Year's Surplus/(Deficit)						
386	0	386	Central Government	(529)	0	(529)
309	233	542	Billing Authority	(424)	233	(191)
77	1,347	1,424	County Council	(106)	1,365	1,259
0	179	179	Police and Crime Commissioner	0	181	181
772	1,759	2,531		(1,059)	1,779	720
Precepts, Demands and Shares						
35,065	0	35,065	Central Government	36,660	0	36,660
28,052	9,810	37,862	Billing Authority	29,328	10,043	39,371
7,013	57,531	64,544	County Council	7,332	59,470	66,802
0	7,642	7,642	Police and Crime Commissioner	0	7,899	7,899
70,130	74,983	145,113		73,320	77,412	150,732
Charges to Collection Fund						
367	(314)	53	Write offs of uncollectable amounts	278	164	442
(82)	18	(64)	Increase / Decrease (-) in Bad Debts Provision	1,522	14	1,536
3,352	0	3,352	Increase / Decrease (-) in Provision for Appeals	(369)	0	(369)
220	0	220	Cost of Collection Allowance	223	0	223
178	0	178	Disregarded Amounts (E - zones)	556	0	556
4,035	(296)	3,739		2,210	178	2,388
4,683	(81)	4,602	SURPLUS (-) / DEFICIT FOR THE YEAR	(923)	(438)	(1,361)
1,382	(1,710)	(328)	SURPLUS (-) / DEFICIT b/fwd 1st April	6,065	(1,791)	4,274
6,065	(1,791)	4,274	SURPLUS (-) / DEFICIT c/fwd 31st March	5,142	(2,229)	2,913
Apportionment of Surplus (-) / Deficit						
3,033	0	3,033	Central Government	2,571	0	2,571
606	(1,375)	(769)	County Council	514	(1,716)	(1,202)
0	0	0		0	0	0
2,426	(234)	2,192	Billing Authority	2,057	(287)	1,770
0	(182)	(182)	Police and Crime Commissioner	0	(226)	(226)
6,065	(1,791)	4,274		5,142	(2,229)	2,913

There have been changes that affect the Council Tax and Business Rates; the additional Accounting Policy 13.5 provides further information on these changes.

10. NOTES TO THE COLLECTION FUND

10.1 Council Tax

Council Tax income derives from charges raised according to the value of residential properties that have been classified into eight valuation bands (A to H). Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Oxfordshire County Council, Thames Valley Police and Crime Commissioner and Cherwell District Council together with each parish requirement and dividing this by the Council Tax base i.e. the number of properties in each valuation band converted to an equivalent number of band D dwellings and adjusted for discounts. The basic amount of Council Tax for a band D property including an average parish charge is £1,604.30 (2014-15 this was £1,574.96) multiplied by the ratio specified for the particular band to give an individual amount due.

The Council Tax base was calculated as follows:

Band	No. of Properties at 1 April 2015	Exemptions/ Discounts/ New properties	Effective No. of Properties	Ratio	Band D Equivalents
A*	0	0	0	5/9	0
A	5,385	1,681	3,704	6/9	2,469
B	15,075	3,287	11,788	7/9	9,168
C	16,464	2,592	13,872	8/9	12,331
D	10,529	1,701	8,828	9/9	8,828
E	7,262	809	6,453	11/9	7,887
F	3,359	360	2,999	13/9	4,332
G	2,400	236	2,164	15/9	3,607
H	241	58	183	18/9	366
TOTAL	60,715	10,724	49,991		48,988
Provision for Non-collection (2%)*					980
					48,008
Ministry of Defence properties					245
COUNCIL TAX BASE					48,253

10.2 Business Rates

Under the arrangements for Non-Domestic Rates, the Council collects rates for its area based upon local rateable values (determined by the Valuation Office Agency, an executive agency of HM Revenue and Customs) multiplied by the multiplier (determined by the Government). For 2015-16 there are two multipliers, the National Non-Domestic Rate multiplier of 49.3p, with a reduction to 48.0p for small businesses. (In 2014-15, the multiplier was 48.2p for all properties with a reduction to 47.1p for small businesses). The total non-domestic rates due, less certain reliefs and deductions are collected by the Billing Authority and a certain amount of those rates are retained. The remainder is paid to Central Government and the County Council as fixed amounts over the year.

The total Non-Domestic Rateable Value at 31 March 2016 was £174.9 million (31 March 2015 £170.2 million).

Cherwell District Council participated in a pool with Oxfordshire County Council and West Oxfordshire District Council in 2015-16 to minimise the levy payment due and thereby maximise the retention of locally generated business rates.

10.3 Analysis of Collection Fund Balance

The surplus or deficit on the Collection Fund is available for financing the expenditure of Oxfordshire County Council, Thames Valley Police Council and Cherwell District Council and will be distributed in future financial years as follows.

2014-15 Business Rates £000	2014-15 Council Tax £000	2014-15 Total £000	Narrative	2015-16 Business Rates £000	2015-16 Council Tax £000	2015-16 Total £000
3,033	0	3,033	Central Government	2,571	0	2,571
606	(1,375)	(769)	Oxfordshire County Council	514	(1,716)	(1,202)
0	(182)	(182)	Thames Valley Police & Crime Commissioner	0	(226)	(226)
3,639	(1,557)	2,082	Disclosed as creditors in the balance sheet	3,085	(1,942)	1,143
2,426	(234)	2,192	Cherwell District Council	2,057	(287)	1,770
6,065	(1,791)	4,274		5,142	(2,229)	2,913

11. EMPLOYMENT BENEFITS

11.0 Background

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits through membership of the Local Government Pension Scheme. Cherwell District Council is a member of the Oxfordshire Local Government Pension Scheme and Oxfordshire County Council is the administering Council. The county council is responsible for maintaining, administering and paying out all benefits from the pension fund. The fund is valued by a professional Actuary and Barnett Waddingham is the appointed Actuary to the Fund.

Although these benefits will not actually become payable until after the employees retire, the council is required to disclose the cost of these at the time that the employees earn their future entitlement. The arrangement is a funded defined benefit final salary scheme. This means that the council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The retirement benefits are determined independently of the investments of the scheme and employers have an obligation to make contributions where assets are insufficient to meet employee benefits.

Cherwell District Council recognises the cost of retirement benefits in the Comprehensive Income and Expenditure Statement under Net 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 contributions payable in the year, so the future cost of retirement benefits is reversed out in the Movement in Reserves Statement so that it does not impact the charge to council tax.

11.1 Principal Actuarial Data Sources as at 31 March 2016

In completing the Actuary's calculations for pension accounting purposes they have used the following items of data, which we received from Oxfordshire County Council:

- The results of the valuation as at 31 March 2013 which was carried out for funding purposes;
- Estimated whole Fund income and expenditure items for the period to 31 March 2016;
- Estimated Fund returns based on Fund asset statements provided (or estimated where necessary) as at 31 March 2013, 31 March 2015 and 29 February 2016, Fund income and exp ;
- Estimated Fund income and expenditure in respect of the Employer for the period to 31 March 2016; and
- Details of any new early retirements for the period to 31 March 2016 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost.

Although some of these data items have been estimated, they do not believe that they are likely to have a material effect on the results of this report. Further, we are not aware of any material changes or events since we received the data.

11.1.1 Employer Membership Statistics

The table below summarises the membership data as at 31 March 2013 for members receiving funded benefits, and as at 31 March 2016 for any members receiving unfunded benefits.

Member Data Summary	Number	Salaries / Pensions £000	Average Age
Active members	375	9,356	45
Deferred pensioners	639	1,275	45
Pensioners	556	4,032	70
Unfunded Pensioners	103	247	77

The service cost for the year ending 31 March 2016 is calculated using an estimate of the average total pensionable payroll during the year. From the contribution information provided by the employer, the estimated average total pensionable payroll during the year is £10,883,000. The projected service cost for the year ending 31 March 2017 has been calculated assuming the payroll remains at this level over the year.

11.1.2 Scheduled contributions

The table below summarises the minimum employer contributions due from Cherwell District Council to the Fund over this inter-valuation period. The calculated cost of accrual of future benefits is 13.7% of payroll p.a. The monetary contributions are due to be paid in monthly instalments.

Minimum employer contributions due for the period beginning	1 April 2014	1 April 2015	1 April 2016
Percent of payroll	13.7%	13.7%	13.7%
Plus monetary amount £000	1,459	1,526	1,595

Cherwell District Council may pay further amounts at any time and future periodic contributions, or the timing of contributions may be adjusted on a basis approved by us.

11.1.3 Early Retirements

The actuary requested data on any early retirements in respect of the Employer from the Administering Council for the year ending 31 March 2016.

It is the actuary's understanding that there were no new early retirements over the year which were not allowed for in the IAS19 assumptions.

11.1.4 Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2016 is estimated to be 0%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for Cherwell District Council as at 31 March 2016 is as follows:

Employer Asset Share - Bid Value	31-Mar-15		31-Mar-16	
	£000	%	£000	%
Equities	54811	67	51497	64
Gilts	9668	12	10670	13
Other bonds	2980	4	2832	4
Property	5011	6	6396	8
Cash	2211	3	2408	3
LLPs	2740	3	3172	4
Hedge Funds	23	0	0	0
Diversified Growth Fund	3763	5	3532	4
Employer Asset Share Total	81,207	100%	80,507	100%

We have estimated the bid values where necessary. The final asset allocation of the Fund assets as at 31 March 2016 is likely to be different from that shown due to estimation techniques.

Based on the above, the Employer's share of the assets of the Fund is approximately 4%.

We received the following information from the administering authority regarding the detail of their assets as at 29 February 2016, representing the percentages of the total Fund held in each asset class (split by those that have a quoted market price in an active market, and those that do not).

Employer asset share - Bid Value	29-Feb-16	
	% Quoted	% Unquoted
Fixed Interest Government Securities		
UK	5.4%	-
Overseas	2.7%	-
Index Linked Government Securities		
UK	5.2%	-
Overseas	-	-
Corporate Bonds		
UK	3.1%	-
Overseas	0.4%	-
Equities		
UK	18.4%	14.4%
Overseas	10.6%	20.6%
Property		
All	-	7.9%
Others		
Limited Liability Partnerships	-	3.9%
Diversified Growth Fund	-	4.4%
Cash/Temporary Investments	2.9%	-
Net Current Assets		
Debtors	0.8%	-
Creditors	-0.7%	-
Total	48.7%	51.3%

11.1.5 Characteristics of Defined Benefit Plans and Associated Risks

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2007/08, is contracted out of the State Second pension and currently provides benefits based on final salary and length of service on retirement. Changes to the LGPS will come into effect from 1 April 2014 and any benefits accrued from this date will be based on career average revalued salary, with various protections in place for those members in the scheme before the changes take effect.

The Administering Authority for the Fund is Oxfordshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As Administering Authority to the Fund, Oxfordshire County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and the maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every 3 years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2016 and will set contributions for the period from 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation.

On the Employer's withdrawal from the plan, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk: The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk: The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk: All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk: In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Oxfordshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers

11.2 Actuarial Methods and Assumptions

11.2.1 Valuation Approach

To assess the value of the Employer's liabilities at 31 March 2016, we have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2013, using financial assumptions that comply with IAS19.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 March 2016 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2016 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information we have received there appears to be no evidence that this approach is inappropriate.

To calculate the asset share we have rolled forward the assets allocated to the Employer at 31 March 2013 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

11.2.2 Demographic / Statistical Assumptions

The Actuary has adopted a set of demographic assumptions that are consistent with those used for the formal funding valuation as at 31 March 2013. The post retirement mortality tables adopted were the S1PA Heavy tables with a multiplier of 95%. These base tables are then projected using the CMI 2012 Model, allowing for a long term rate of improvement of 1.5% per annum.

The assumed life expectations from age 65 are:

Life expectancy from age 65	31-Mar-15	31-Mar-16
Retiring today		
Males	23.3	23.3
Females	25.7	25.8
Retiring in 20 years		
Males	25.5	25.6
Females	28.0	28.1

The following assumptions have also been made:

- Members will exchange half 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;
- 10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

11.2.3 Financial Assumptions

The financial assumptions used to calculation the results are as follows:

Assumptions as at	31-Mar-14		31-Mar-15		31-Mar-16	
	% pa	Real %	% pa	Real %	% pa	Real %
RPI Increases	3.6%	-	3.2%	-	3.2%	-
CPI Increases	2.8%	-0.8%	2.4%	-0.8%	2.3%	-0.9%
Salary Increases	4.6%	1.0%	4.2%	1.0%	4.1%	0.9%
Pension Increases	2.8%	-0.8%	2.4%	-0.8%	2.3%	-0.9%
Discount Rate	4.4%	0.8%	3.3%	0.1%	3.6%	0.4%

These assumptions are set with reference to market conditions at 31 March 2016.

The Actuary's estimate of the duration of the Employer's liabilities is 18 years.

the discount rate is the annualised yield at the 18 year point on the Merrill Lynch AA rated corporate bond curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. This is consistent with the approach used at the last accounting date.

The 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 18 year point on the BoE spot inflation curve. The RPI assumption is therefore 3.2% per annum. This is consistent with the approach used at the last accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.9% p.a. below RPI i.e. 2.3% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts.

Salary increases are then assumed to increase at 1.8% per annum above CPI in addition to a promotional scale.

11.2.4 Past Service Costs

Past service costs/gains arise as a result of introduction or withdrawal of, or changes to, member benefits. For example, an award of additional discretionary benefits to a member such as added years by a member would be considered a past service cost.

We are not aware of any additional benefits which were granted over the year ending 31 March 2016.

11.2.5 Curtailments

The Actuary have calculated the cost of curtailments arising as a result of the payment of unreduced pensions on early retirement. The Employer may also have to account for non-pension related costs (e.g. lump sum payments on redundancy) but for the avoidance of doubt, we have only calculated the cost of curtailments which affect the Employer's LGPS pension liabilities.

The Actuary calculate the cost of curtailments at the point of exit, with interest applied to the accounting date accounted for separately.

Over the year, the Actuary understand no employees were permitted by the Employer to take unreduced early retirement that they would not otherwise have been entitled to.

11.2.6 Settlements

We are not aware of any liabilities being settled at a cost materially different to the accounting reserve during the year.

11.3 Results and Disclosures

The Actuary estimate that the value of the net liability as at 31 March 2016 is a liability of £72,683,000.

The results of our calculations for the year ended 31 March 2016 are set out in the appendices below:

- 11.3.1 sets out the Statement of financial position as at 31 March 2016;
- 11.3.2 sets out the Statement of profit or loss for the year ended 31 March 2016;
- 11.3.3 details a reconciliation of assets and liabilities during the year;
- 11.3.4 shows a sensitivity analysis on the major assumptions;
- 11.3.5 shows the Re-measurements in other comprehensive income for the year;
- 11.3.6 contains our estimates of the projected profit and loss account costs for the year ending 31 March 2017. Please note that no allowance has been made for the costs of any early retirements or augmentations which may occur over the year and whose additional capitalised costs would be included in the value of liabilities. It is only an estimate so actual experience over the year is likely to differ. We have not provided balance sheet projections on the basis that they will depend upon market conditions and the asset value of the Fund at the end of the following year;
- 11.3.7 shows a reconciliation of the unfunded benefits during the year.

11.3.1 Balance Sheet Disclosure

	31-Mar-14 £000	31-Mar-15 £000	31-Mar-16 £000
Net Pension Assets as at			
Present value of funded obligation	133,675	156,085	149,572
Fair value of Scheme assets (bid value)	73,484	81,207	80,507
Net Liability	60,191	74,878	69,065
Present value of unfunded obligation	3,716	3,958	3,618
Unrecognised past service cost	0	0	0
Impact of asset ceiling	0	0	0
Net Liability in Balance Sheet	63,907	78,836	72,683

11.3.2 Comprehensive Income & Expenditure Account

	31-Mar-15 £000	31-Mar-16 £000
Service Cost	2526	3111
Net interest on the defined liability (asset)	2743	2549
Administration expenses	75	49
Total	5344	5709

11.3.3 Asset and Benefit Obligation Reconciliation

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	31-Mar-15 £000	31-Mar-16 £000
Opening defined benefit obligation	137,391	160,043
Current Service cost	2,526	3,111
Interest cost	5,958	5,218
Change in financial assumptions	18,111	(11,219)
Change in demographic assumptions	0	0
Experience loss/(gain) on defined benefit obligation	74	(68)
Liabilities assumed/(extinguished) on settlements	0	0
Estimated benefits paid (net of transfers in)	(4,458)	(4,386)
Contributions by Scheme participants	690	741
Unfunded pension payments	(249)	(250)
Closing defined benefit obligation	160,043	153,190

Reconciliation of opening & closing balances of the fair value of Scheme assets	31-Mar-15 £000	31-Mar-16 £000
Opening fair value of Scheme assets	73,484	81,207
Interest on assets	3,215	2,669
Return on assets less interest	5,421	(2,689)
Other actuarial gains / (losses)	0	0
Total Actuarial gains/(losses)	0	0
Administration expenses	(75)	(49)
contributions be employer including unfunded	3,179	3,264
Contributions by Scheme participants	690	741
Estimated benefits paid plus unfunded net of transfers in	(4,707)	(4,636)
Settlement prices received/(paid)	0	0
Fair value of Scheme assets at end of period	81,207	80,507

11.3.4 Sensitivity Analysis

Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	0.10%	0.0%	-0.10%
Present value of defined benefit obligation	150,607	153,190	155,820
Projected service cost	2,701	2,766	2,833
Adjustment to long term salary increase	0.10%	0.0%	-0.10%
Present Value of Total Obligation	153,406	153,190	152,976
Projected Service Cost	2,767	2,766	2,765
Adjustment to pension increases and deferred revaluation	0.10%	0.0%	-0.10%
Present Value of Total Obligation	155,636	153,190	150,787
Projected Service Cost	2,832	2,766	2,701
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of defined benefit obligation	157,932	153,190	148,595
Projected service cost	2,837	2,766	2,697

For the adjustment to the life expectancy assumption, we are essentially assuming a member will live a year longer or a year less. For example, under +1 Year we assumed that a member with a 25 year life expectancy is actually expected to live for 26 years.

11.3.5 Re-measurements in Other Comprehensive Income

	31-Mar-15	31-Mar-16
	£000	£000
Re-measurements and Other Comprehensive income		
Return on plan assets in excess of interest	5,421	(2,689)
Other actuarial gains/(losses) on assets	0	0
Change in financial assumptions	(18,111)	11,219
Change in demographic assumptions	0	0
Experience gain/(loss) on defined benefit obligation	(74)	68
Re-measurements of the net assets/(defined liability)	(12,764)	8,598

11.3.6 Projected Pension Expense for the year to 31st March 2017

Projections for the year to 31-Mar-17	31-Mar-17
	£000
Service cost	2,766
Interest cost	2,557
Administration Expenses	48
Total	5,371
Employer contributions	3,086

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2016. These projections are based on the assumptions as at 31 March 2016, as described in the main body of this report.

11.3.7 Unfunded benefit reconciliation for the year to 31 March 2016

Unfunded benefit reconciliation for the year to 31 March 2016	31 March 2015	31 March 2016
	£000	£000
Opening unfunded benefit obligation	3,716	3,958
Service cost	0	0
Interest cost	158	127
Change in financial assumptions	259	(149)
Change in demographic assumptions	0	0
Experience loss/(gain) on defined benefit obligation	74	(68)
Liabilities assumed/(extinguished) on settlements	0	0
Estimated benefits paid (net of transfers in)	0	0
Contributions by Scheme participants	0	0
Unfunded pension payments	(249)	(250)
Closing defined benefit obligation	3,958	3,618

The information included for all of the pension disclosures is provided by Barnett Waddingham, the Actuary for the Pension Fund. Further information can be found in the County Council's Pension Fund's Annual Report which is available on request from the Pensions Services Oxfordshire County Council, Unipart House, Garsington Road, Oxford OX4 2GQ.

12. ACCOUNTING POLICIES

12.1 General principles

The Statement of Accounts summarises the Council's transactions for the financial year 2015-16 and its position at the year end. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2015/16* and the *Service Reporting Code of Practice 2015/16*, supported by *International Financial Reporting Standards (IFRS)* and statutory guidance issued under section 12 of the 2003 Act and *Annual Improvements to IFRSs 2011-2013 Cycle applicable and adopted on 1 April 2015*

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.

12.2 Accruals of Income and Expenditure

The de minimis level for manual accruals has been increased from £1,000 to £20,000, which will be reviewed annually. This removes small transactions at the end of the financial year that do not materially affect the accounts. The purchase orders processed automatically through the financial information system are all processed with no de minimis level for these transactions.

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

- Fees, charges and rents due are accounted for as income at the date the Council provides the relevant goods or services;
- Supplies and services are recorded as expenditure when they are consumed (when supplies are held for future use 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; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- 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.

12.3 Cash and Cash Equivalents

Cash and Cash Equivalents comprises of cash on hand and demand deposits which are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. They must be held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

They must be repayable without penalty on notice of not more than 24 hours. Investments must mature in three months or less from the date of acquisition.

12.4 Collection Fund Income and Expenditure Account

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

12.4.1 Council Tax

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.

12.4.2 Council Tax Reduction scheme

Prior to 2013/14 certain eligible taxpayers had some, or all, of their charge met by Council Tax Benefits. The amount of the benefit was credited to the Collection Fund and appeared as a charge in the billing authority's Central Services to the Public line in the Comprehensive Income and Expenditure Statement. This expenditure was financed by way of a Government grant. From 2013/14 Council Tax Benefits has been replaced by a Council Tax Reduction Scheme which is applied directly to the Council Tax base.

12.4.3 NNDR

In 2013/14, the Local Government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the district. It does, however, also increase the financial risk to the authority due to significant estimation uncertainties on non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NNDR received. The initial Cherwell District Council share is 40% with the remainder paid to precepting bodies. For Cherwell District Council, the NNDR precepting bodies are Central Government (50% share) and Oxfordshire County Council (10% share). The Cherwell District Council share is then subject to a tariff payment to Government, which was £23,745,566 in 2015/16. The residual amount is then compared to the assessment in the Local Government Finance Settlement and any growth above the Settlement level is subject to a levy payment to Government

NNDR surpluses/deficits declared by the Billing Authority in relation to the Collection Fund are apportioned to the relevant precepting bodies and Government in the subsequent financial in their respective proportions.

Cherwell District Council participated in a pool with Oxfordshire County Council and West Oxfordshire District Council from 2015/16 to minimise the levy payment due and thereby maximise the retention of locally generated business rates.

12.5 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 2015-16.

12.6 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

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

No material errors have been made in prior year accounts that need to be amended in the 2014-15 accounts.

12.7 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; and
- 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 but as CDC does not hold any debt this requirement is not applicable.

Depreciation, revaluation and impairment losses and amortisations are replaced by the 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.

12.8 Employee Benefits

12.8.1 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 made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the service account, but then reversed out through the Movement in Reserves Statement so that holiday benefits accrual has no impact on Council Tax and holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

12.8.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

12.8.3 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 scheme is accounted for as a defined benefit scheme.

The pension fund liability is calculated every three years by the funds actuary, with annual updates in the intervening years. Methods and assumptions consistent with IAS19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 12. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

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

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

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

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

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
 - Net interest on the net defined benefit liability (asset) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - The return on assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - Contributions paid to the Oxfordshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

12.8.4 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.

12.9 Events after the Balance Sheet Date

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.

12.10 Financial Instruments

12.10.1 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.

12.10.2 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

The Council had investments in the collapsed Icelandic bank Glitnir hf. The winding up board of Glitnir hf. made a first and final distribution in a basket of currencies including the Icelandic Krona (ISK). Due to the capital controls on the Icelandic Krona the part of the distribution in ISK is held in an escrow account in Iceland which is credited with interest. The balance in the escrow account at 31 March each year is converted into £ sterling using the 'sell' price exchange rate as published on the Central Bank of Iceland's website. Losses and Gains are taken to the Comprehensive Income and Expenditure account and recognised on the balance sheet.

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

12.11 Foreign Currency Translation

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

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

12.12 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.

Area Based Grant

Area Based Grant (ABG) is a general grant allocated by central government directly to local Council's as additional revenue funding. ABG is non-ring fenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

12.13 Intangible Assets

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

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

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

12.14 Interests in Companies and Other Entities

The Council has material interests in companies in 2015/16 for the first time. The companies are the Graven Hill Holding Company and the Graven Hill Development Company. The Council is therefore required to complete Group Accounts for the first time and these are set out in Section 11.

12.15 Inventories and Long Term Contracts

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

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

12.16 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.

12.17 Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

12.18 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.

12.18.1 The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

12.18.2 The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

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

12.19 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2015-16* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

The exceptions to the absorption costing principle are:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation; and
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

12.20 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.

12.20.1 Recognition

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

12.20.2 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; and
- 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.

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

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

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

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

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

At Cherwell District Council, all property valuations are carried out by John Slack MRICS, Head of Regeneration and Estates. 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.

12.20.3 Impairment

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

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

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

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

12.20.4 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, unless the variation in change is considered material. In this respect only, the Council does not fully comply with the requirements of IAS16 Property, Plant & Equipment but this is not a material consideration for the Council.

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

- Infrastructure 10, 20 or 40 years

- Buildings 10 to 60 years
- Vehicles 5, 6 or 7 years
- Computer Equipment / systems 3, 5 or 10 years
- Other 3, 5 or 7 years

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

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

A materiality level of £50,000 for property assets has been determined by analysing the gross book values of building assets and assessing the impact of using different thresholds. Using a £50,000 limit means that 75% and £73.2m of the Council's £98.2m property portfolio will be assessed for componentisation (figures correct as at 31st March 2014).

The following five components have been identified:

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

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

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

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

12.20.5 Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

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

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

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

12.21 Heritage Assets

12.21.1 Tangible and Intangible Heritage Assets

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

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

12.21.2 Heritage Assets – General

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

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

12.22 Provisions, Contingent Liabilities and Contingent Assets

12.22.1 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 as an expense to the appropriate service line in 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.

12.22.2 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.

12.23 Reserves

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

The de minimis level for manual accruals has been increased from £1,000 to £20,000, which will be reviewed annually. This removes small transactions at the end of the financial year that do not materially affect the accounts. The purchase orders processed automatically through the financial information system are all processed with no de minimis level for these transactions.

12.24 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.

12.25 VAT

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

12.26 Accounting Standards that have been issued but not yet been adopted

- Amendments to IAS 19 *Employee Benefits* (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Amendment to IFRS 11 *Joint Arrangements* (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRSs 2012 – 2014 Cycle
- Amendment to IAS 1 *Presentation of Financial Statements* (Disclosure Initiative)
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis

- The changes to the format of the Pension Fund Account and the Net Assets Statement.

The Code does not anticipate that the above amendments will have a material impact on the information provided in local authority financial statements i.e. there is unlikely to be a change to the reported information in the reported net cost of services or the Surplus or Deficit on the Provision of Services. However, in the 2016/17 year, the comparator 2015/16 Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement must reflect the new formats and reporting requirements as a result of the Telling the Story review of the presentation of local authority financial statements.

13. GROUP ACCOUNTS

Under the terms of the Code where the Council has an interest in any other entity, it is required to prepare a Group Income and Expenditure and Group Balance Sheet. On 25 June 2014 the company Graven Hill Village Holding Ltd and Graven Hill Village Development Company Ltd were created. Graven Hill Village Holding Ltd is a subsidiary of the council which holds 100% interest in this company. Graven Hill Village Development Ltd is a subsidiary of Graven Hill Village Holding Ltd which holds 99% and the council holds 1%. Cherwell District Council is the ultimate controlling party of Graven Hill Village Development Ltd

Group Accounts have been prepared as the Council has the 'control' as 100% shareholder of Graven Hill Village Holding Ltd. Per IFRS10, An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group accounts incorporate the Council's share of the net assets of Graven Hill Village Holding Ltd as a subsidiary and Graven Hill Village Development Co Ltd as the ultimate parent company, using the equity method.

The financial statements of Graven Hill Village Holdings Ltd and Graven Hill Village Development Ltd are for the period ended 31 March 2016. This matches the financial statements period of the council and enables consolidation of the statements.

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

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

The registered name of the companies are	Graven Hill Village Holding Ltd	Graven Hill Village Development Co Ltd
Nature of the business	The company is a holding company and does not trade. It is intended that the company will continue as a holding company for the foreseeable future. The company borrows and lends funds from its parent company to its subsidiary company	The principal activity of the company during the period was that of a property development company
Undertaking	Subsidiary of Cherwell District Council	Subsidiary of Graven Hill Village Development Ltd
Controlling party	Cherwell District Council 100%	Graven Hill Village Holding Ltd 99% Cherwell District Council 1%
Ultimate parent	Cherwell District Council	Cherwell District Council
Deficit on provision of services (before consolidation)	£2,419	£677,942
Net Assets (before consolidation)	£4,062,116	£3,181,491

13.1 GROUP MOVEMENT IN RESERVES STATEMENT

This statement includes the combined income and expenditure of the Council, its wholly owned subsidiary Graven Hill Village Holding Ltd and its subsidiary Graven Hill Village Development Ltd

Group Accounts 31/03/2016		General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance 1 April 2015	BS	(909)	(16,649)	(11,658)	(47)	(29,263)	(61,928)	(91,191)
Movement in reserves during 2015/16								
Surplus or (deficit) on the provision of service	Cl&E	2,111				2,111		2,111
Other Comprehensive Income & Expenditure						0	(7,291)	(7,291)
Total Comprehensive Income & Expenditure		2,111	0	0	0	2,111	(7,291)	(5,180)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 8.4)		(4,089)		8,497		4,408	(4,408)	0
Reversing Use of capital receipts to fund Glitnir, Iceland capitalisation								0
Increase / decrease before transfers to Earmarked Reserves		(1,978)	0	8,497	0	6,519	(11,699)	(5,180)
Transfers to/from Earmarked Reserves		1,604	(1,604)			0		0
Appropriations to/from Earmarked Reserves AFS assets		2	(2)			0		0
Transfers to/from Unusable Reserves		(51)				(51)	51	0
Total movements in Earmarked Reserves		1,555	(1,606)	0	0	(51)	51	0
Increase / decrease in 2015/16		(423)	(1,606)	8,497	0	6,468	(11,648)	(5,180)
Balance at 31 March 2016 carried forward		(1,332)	(18,255)	(3,161)	(47)	(22,795)	(73,576)	(96,371)

Group Accounts 31/03/2015		General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance 1 April 2014	BS	(1,405)	(13,387)	(25,209)	(47)	(40,048)	(68,339)	(108,387)
Movement in reserves during 2014/15								
Surplus or (deficit) on the provision of service	Cl&E	6,648				6,648		6,648
Other Comprehensive Income & Expenditure						0	10,548	10,548
Total Comprehensive Income & Expenditure		6,648	0	0	0	6,648	10,548	17,196
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 8.4)		(9,466)		13,551		4,085	(4,085)	0
Reversing Use of capital receipts to fund Glitnir, Iceland capitalisation								0
Increase / decrease before transfers to Earmarked Reserves		(2,818)	0	13,551	0	10,733	6,463	17,196
Transfers to/from Earmarked Reserves		3,296	(3,296)			0		0
Use of reserves for capital financing		(34)	34			0		0
Transfers to/from Unusable Reserves		52				52	(52)	0
Total movements in Earmarked Reserves		3,314	(3,262)	0	0	52	(52)	0
Increase / decrease in 2014/15		496	(3,262)	13,551	0	10,785	6,411	17,196
Balance at 31 March 2015 carried forward		(909)	(16,649)	(11,658)	(47)	(29,263)	(61,928)	(91,191)

13.2 GROUP COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This statement includes the combined income and expenditure of the Council, its wholly owned subsidiary Graven Hill Village Holding Ltd and its subsidiary Graven Hill Village Development Ltd

Group Accounts Net Expenditure	Cherwell District Council Net Expenditure	Total Group Accounts movements	Group Accounts Net Expenditure	Notes
31-Mar-15	31-Mar-16	31-Mar-16	31-Mar-16	
£000	£000	£000	£000	
235 Central Services to the Public	349	0	349	
6,481 Cultural and Related Services	4,889	0	4,889	
5,467 Environment and Regulatory Services	6,066	0	6,066	
2,562 Planning Services	1,757	0	1,757	
-305 Highways, Roads & Transport Services	(859)	0	(859)	
4,519 Other Housing Services (General Fund)	3,708	1,144	4,852	13.5.2
2,078 Corporate and Democratic Core	2,443	0	2,443	
1,333 Non Distributed Costs	1,644	0	1,644	
22,370 Net Cost of Services	19,997	1,144	21,141	
3,070 Other Operating Expenditure	1,432	0	1,432	
1,237 Financing and Investment Income & Expenditure	1,233	224	1,457	13.5.2
(20,029) Taxation and Non-Specific Grant Income	(21,919)	0	(21,919)	
6,648 (Surplus) / deficit on Provision of Service	743	1,368	2,111	
(2,216) (Surplus) / deficit on the revaluation of non-current assets	1,307	0	1,307	
12,764 Actuarial (gains) / losses on pension assets & liabilities	(8,598)	0	(8,598)	
0 (Surplus)/Deficit on Other items	0	0	0	
10,548 Other Comprehensive Income & Expenditure	(7,291)	0	(7,291)	
17,196 (Surplus)/ deficit on Total Comprehensive Income & Expenditure	(6,548)	1,368	(5,180)	

13.3 GROUP BALANCE SHEET

This statement includes the combined income and expenditure of the Council, its wholly owned subsidiary Graven Hill Village Holding Ltd and its subsidiary Graven Hill Village Development Ltd

Group Accounts 31-Mar-15 £000	Cherwell Total Group			Notes
	District Council 31-Mar-16 £000	Accounts movements 31-Mar-16 £000	Group Accounts 31-Mar-16 £000	
117,411 Property, Plant & Equipment	122,930	2	122,932	11.3.3
15,701 Investment Property	15,317	0	15,317	
757 Intangible Assets	576	0	576	
1,778 Long Term Investments	5,855	(4,072)	1,783	11.3.3
3,556 Long Term Debtors	9,691	(6,155)	3,536	11.3.3
168,736 Long Term Assets	154,369	(10,225)	144,144	
42,032 Short Term Investments	25,779	0	25,779	
29,681 Inventories	3,082	32,554	35,636	
12,995 Short Term Debtors	13,762	(4)	13,758	11.3.3
10,721 Cash and Cash Equivalents	14,037	168	14,205	11.3.3
65,895 Current Assets	56,660	32,718	89,378	
(1,936) Bank Overdraft	(1,719)	0	(1,719)	
(13,443) Short Term Creditors	(12,232)	(12,178)	(24,410)	11.3.3
(3,970) Receipts in Advance	(2,353)	0	(2,353)	
(2,710) Provisions	(1,269)	0	(1,269)	
(22,059) Current Liabilities	(17,573)	(12,178)	(29,751)	
(78,836) Other Long Term Liabilities	(72,683)	0	(72,683)	
(24,500) Long Term Creditors	0	(12,500)	(12,500)	11.3.3
(709) Provisions	(1,787)	0	(1,787)	
(17,336) Capital Grants Receipts in Advance	(20,430)	0	(20,430)	
(121,381) Long Term Liabilities	(94,900)	(12,500)	(107,400)	
91,191 Net Assets	98,556	(2,185)	96,371	
(29,263) Useable Reserves	(24,978)	2,185	(22,793)	11.3.3
(61,928) Unusable Reserves	(73,578)	0	(73,578)	
(91,191) Total Reserves	(98,556)	2,185	(96,371)	

13.4 GROUP CASHFLOW

This statement includes the combined income and expenditure of the Council, its wholly owned subsidiary Graven Hill Village Holding Ltd and its subsidiary Graven Hill Village Development Ltd

Group Accounts		Cherwell District Council	Total Group Accounts movements	Group Accounts
31-Mar-15		31-Mar-16	31-Mar-16	31-Mar-16
£000		£000	£000	£000
(6,648)	Net Surplus or (Deficit) on the Provision of Services	(743)	(1,368)	(2,111)
46,362	Adjustments to net surplus or deficit on the provision of services for non-cash movements	4,053	(4,263)	(210)
(5,023)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities	7,318	0	7,318
34,691	Net cash flows from Operating Activities	10,628	(5,631)	4,997
(35,046)	Investing Activities	(9,038)	5,228	(3,810)
(40)	Financing Activities	2,512	0	2,512
(395)	Net increase or (decrease) in cash and cash equivalents	4,102	(403)	3,699
9,180	Cash and cash equivalents at the beginning of the reporting period	8,215	571	8,786
8,785	Cash and cash equivalents at the end of the reporting period	12,317	168	12,485

13.5 NOTES TO THE GROUP ACCOUNTING STATEMENTS

13.5.1 Statement of Accounting Policies

Graven Hill Village Holdings Ltd and Graven Hill Village Development Company Ltd prepared their financial statements under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller entities, whilst the Council has moved to preparing its financial statements on an IFRS basis. As far as can be ascertained, this gives rise to no material difference between the accounting principles of the companies and the Council.

13.5.2 Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and Expenditure Statement has been prepared incorporating the Graven Hill Village Holding Ltd and Graven Hill Village Development Ltd deficit on the provision of services.

Other Housing Services (General Fund) Group changes

		£000	£000
Cherwell District Council	Other Housing Services (GF)		3,708
Cherwell District Council	Commitment Fees receivable	463	
GHV Holdings Ltd	Administrative expenses	3	
GHV Development Co Ltd	Administrative expenses	678	
	Total Group Adjustment		1,144
	Other Housing Services (GF) Group Accounts		4,852

Financing & Investment Income & Expenditure Group changes

		£000	£000
Cherwell District Council	Financing & Investment Income & Expenditure		1,233
Cherwell District Council	GHV Holdings Ltd - Interest	224	
	Total Group Adjustment		224
	Financing & Investment Income & Expenditure Group Accounts		1,457

13.5.3 Group Balance Sheet.

The Group Balance Sheet has been prepared incorporating the Graven Hill Village Holding Ltd and Graven Hill Village Development Ltd net assets under the heading of Group Accounts, which has been consolidated with the Cherwell District Council financial statement.

Property, Plant & Equipment changes

		£000	£000
Cherwell District Council	Property, Plant & Equipment		122,930
GHV Development Co Ltd	Property, Plant & Equipment	2	
	Property, Plant & Equipment Group Accounts		122,932

Long Term Investments Group changes

		£000	£000
Cherwell District Council	Long Term Investments		5,855
Cherwell District Council	Share Capital	(4,072)	
	Long Term Investments Group Accounts		<u>1,783</u>

Long Term Debtors Group changes

		£000	£000
Cherwell District Council	Long Term Debtors		9,691
Cherwell District Council	Loans GH Village Holding Ltd	(6,174)	
	Long Term Debtors Group Accounts		<u>3,517</u>

Inventories Group changes

		£000	£000
Cherwell District Council	Inventories		3,082
GHV Development Co Ltd	Stock	32,554	
	Inventories Group Accounts		<u>35,636</u>

Short Term Debtors Group changes

		£000	£000
Cherwell District Council	Short Term Debtors		13,762
Cherwell District Council	Short Term Debtors	(113)	
GHV Development Co Ltd	Trade debtors, prepayments and accrued income	109	
	Total Group Adjustments		<u>(4)</u>
	Short Term Debtors Group Accounts		<u>13,758</u>

Cash and Cash Equivalents Group changes

		£000	£000
Cherwell District Council	Cash and Cash Equivalents		14,037
GHV Development Co Ltd	Cash at bank and in hand	168	
	Cash and Cash Equivalents Group Accounts		<u>14,205</u>

Short Term Creditors Group changes

		£000	£000
Cherwell District Council	Short Term Creditors		(12,107)
GHV Holdings Ltd	Accruals & deferred income	(3)	
GHV Development Co Ltd	Accruals & deferred income	(12,175)	
	Total Group Adjustments		<u>(12,178)</u>
	Short Term Creditors Group Accounts		<u>(24,285)</u>

Long Term Creditors Group changes

		£000	£000
Cherwell District Council	Long Term Creditors		0
GHV Development Co Ltd	Accruals & deferred income	(12,500)	
	Long Term Creditors Group Accounts		<u>(12,500)</u>

Usable Reserves

	£000	£000
Cherwell District Council		(24,978)
Cherwell District Council	Surplus on services	1,284
GHV Holding s Ltd	Deficit on services	10
GHV Development Co Ltd	Deficit on services	891
	Total Group Adjustment	2,185
	Usable Reserves Group Accounts	(22,793)

13.5.4 GROUP Cash Flow Statement – Operating Activities

	Cherwell District Council 31-Mar-16 £000	Total Group Accounts movements 31-Mar-16 £000	Group Accounts 31-Mar-16 £000
Net Surplus on the Provision of Service	(743)	(1,368)	(2,111)
Adjust net surplus on the provision of services for non-cash movements			
Depreciation	3,714	0	3,714
Impairment and downward valuations	(354)	0	(354)
Amortisation	293	0	293
Material Impairment losses on Investments debited to surplus or deficit on the provision of services in year	0	0	0
Increase/Decrease in Creditors	(6,636)	(314)	(6,950)
Increase/Decrease in Sundry Debtors	1,587	(911)	676
Increase/Decrease in Inventories	(2,935)	(3,021)	(5,956)
Pension Liability	2,445	0	2,445
Carrying amount of non-current assets sold	5,813	0	5,813
Other Non-Cash Movements	126	0	126
	4,053	(4,246)	(193)
Adjust for items included in the net surplus on the provision of services that are investing or financing activities			
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	16,245	0	16,245
Proceeds from the sale of property, plant and equipment, investment property and intangible asset	(8,465)	0	(8,465)
Any other items for which the cash effects are investing or financing cash flows	(462)	0	(462)
	7,318	0	7,318
Net Cash Flows from Operating Activities	10,628	(5,614)	5,014

The cash flows from operating activities include the following:

	Cherwell District Council 31-Mar-16 £000	Total Group Accounts movements 31-Mar-16 £000	Group Accounts 31-Mar-16 £000
Interest received	589	(224)	365
	589	(224)	365

GROUP Cash Flow Statement – Investing Activities

	Cherwell District Council 31-Mar-16 £000	Total Group Accounts movements 31-Mar-16 £000	Group Accounts 31-Mar-16 £000
Purchase of property, plant and equipment, investment property and intangible assets	(15,537)	(2)	(15,539)
Purchase of short-term and long-term investments	(2,114)	2,109	(5)
Other payments for Investing Activities	(4,699)	3,102	(1,597)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,466	0	8,466
Other receipts from investing activities	4,846	0	4,846
Net cash flows from investing activities	(9,038)	5,209	(3,829)

GROUP Cash Flow Statement – Financing Activities

	Cherwell District Council 31-Mar-16 £000	Total Group Accounts movements 31-Mar-16 £000	Group Accounts 31-Mar-16 £000
Council Tax and NNDR	2,512	0	2,512
Net cash flows from financing activities	2,512	0	2,512

13.5.5 Significant Influence

The Council has a 100% shareholding of Graven Hill Village Holding Ltd, and as such the Council controls Graven Hill Village Holding Ltd. This assumption is also supported by representation on the Graven Hill Village Holding Ltd board.

The Council has a 1% shareholding of Graven Hill Village Development Ltd and Graven Hill Village Holding Ltd a 99% shareholding. Cherwell District Council is the ultimate parent company.

13.5.6 Related party funding agreements

The parent, Cherwell District Council, has granted funding facilities to Graven Hill Village Holdings Limited. The facilities drawn will be for the purpose of lending on to subsidiary Graven Hill Village Development Company Limited on equal terms.

The financial components of the agreements are summarised as follows:

Senior debt

£28,790,148 can be borrowed under this arrangement, which is further split into 3 facilities. The debt is repayable in full by 10th August 2025. If funds are available the debt repayment will follow the repayment schedule agreed which commences on 30th June 2017 with a repayment of £1,820,832.

This debt carries a fixed annual interest rate of 5.5% per annum.

The facilities based on the current business model are subcategorised as follows:

Facility A: £17,890,352 can be drawn in the period to 10th August 2020.

Facility B: £7,900,546 can be drawn between 1st June 2015 and 10th August 2020.

Facility C: £2,999,250 can be drawn between 1st June 2015 and 10th August 2020.

Until 10th August 2020 interest accrued is added to the loan principal. Interest after this date is payable annually on 31st March.

A commitment fee of 2% per annum is payable on undrawn, un-cancelled amounts.

Agency fees of £30,000 p.a. are payable quarterly in arrears.

Early repayment charges exist if the company repays senior debt within 3 years.

At the balance sheet date the company had senior debt totalling £5,123,109 (2015: £2,738,901) and accrued interest and charges totalling £1,022,2015 (2015: £308,420).

Unsecured loan notes

The company has a facility to draw on unsecured loan notes from the parent totalling £12,778,460. The facilities drawn will be for the purpose of lending on to subsidiary Graven Hill Village Development Company Limited on equal terms.

Unsecured loan notes carry an annual interest charge of 12% per annum payable, to the extent that funds are available, half yearly on 30th September and 31st March each year.

If funds are not available, interest is added to the principal and payable when the loan notes are redeemed.

The company, to the extent that funds are available, can redeem the loan notes at any time. If the loan notes are not redeemed in this way the company will follow a redemption schedule whereby the first redemption amount of £606,944 is payable on 30th June 2017.

At the balance sheet date the company had £47,753 (2015: £nil) unsecured loan notes in issue and accrued interest of £4,066 (2015: £nil).

13.5.7 Related party – equity arrangement

The parent company, Cherwell District Council is committed to subscribe for shares in Graven Hill Village Holding Ltd ensuring that the debt to equity ratio is not higher than 60%. In the event that the equity ratio falls below 40% it will be rectified as soon as possible. Where possible it is intended that share subscriptions will be entered into on the dates facilities are drawn or increased by charges incurred.

Equally Graven Hill Village Holding Ltd is committed to subscribe for share in its subsidiary, Graven Hill Village Development Company Ltd, ensuring that the debt to equity ratio is no higher than 60%. Share subscriptions will be entered into on the dates facilities are drawn or increased by charges incurred.

14. GLOSSARY OF TERMS USED IN FINANCIAL STATEMENTS

Accrual

An amount included in the final accounts to cover income or spending during an accounting period for goods or work done, but for which we have not received or made a payment by the end of that accounting period.

Accumulated Absences Account

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

Actuarial Gains and Losses

Over a reporting period, these consist of:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred, including reflection of any funding valuation which has taken place since the last report; and
- the effects of changes in actuarial assumptions (split between financial and demographic).

Actuarial valuation

This is when an actuary checks what the pension scheme's assets are worth and compares them with what the scheme owes. They then work out how much the contributions from employers must be so that there will be enough money in the scheme when people get their pensions.

Audit

An independent examination of the Council's accounts to ensure that they comply with the necessary legislation and follow best accounting practice. The Council's accounts are audited by the external auditor. Ernst & Young LLP have been Appointed as the Council's external auditor.

Balances

The revenue reserves of the Council, made up of the accumulated surplus of income over expenditure. Balances from part of our reserves.

Balance Sheet

The Balance Sheet is a snapshot of the accounts as at the 31st March. It includes the assets and liabilities of all activities of the Council.

Business Rates or National Non-Domestic Rates (NNDR)

The rates paid by businesses. The money is collected by the Council and administered through the Collection Fund.

Capital Adjustment Account

Reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

Capital Charge

A charge to reflect the cost of fixed assets used to provide services.

Capital Expenditure

Spending to buy significant fixed assets that we will use or benefit from for more than a year (for example, land and buildings).

Capital Receipts

Proceeds from the sale of assets which have a long term value.

Cash and Cash Equivalents

Cash and Cash Equivalents comprises of cash in hand and demand deposits which are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. They must be held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The leading professional accountancy body for the public services. They set and monitor professional standards and provide education and training in accountancy and financial management. This is the main professional organisation for accountants working in the public service.

Code of Practice on Local Council Accounting

A guidance publication which interprets the requirements of International Financial Reporting Standards in the United Kingdom.

Collection Fund

This account reflects the statutory requirement to maintain a separate Fund, which shows the transactions of the billing Council in relation to National Non-Domestic Rates and Council Tax, and illustrates the way in which these have been distributed to preceptors and the Council's General Fund. The Collection Fund is consolidated with the other accounts of the Council.

Collection Fund Adjustment Account

The practical effect of the changes in the 2009 SORP is that the Collection Fund balance in the Balance Sheet will disappear. The surplus/deficit will be shared out in its entirety between the Council and its preceptors. The preceptors' share will be carried as creditors/debtors, but the Council's share will be credited to its Income and Expenditure Account. The Collection Fund Adjustment Account is then needed to reconcile the net credit made to the Income and Expenditure Account for council tax to the statutory amount in the Statement of Movement - i.e., the demand on the Collection Fund for the year, plus the statutory amount payable/receivable for the year in relation to past deficits/surpluses.

Community Assets

Assets that an authority intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal.

Commutated Sums

Commutated Sums are negotiated contributions from developers, usually under section 106 Planning Agreements. The amenities provided by this funding are generally on-site play facilities; off-site sports facilities or 15 years open space grounds maintenance.

Comprehensive Income and Expenditure Account

The Income and Expenditure Account reports the net cost of the functions for which the Council is responsible. It shows how the net cost has been financed from general government grants and income from taxpayers.

Contingency

The money we set aside to pay for unexpected spending.

Contingent Assets and Liabilities

An amount we could be owed and owe when we send the accounts for approval. We will include the amount in the balance sheet if we can estimate it reasonably accurately. Otherwise we would add the liability as a note to the accounts.

Corporate and Democratic Core

Split under 2 headings:

Corporate Management: concerns those activities and costs that provide the “infrastructure” that allows services to be provided. Charges to this heading are strictly regulated. If costs can be identified within individual service areas, they cannot be charged here.

Democratic Representation and Management: includes all aspects of Members’ activities including corporate, programme and service policy making, governance and representation of local interests.

Council Tax

The local tax that pays for a proportion of council services. It replaced the poll tax in April 1993.

Creditors

Amounts we owe for work done, goods received or services provided which have not been paid for by the end of the financial year.

Current Assets

An asset which will be used up during the next accounting period e.g. stocks.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

Current Service Cost

Current service (pension) cost is an estimate of the true economic cost of employing staff in a financial year, earning years of service that will eventually entitle them to a lump sum and a pension. It measures the full liability estimated to have been generated in the year (at today’s prices) and is unaffected by whether the fund is in surplus or deficit.

Current value

Measurements of asset value which reflect the economic environment prevailing for the service or function the asset is supporting at the reporting date. The current value measurement bases include:

- **Existing Use Value** defined in accordance with UKVS 1.3 Royal Institution of Chartered Surveyors (RICS) *Valuation – Professional Standards* (RICS, January 2014) for assets providing service potential to the authority where an active market exists.
- **Existing Use Value – Social Housing (EUV–SH)** as defined in the RICS *Valuation – Professional Standards* for operational council dwellings.
- **Depreciated Replacement Cost** for assets where there is no market and/or the asset is specialised.

- **Fair Value** in accordance with the Code's adoption of IFRS 13 for surplus assets.

Debtors

Amounts we owe for work done, goods received or services provided which have not been paid for by the end of the financial year.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time, or of obsolescence through technological or other changes.

Depreciated replacement cost (DRC)

A method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation. Where DRC is used as the valuation methodology, authorities should use the 'instant build' approach at the valuation date and the choice of an alternative site will normally hinge on the policy in respect of the locational requirements of the service that is being provided.

Derecognition

The Code requires investment property to be de-recognised on disposal or when the property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Earmarked Reserves

Reserves set aside for specific purposes.

Exceptional Items

Items of income and expense that are deemed to be exceptional based on their significance (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.

Expected Return on Assets

Under the provisions of IAS19 the expected return on assets is a measure of the return (income from dividends, interest etc.) on the assets held by the scheme for the year. It is not intended to reflect the actual returns, but a longer term measure, based on assets at the start of the year, any movements during the year and an expected return factor.

Fair Value

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.

Finance Lease

A lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer may be presumed to occur if, at the inception of the lease, the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Instrument Adjustment Account

This technical guidance requires certain Financial Instruments such as loans and deposits to be valued on the Balance Sheet in accordance with the financial reporting requirements rather than being shown at their "nominal" value. This results in an impact on Service Cost and Interest in the Income and Expenditure Account. However, Accounting Regulations have been put in place to allow the impact of these new accounting requirements to be

adjusted in the Statement of Movement in the General Fund Balance. This adjustment has resulted in creation of a Financial Instrument Adjustment Account on the Balance Sheet.

Fixed Asset

A tangible asset that yields benefit to the Council and the services it provides for a period of time in excess of one year.

General Fund

This account shows the expenditure and income relating to all the services provided by the Council and how the net cost of these services has been financed by the local taxpayers and government grants.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local or national, or international, in the form of cash or transfers of assets to the Council in return for past or future compliance with certain conditions.

Heritage Assets

Assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the reporting authority in pursuit of its overall objectives in relation to the maintenance of heritage. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, orders and decorations (medals), museum and gallery collections and works of art. Heritage assets can be both tangible and intangible in nature.

Housing Benefit

Payments to people on low incomes to assist them in meeting their housing costs.

Impairment

Impairment occurs where the recoverable amount of the fixed asset is lower than the carrying value amount.

Infrastructure Assets

Fixed assets that are immovable or not transferable, expenditure on which is recoverable only by the continued use of the asset created. Examples of infrastructure assets are the various Town Centre Improvement Schemes.

Intangible Assets

Expenditure which has been capitalised but which does not always produce a fixed asset, e.g. software licences.

IFRS

International financial reporting standards (IFRS) represent a set of generally accepted accounting principles (GAAP) used by companies to prepare financial statements.

International Financial Reporting Standards that have been developed by the International Accounting Standards Board (IASB). These are a set of accounting rules followed by, or being adopted by, more than 100 countries. All member states of the EU are required to use IFRS as adopted by the EU for listed companies since 2005.

International Accounting Standard 19 (Retirement Benefits)

The objectives of IAS19 are to ensure that financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities. The financial statement should also reflect the assets and liabilities arising from an employer's retirement benefit obligations and any related funding at fair values. In

addition the operating costs of providing retirement benefits should be recognised in the accounting period(s) in which the benefits are earned by the employees, and the related finance costs and any other changes in value of the assets and liabilities should be recognised in the accounting periods in which they arise.

Inventories

These comprise the following:-

- a) goods or other assets purchased for resale;
- b) consumable stores;
- c) products and services in intermediate stages of completion; and
- d) finished goods for resale.

Investments

A long-term investment is an investment for longer than twelve months. Investments which do not meet these criteria are classed as short term investments and shown in current assets.

Investment Property

Property that is used solely to earn rentals or for capital appreciation or both.

Leasing

A way of paying for capital spending where we pay a rental charge for a certain period of time. There are two main types of leasing arrangements.

a) Finance leases, which transfer all the risks and rewards of owning a fixed asset to the person taking out the lease. These assets are included in the fixed assets in the balance sheet.

b) Operating leases, where the leasing company owns the asset and the yearly rental is charged direct to the income and expenditure account.

Local Government Pension Scheme (LGPS)

Cherwell District Council participates in the LGPS, which is a defined benefit pension scheme based on final pensionable salary. The fund is administered by Oxfordshire County Council.

Minimum Revenue Provision

The minimum amount of the Council's external debt that must be repaid in accordance with Government regulations, by the revenue account in the year of account.

Movement in Reserves Statement

This statement brings together all the recognised gains and losses of the Council during the period and identifies those that have and have not been recognised in the Income and Expenditure account. The statement separates the movements between revenue and capital reserves

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net defined benefit liability (asset)

The present value of the defined benefit obligation less the fair value of the plan assets (adjusted for the asset ceiling).

Net interest income (expense)

The change during the period in the net defined benefit liability (asset) that arises from the passage of time. This includes allowance for interest on the current service cost.

Non Distributed Costs

These tend to be costs which, because of their nature, cannot be allocated or apportioned to services. They may include the costs associated with the unused shares of IT facilities or other long-term unused but unrealisable assets. They may also include the costs of past service, settlement and curtailment pension contributions.

Non-Operational Assets

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of its services. Examples of non-operational assets include investment properties and those assets which are surplus to requirements and which are being held pending sale or redevelopment.

Operational Assets

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Past Service Costs

Under the provisions of IAS19 past service costs are non-periodic costs arising from decisions in the current year but whose financial effect is derived from years of service earned in earlier years. Most costs are likely to be discretionary benefits, including added year liabilities. Any new added years liabilities/past service costs will need to be recognised in non distributed costs.

Present value of defined benefit obligation

The present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Pensions 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.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible officer and authorised for issue.

Precepts

The amount that the Council is required to collect from council tax payers to fund another, non tax collecting Council's expenditure. Precepts are issued by County, Parish and Town Councils and the local police Council.

Prior Year Adjustments

Those material adjustments which apply to previous years, which have arisen from changes in accounting policies or from the correction of fundamental errors. They do not include adjustments of accounting estimates made in prior years.

Provision

Provisions are made where an event has taken place that gives the Authority 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. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Related Party Transactions

The Council is required to disclose any material transactions with related parties to ensure that stakeholders are aware when these transactions take place and the amount and implications of such transactions.

Reserves

Amounts of money put aside to meet certain categories of expenditure in order to avoid fluctuations in the charge to the General Fund.

Revaluation Reserve

Records the unrealised net gains from asset revaluations made after 1st April 2007.

Revenue Expenditure

The Council's day-to-day expenditure on items which include wages, stationery and interest charges.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Capital expenditure which does not result in, or remain matched with, tangible assets on the Council's Balance Sheet. Examples of this include expenditure on items such as private sector housing grants or expenses included in the promotion of a Private Act of Parliament.

Revenue Support Grant

The main non-service specific grant from Central Government to fund the Council's expenditure.

Service Reporting Code of Practice (SeRCOP)

This Code of Practice provides guidance on the reporting structure, to enable consistency and comparison of costs with other councils. The highest structure level shown in the statements are mandatory.

Settlement

Occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan, for example, when a lump-sum cash payment is made to, or on behalf of, plan participants in exchange for their rights to receive specified post-employment benefits.

Usable Capital Receipts

The amount of capital receipts which the Council is able to use to finance capital spending.

Useful Life

The period over which the Council will derive benefits from the use of a fixed asset.

Usable Reserves

Reserves that can be applied to fund expenditure or to reduce council tax.

Unusable Reserves

Reserves that are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and do not represent usable resources for the Council.

Weighted average duration

The weighted average time until payment of all expected future discounted cashflows, determined based on membership and the financial and demographic assumptions as at the most recent actuarial valuation. The shorter the duration, the more 'mature' the employer.

This page is intentionally left blank