

# Public Document Pack



**Cherwell**

DISTRICT COUNCIL  
NORTH OXFORDSHIRE

**Committee:** Accounts, Audit and Risk Committee

**Date:** Wednesday 20 November 2024

**Time:** 6.30 pm

**Venue:** Bodicote House, Bodicote, Banbury, Oxon OX15 4AA

## Membership

### Chairman - Vacant

Councillor Besmira Brasha

Councillor Nick Cotter

Councillor Ian Middleton

Councillor Dom Vaitkus

Harry Lawson – Independent  
Person (No voting rights)

### Councillor David Rogers (Vice-Chairman)

Councillor Jean Conway

Councillor Nicholas Mawer

Councillor Alisa Russell

Sarah Thompson – Independent Person (No voting  
rights)

## AGENDA

### 1. Appointment of Chairman

To appoint a Chairman for the remainder of the 2024/25 municipal year.

### 2. Appointment of Vice-Chairman (if required)

In the event of the Vice-Chairman being appointed as Chairman, the committee will be required to appoint a new Vice-Chairman.

### 3. Apologies for Absence and Notification of Substitute Members

### 4. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

### 5. Petitions and Requests to Address the Meeting

The Chairman to report on any requests to submit petitions or to address the meeting.

6. **Minutes** (Pages 7 - 12)

To confirm as a correct record the Minutes of the meeting of the Committee held on 25 September 2024.

7. **Chairman's Announcements**

To receive communications from the Chairman.

8. **Urgent Business**

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

9. **Counter Fraud Progress Report** (Pages 13 - 22)

Report of the Assistant Director of Finance (Section 151 Officer)

**Purpose of report**

This report presents an update on the counter fraud work undertaken so far in 2024/25, and asks the Accounts, Audit and Risk Committee to note the progress report.

**Recommendations**

The Accounts, Audit and Risk Committee resolves:

1.1 To note and approve the counter fraud progress report.

10. **Counter Fraud Policy Update Report** (Pages 23 - 68)

Report of Assistant Director of Finance (Section 151 Officer)

**Purpose of report**

This report presents two updated policies, regarding the Counter Fraud and Corruption Policy, and the Anti-Money Laundering Policy, and asks the Accounts, Audit and Risk Committee to approve these policies.

**Recommendations**

The Accounts, Audit and Risk Committee resolves:

1.1 To note and approve the counter fraud and corruption policy.

1.2 To note and approve the anti-money laundering policy.

**11. Internal Audit Progress report 2024-25 (Pages 69 - 80)**

Report of the Assistant Director of Finance (Section 151 Officer)

**Purpose of Report**

This report provides the Accounts, Audit and Risk Committee with an update on delivery of the internal audit work programme for 2024/25, following approval of the programme at the meeting of 29 May 2024.

**Recommendations**

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the progress made in delivering the 2024/25 internal audit work programme.

**12. External Audit Update 2022-2023**

Verbal update from the Head of Finance (Deputy Section 151 Officer).

**13. Risk Monitoring Report Q2 2024-2025 (Pages 81 - 94)**

Report of Assistant Director – Customer Focus

**Purpose of report**

To update the committee on how well the council is managing its Strategic Risks.

**Recommendations**

The Accounts, Audit & Risk Committee resolves:

- 1.1 To note the Risk Monitoring Report for Quarter 2 2024-25.

**14. Housing Management Performance (Pages 95 - 140)**

Report of Assistant Director Wellbeing and Housing

**Purpose of report**

To provide the Committee with an annual report on Housing Management Performance relating to the Council's small stock holding of properties. Specifically, matters that relate to complaints performance in accordance with the Housing Ombudsman's Complaints Handling Code and the wider Social Housing (Regulation) Act.

**Recommendations**

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the content of the report and appendices. The appendices, including the Complaints Handling Code self-assessment, will be published on the Council's website and sent to the Housing Ombudsman as the Council's return for 2023-24.

**15. 2022/23 Final Statement of Accounts (Pages 141 - 308)**

Report of Assistant Director of Finance (Section 151 Officer)

**Purpose of report**

To ask the Committee to note the final 2022/23 Statement of Accounts and the changes that have been made since the draft version which was brought to the Committee at its March 2024 meeting.

**Recommendations**

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the final 2022/23 Statement of Accounts (Appendix 1) and the associated changes between draft and final version.

**16. Financial Management Code - Forecast Self-Assessment Update 2024-25 (Pages 309 - 322)**

Report of Assistant Director of Finance (Section 151 Officer)

**Purpose of report**

To update the Committee that the results of the Council's forecast self-assessment position at February 2025 against the requirements of CIPFA's Financial Management Code show continued strong compliance, demonstrating a resilient and sustainable approach to managing the Council's funds.

**Recommendations**

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the Council's forecast self-assessment position of strong compliance at February 2025 against the requirements of CIPFA's Financial Management Code.

**17. Treasury Management Report - Mid-year review 2024-25 (September 2024) (Pages 323 - 336)**

Report of Assistant Director of Finance (Section 151 Officer)

**Purpose of report**

To provide information on treasury management performance and compliance with treasury management strategy for 2024-25 as required by the Treasury Management Code of Practice.



To demonstrate that all treasury management activities undertaken during the reporting period complied with the CIPFA Code of Practice and the council's approved Treasury Management Strategy.

## **Recommendations**

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the contents of this Treasury Management mid-year review and recommend it be received by Council.

## **18. Work Programme (Pages 337 - 338)**

To consider and review the Work Programme.

**Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.**

## **Information about this Meeting**

### **Apologies for Absence**

Apologies for absence should be notified to [democracy@cherwell-dc.gov.uk](mailto:democracy@cherwell-dc.gov.uk) or 01295 221534 prior to the start of the meeting.

### **Declarations of Interest**

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

### **Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates**

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

### **Evacuation Procedure**

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the car park as directed by Democratic Services staff and await further instructions.

### **Access to Meetings**

If you have any special requirements, such as a large print version of these papers or special access facilities to view a meeting online or attend a meeting in person, please contact the officer named below, giving as much notice as possible before the meeting.

### **Mobile Phones**

Please ensure that any device is switched to silent operation or switched off.

### **Webcasting and Broadcasting Notice**

The meeting will be recorded by the council for live and/or subsequent broadcast on the

council's website. The whole of the meeting will be recorded, except when confidential or exempt items are being considered. The webcast will be retained on the website for 6 months.

If you make a representation to the meeting, you will be deemed by the council to have consented to being recorded. By entering the Council Chamber or joining virtually, you are consenting to being recorded and to the possible use of those images and sound recordings for webcasting and/or training purposes.

The council is obliged, by law, to allow members of the public to take photographs, film, audio-record, and report on proceedings. The council will only seek to prevent this should it be undertaken in a disruptive or otherwise inappropriate manner.

**Queries Regarding this Agenda**

Please contact Patrick Davis, Democratic and Elections [democracy@cherwell-dc.gov.uk](mailto:democracy@cherwell-dc.gov.uk), 01295 221534

**Shiraz Sheikh**  
**Monitoring Officer**

Published on Tuesday 12 November 2024

## **Cherwell District Council**

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

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Bodicote House, Bodicote, Banbury, Oxon OX15 4AA, on 25 September 2024 at 6.30 pm

Present:

Councillor Nick Cotter (Chairman)  
Councillor David Rogers (Vice-Chairman)  
Councillor Ian Middleton  
Councillor Alisa Russell  
Councillor Dom Vaitkus  
Sarah Thompson, Independent Person (no voting rights)

Apologies for absence:

Councillor Besmira Brasha  
Councillor Jean Conway  
Councillor Nicholas Mawer

Also Present:

Councillor Lesley McLean, Deputy Leader and Portfolio Holder for Finance, Regeneration and Property

Officers:

Shiraz Sheikh, Assistant Director Law & Governance and Monitoring Officer  
Joanne Kaye, Head of Finance and Deputy Section 151 Officer  
Natasha Clark, Governance and Elections Manager  
Patrick Davis, Democratic and Elections Officer

#### 31 **Declarations of Interest**

There were no declarations of interest.

#### 32 **Petitions and Requests to Address the Meeting**

There were no petitions or requests to address the meeting.

#### 33 **Minutes**

The Minutes of the meeting of the Committee held on 17 July 2024 were agreed as a correct record and signed by the Chairman.

34 **Chairman's Announcements**

There were no Chairman's announcements.

35 **Urgent Business**

There were no items of urgent business.

36 **Risk Monitoring Report - Q1 2024-2025**

The Assistant Director Customer Focus submitted a report to update the Committee on how well the Council was managing its Strategic Risks.

In introducing the report, the Head of Finance (Deputy Section 151 Officer) advised that there was only one change in the Leadership Risk Register, risk L13 Monitoring and management of Major Infrastructure Projects and Programmes as the residual risk level had decreased in rating from 12 (medium risk) to 9 (low risk). This was due to the mitigating actions that had been put in place such as an increase in the cycle of meetings between Oxfordshire County Council and the Cherwell District Council along with the completion or near completion of the some of the projects. This resulted in a new risk being added to the Risk Register that would cover wastewater treatment capacity, electricity supply at sites in Bicester and transport infrastructure across a number of sites.

**Resolved**

(1) That the Risk Monitoring Report for Quarter 1 2024-25 be noted.

37 **External Audit Update 2022-2023**

The Assistant Director of Finance (Section 151 Officer) submitted a report to update the Committee on developments in relation to the proposed audit backstop for the 2022/23 statement of accounts, to note the draft Letter of Representation, and to seek delegated authority to finalise the accounts with the auditors by the backstop date for the 2022/23 accounts.

In introducing the report, the Portfolio Holder for Finance, Property and Regeneration explained that the previous Government had consulted on a series of backstop dates for the completion for local authorities to address an audit backlog. The new Government had confirmed that it would continue with these proposals. The audits of the council's 2022/23 and 2023/24 statement of accounts would be required to be completed by 13 December 2024 and 28 February respectively.

The Committee was advised that the council's External Auditors for 2022/23, Ernst and Young, had indicated that they would issue a disclaimer opinion for the 2022-23 Statement of Accounts. The Head of Finance advised this did not

affect the value for money commentary work which had been completed and will be reported on alongside the audit opinion.

It was expected that the council's new external auditors, Bishop Fleming, would issue a disclaimer opinion on the 2023/24 Statement of Accounts as a result of the disclaimer on the 2022/23 accounts. Bishop Fleming would not have the assurance over the opening balances in the 2023/24 statement of accounts that they normally would following an unqualified opinion for the previous year. The Head of Finance explained that it was likely the auditors would review selected balances rather than all opening balances. This was an issue that was being addressed by various regulatory bodies in the sector with a view to simplifying the audit process for Local Authorities. The Head of Finance advised that the Council was doing its best to attain an unqualified opinion as soon as possible.

In response to Members' questions regarding the impact of Government changes to the way certain types of assets were accounted for and how this may have affected the delays to audits in the sector, the Head of Finance advised that this was not the main cause of the delays. The Committee were advised that other factors such as the level of detail that external auditors were required to undertake along with issues of recruitment were more significant factors.

### **Resolved**

- (1) That the updated dates proposed by the Ministry for Housing, Communities and Local Government for the audit backstop and the impact of this proposal on the external audit of the council's financial statements be noted.
- (2) That the draft Letter of Representation for 2022/23 be noted.
- (3) That the Assistant Director Finance (S151 Officer), in consultation with the Chair of the Accounts, Audit and Risk Committee (or Deputy Chair in their absence), be authorised to make any further changes to the accounts agreed with the auditors and sign the accounts and it be noted that any further changes would be brought to the Committee's attention at its next meeting following the signing.
- (4) That the Assistant Director of Finance, in consultation with the Chair of the Committee (or Deputy Chair in their absence), be authorised to make any further changes to the letter of representation agreed with the auditors that may arise during completion of the audit and it be noted that any further changes would be brought to the Committee's attention at its next meeting following the signing.

38 **External Audit Update 2023-2024**

The Head of Finance (Deputy Section 151 Officer) provided a verbal update on the External Audit for the 2023-24 accounts. The council's External Auditor, Bishop Fleming, would be on site for approximately eight weeks in mid-November. The Committee was advised that Bishop Fleming was actively working towards the backstop audit date of 28 February 2025 for the 2023-24 financial year.

**Resolved**

- (1) That the External Audit 2023-24 update be noted.

39 **Monitoring Officer Report including LGSCO Ombudsman Annual Report**

The Assistant Director Law and Governance and Monitoring Officer submitted a report to provide the Committee with an annual report on matters relating to standards and conduct of Members within the Cherwell District at District and Parish level, complaints made to the Local Government Ombudsman and other matters for the municipal year of 2023/2024.

In introducing the report, the Assistant Director Law and Governance and Monitoring Officer explained that it was incumbent on the Monitoring Officer to report on the functions for which he was responsible, including Code of Conduct matters.

The Committee was advised that none of the complaints raised had led to detailed investigations as the complaints had been dealt with at the initial stage and that ethical standards across the district including Parish and Town councils remained good.

With regard to the Local Government and Social Care Ombudsman Annual Report, the Committee was advised that one complaint had been upheld by the Ombudsman but overall there were no serious concerns raised by the report.

In response to a question regarding comparative data in the Local Government and Social Care Ombudsman Annual Report, the Assistant Director Law and Governance and Monitoring Officer advised that the figure of 100% complaints upheld was higher than the national average of 63% due to the fact there was only one complaint.

**Resolved**

- (1) That the Monitoring Officer report including the Local Government and Social Care Ombudsman Annual Report be noted and it be noted it would be circulated to all Town and Parish Councils in the district for information.

40

## **Work Programme**

The Head of Finance provided an update on the Committee's work programme.

## **Resolved**

- (1) That the work programme update be noted.

The meeting ended at 6.55 pm

Chairman:

Date:

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<b>This report is public</b>	
<b>Counter Fraud Progress Report</b>	
<b>Committee</b>	Accounts, Audit and Risk Committee
<b>Date of Committee</b>	20 November 2024
<b>Portfolio Holder presenting the report</b>	Deputy Leader of the Council and Portfolio Holder for Finance, Regeneration and Property, Councillor Lesley McLean.
<b>Date Portfolio Holder agreed report</b>	8 November 2024
<b>Report of</b>	Assistant Director of Finance, Michael Furness

## Purpose of report

This report presents an update on the counter fraud work undertaken so far in 2024/25, and asks the Accounts, Audit and Risk Committee to note the progress report.

## 1. Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note and approve the counter fraud progress report.

## 2. Executive Summary

- 2.1 The council's counter fraud service is delivered by Veritau. The counter fraud progress report for 2024/25 (contained in appendix 1) should be noted by this committee as part of its responsibility for overseeing the work of the counter fraud team.

## Implications & Impact Assessments

<b>Implications</b>	<b>Commentary</b>
<b>Finance</b>	There are no financial implications arising directly from this report. Joanne Kaye, Head of Finance 11 November 2024
<b>Legal</b>	There are no direct legal implications arising from this report. Shahin Ismail, Interim Head of Legal, 08 November 2024
<b>Risk Management</b>	There are no risk implications arising directly as a consequence of this report. Updating aforementioned policies constitute a mitigating action ensures compliance and that effective process are in place to prevent and address possible fraud and corruption Celia Prado-Teeling, Performance & Insight Team Leader, 07 November 2024

<b>Impact Assessments</b>	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equality Impact</b>		X		There are no equalities implications as a direct consequence of this report. All policies are developed in line with our Equalities, Diversity and Inclusion Framework. Celia Prado-Teeling, Performance & Insight Team Leader, 07 November 2024
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		N/A
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		N/A
<b>Climate &amp; Environmental Impact</b>		X		N/A
<b>ICT &amp; Digital Impact</b>		X		N/A
<b>Data Impact</b>			X	The counter fraud team will ensure that the council meets statutory guidance relating to the provision of data to the Public Sector Fraud Authority's National Fraud Initiative. Sarah Butler, Corporate Fraud Manager, 28 October 2024.
<b>Procurement &amp; subsidy</b>		X		N/A
<b>Council Priorities</b>	This report supports the priorities set out in the 2024/25 business plan. The counter fraud team seeks to protect council income and assets so they can help fund the objectives of the business plan. The team also supports the council's specific goal to reduce crime which forms part of its overall goal to promote healthy, resilient, and engaged communities.			
<b>Human Resources</b>	N/A			
<b>Property</b>	N/A			
<b>Consultation &amp; Engagement</b>	N/A			

## Supporting Information

### 3. Background

- 3.1 With effect from 1 May 2024, Cherwell District Council's counter fraud service has been provided by Veritau Limited. On 1 November 2024, the Council became a member of Veritau Public Sector Limited (VPS) and has entered into a long-term contract to deliver counter fraud services. This report summarises progress with delivery of the 2024/25 work programme.

### 4. Details

- 4.1 The counter fraud progress report in appendix 1 details fraud work undertaken in 2024/25 up to 25 October 2024.

### 5. Alternative Options and Reasons for Rejection

- 5.1 The nature of this report is such that alternative options are not appropriate.

### 6 Conclusion and Reasons for Recommendations

- 6.1 The Accounts, Audit and Risk Committee is recommended to note the counter fraud progress report. This is so that it can fulfil its responsibility for overseeing the work of the counter fraud team. This responsibility is defined in the committee's terms of reference.

### Decision Information

<b>Key Decision</b>	N/A
<b>Subject to Call in</b>	N/A
<b>If not, why not subject to call in</b>	N/A
<b>Ward(s) Affected</b>	All

### Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	Counter Fraud Progress Report 2024/25

<b>Background Papers</b>	None
<b>Reference Papers</b>	None
<b>Report Author</b>	Sarah Butler, Corporate Fraud Manager (Veritau)
<b>Report Author contact details</b>	<a href="mailto:Sarah.Butler@veritau.co.uk">Sarah.Butler@veritau.co.uk</a> 01904 554627
<b>Corporate Director Approval (unless Corporate Director or Statutory Officer report)</b>	Report of Statutory Officer, Section 151 Officer

# Counter Fraud Progress Report 2024/25

Date: 20 November 2024

APPENDIX 1

## CONTENTS

- 3** Background
- 3** Counter Fraud Management
- 4** Multi-Agency Work
- 5** Investigative Work

## Background

- 1 Fraud is a significant risk to the public sector. The government estimated that between £33.2 and £58.8 billion of public spending was lost to fraud in 2020/21.<sup>1</sup> Financial loss due to fraud can reduce a council's ability to support public services and cause reputational damage.
- 2 The Council engages Veritau to undertake counter fraud work on its behalf. We employ qualified criminal investigators to deliver a range of work that helps the authority prevent, detect, and deter fraud and related criminality. This includes officer training to help prevent fraud, proactive identification of issues through data matching exercises, and investigation of suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The purpose of this report is to update the Accounts, Audit and Risk Committee on counter fraud activity undertaken between 1 May and 25 October 2024.

## COUNTER FRAUD MANAGEMENT

- 4 The Council engaged Veritau to deliver its counter fraud service from May 2024 taking over from Oxfordshire County Council. The counter fraud team has initially focused on establishing good working relationships with Council teams. In particular, the team has engaged with the Revenues and Benefits Team, which is where the majority of fraud referrals will relate to. The team have had two productive visits to Bodicote House, including attending team meetings to introduce our fraud service and to provide fraud awareness training for Council employees.
- 5 Working with the IT department to get counter fraud officers access to the Council's network and key systems has been our first priority. Our team has also received training from Council staff in how to use these systems.
- 6 Engagement with the public is important as they are often well placed to report suspicions of fraud. The Council's website has been updated, to reflect the new counter fraud arrangements, including Veritau's freephone fraud hotline number. All residents will receive an anti-fraud message on their council tax bills early next year which will encourage them to report fraud via the fraud hotline, email address, or through the council's website.<sup>2</sup>
- 7 Fraud awareness training was provided to the Finance Team in September alerting them to common scams which could affect the Council. This included training to identify mandate and whaling invoice scams, as well as false indemnity and stolen card refund scams, all of which are known to be

<sup>1</sup> [Tackling fraud and corruption against Government](#), HM Treasury / Cabinet Office, published March 2023.

<sup>2</sup> Members of the public can report fraud on 0800 9179247, [counter.fraud@veritau.co.uk](mailto:counter.fraud@veritau.co.uk) and [www.cherwell.gov.uk/info/27/housing-benefits/22/report-fraud](http://www.cherwell.gov.uk/info/27/housing-benefits/22/report-fraud).

affecting local authorities. Mandate and whaling frauds occur where a fraudster impersonates a legitimate supplier (mandate fraud) or senior staff member (whaling fraud), usually via email. The fraud occurs when the employee is persuaded to make an urgent payment, or to change the receiving bank account for an upcoming payment, as they are unaware that they have been corresponding with a fraudster and not a legitimate supplier or colleague.

- 8 The team has reviewed and proposed updates to the Council's Corruption and Counter Fraud Policy, and the Anti-Money Laundering policy. This is to bring the policies in line with updated reporting arrangements and current best practice.
- 9 In May, Veritau represented council partners, including Cherwell District Council, in a meeting with the Government's Public Sector Fraud Authority (PSFA) leadership team and Baroness Neville-Rolfe, Minister of State (Cabinet Office) for the last government. The meeting brought together large Local Authority counter fraud services to share best practice and increase collaboration between Local Authorities and Government to combat public sector fraud. Cherwell District Council was named in the Government's press release as one of its "trailblazing" local authorities who are "who are leading the way in countering frauds".<sup>3</sup>



## MULTI-AGENCY WORK

- 10 The National Fraud Initiative data matching exercise, conducted by the PFSA, takes place every two years. The latest exercise commenced in October. The counter fraud team has reviewed Council privacy notices, to ensure compliance with relevant data protection legislation and best practice, which is required by the PFSA before matching takes place. Data collection from Council teams took place in early October. Data match results will be released by the PFSA in spring 2025.
- 11 The counter fraud team have met with the Department for Work and Pensions (DWP) to set up arrangements to undertake joint working investigations. Recipients of Council Tax Reduction Scheme (CTRS) may also be claiming passported benefits from the DWP, which in turn affects how much CTRS they are entitled to receive from the Council. Therefore, it is beneficial to work with the DWP to ensure that fraud against both organisations is dealt with efficiently and effectively.
- 12 As part of the DWP's arrangements for investigating Housing Benefit offences, the counter fraud team regularly responds to DWP information requests.

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<sup>3</sup> ["Trailblazing" councils save millions working with government counter fraud squad](#), HM Government



## INVESTIGATIVE WORK

- 13 Investigative work is currently at an early stage, with the team's main focus on setting up investigative procedures and triaging incoming referrals.
- 14 The counter fraud team has received 68 referrals, predominantly from members of the public and Council staff. All referrals are reviewed, first to establish whether there is any likely fraud occurring against the Council and then to assess the potential loss and scale of the alleged fraud. Cases where the value of the alleged fraud is high will be prioritised by the team. Referrals are not put forward for investigation when there is no benefit claim or discount, or if the concern raised affected another authority.
- 15 Of the 68 referrals, nine are still under review, and nineteen referrals have been passed for further investigation. Forty referrals were not accepted for investigation for reasons including that the reported concern affected another organisation, such as the DWP, or the person was not receiving any discount or financial support from the Council.
- 16 Eight cases have been assigned to investigators and are under investigation, and the remainder are ready to be assigned to investigators. These investigations include allegations of fraudulent applications and failure to disclose relevant changes in circumstances relating to Single Person's Discount, the Empty homes Council Tax premium and CTRS.
- 17 Two investigations have been completed; in the first case an attempt to defraud the council was prevented, and in the second case, no fraud was found.

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<b>This report is public</b>	
<b>Counter Fraud Policy Update Report</b>	
<b>Committee</b>	Accounts, Audit and Risk Committee
<b>Date of Committee</b>	20 November 2024
<b>Portfolio Holder presenting the report</b>	Deputy Leader of the Council and Portfolio Holder for Finance, Property and Regeneration, Councillor Lesley McLean.
<b>Date Portfolio Holder agreed report</b>	08 November 2024
<b>Report of</b>	Assistant Director of Finance, Michael Furness

## Purpose of report

This report presents two updated policies, regarding the Counter Fraud and Corruption Policy, and the Anti-Money Laundering Policy, and asks the Accounts, Audit and Risk Committee to approve these policies.

## 1. Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note and approve the counter fraud and corruption policy.
- 1.2 To note and approve the anti-money laundering policy.

## 2. Executive Summary

- 2.1 It is good practice for councils to regularly review policies relating to risks of fraud and corruption. A review of current policies has recently been completed by the Council's counter fraud team (provided by Veritau). Two revised counter fraud policies (a Counter Fraud and Corruption Policy and Anti-Money Laundering Policy) have been prepared.

## Implications & Impact Assessments

<b>Implications</b>	<b>Commentary</b>
<b>Finance</b>	There are no financial implications arising directly from this report. Joanne Kaye Head of Finance 11 November 2024
<b>Legal</b>	The changes to the policies provide greater clarity on how these important policies will operate, and are welcomed. Shahin Ismail, Interim Head of Legal, 12 November 2024
<b>Risk Management</b>	There are no risk implications arising directly as a consequence of this report. Updating aforementioned policies constitute a

	mitigating action ensures compliance and that effective process are in place to prevent and address possible fraud and corruption Celia Prado-Teeling, Performance Leader, 07 November 2024			
<b>Impact Assessments</b>	Positive	Neutral	Negative	Commentary
<b>Equality Impact</b>		X		There are no equalities implications as a direct consequence of this report. All policies are developed in line with our Equalities, Diversity and Inclusion Framework. Celia Prado-Teeling, Performance & Insight Team Leader, 07 November 2024
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		N/A
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		N/A
<b>Climate &amp; Environmental Impact</b>		X		N/A
<b>ICT &amp; Digital Impact</b>		X		N/A
<b>Data Impact</b>			X	N/A
<b>Procurement &amp; subsidy</b>		X		N/A
<b>Council Priorities</b>	This report supports the priorities set out in the 2024/25 business plan. The counter fraud team seeks to protect council income and assets so they can help fund the objectives of the business plan. The team also supports the council's specific goal to reduce crime which forms part of its overall goal to promote healthy, resilient, and engaged communities.			
<b>Human Resources</b>	N/A			
<b>Property</b>	N/A			
<b>Consultation &amp; Engagement</b>	N/A			

## Supporting Information

### 3. Background

- 3.1 The Counter Fraud and Corruption Policy sets out the Council's approach for preventing, detecting, and deterring fraud. Furthermore, it sets out the decision-making process for cases where fraud or corruption has been found to have been committed against the Council.
- 3.2 The Anti-Money Laundering Policy describes how money laundering may affect the Council and the arrangements in place for reporting any suspicions. The Council has obligations under legislation to take action when concerns relating money laundering are raised. The action taken should be both considered and timely. If action is delayed or does not take place, then the Council can suffer financial and reputational damage.

### 4. Details

- 4.1 The Council's Anti-Fraud and Anti-Corruption Strategy was last updated in July 2021, and its Anti-Money Laundering Policy and Procedures was last updated in July 2020. A review of the current strategies has been undertaken by Veritau. A number of updates are proposed to meet current best practice.
- 4.2 The proposed changes for the revised Counter Fraud and Corruption Policy include:
- Updating the contact information for reporting allegations of fraud to reflect the Council's new counter fraud provider, and relevant changes in government departments.
  - A clearer distinction in investigatory procedures regarding criminal and civil investigations versus investigating whistleblowing referrals.
  - A standalone policy regarding anti-bribery procedures.
  - Providing the decision-making framework for investigation outcomes, including criminal prosecutions.
- 4.3 The proposed changes for the revised Anti-Money Laundering Policy include:
- Providing a clearer reporting process to ensure all concerns are raised with the Money Laundering Reporting Officer (MLRO).
  - Providing an updated Suspicious Activity Reporting (SAR) Form.

### 5. Alternative Options and Reasons for Rejection

- 5.1 The nature of this report is such that alternative options are not appropriate.

### 6 Conclusion and Reasons for Recommendations

- 6.1 The Accounts, Audit and Risk Committee is recommended to note and approve the revised policies.

## Decision Information

<b>Key Decision</b>	N/A
<b>Subject to Call in</b>	N/A
<b>If not, why not subject to call in</b>	N/A
<b>Ward(s) Affected</b>	All

## Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	Counter Fraud and Corruption Policy
<b>Appendix 2</b>	Anti-Money Laundering Policy
<b>Background Papers</b>	None
<b>Reference Papers</b>	None
<b>Report Author</b>	Sarah Butler, Corporate Fraud Manager (Veritau)
<b>Report Author contact details</b>	<a href="mailto:Sarah.Butler@veritau.co.uk">Sarah.Butler@veritau.co.uk</a> 01904 554627
<b>Corporate Director Approval (unless Corporate Director or Statutory Officer report)</b>	Report of Statutory Officer, Section 151 Officer



# **COUNTER FRAUD AND CORRUPTION POLICY**

**Incorporating the Fraud and Corruption  
Prosecution Policy and the Anti-Bribery  
Policy**

## **1 Introduction**

- 1.1 Fraud committed against the Council represents the theft of taxpayer's money. It is unlawful and deprives the Council of resources which should be available to provide services to the public. The Council must have effective measures in place to counter risks of fraud and corruption, to help reduce losses and to minimise the impact on services.
- 1.2 This document sets out the Council's policy on countering fraud and corruption risks. It includes overall arrangements and responsibilities for preventing, detecting and deterring fraud. It includes the Fraud and Corruption Prosecution Policy at Annex A and the Anti-Bribery Policy at Annex B. It forms part of the Council's overall policy framework for combating fraud and corruption and should be read in conjunction with other relevant guidance and policies including the following.
- The Constitution
  - Financial Procedure Rules
  - Procurement and Contract Procedure Rules
  - Whistleblowing Policy
  - Anti-Money Laundering policy
  - Disciplinary Procedures

## **2 Definitions and Scope**

- 2.1 For the purpose of this policy, the term fraud is used broadly to encompass:
- acts which would fall under the definition in the Fraud Act (2006)
  - anything which may be deemed fraudulent in accordance with the generally held view of fraud as causing loss or making a gain at the expense of someone by deception and dishonest means
  - any offences which fall under the Council Tax Reduction Schemes Regulations (2013) and the Prevention of Social Housing Fraud Act (2013)
  - any act of bribery or corruption including specific offences covered by the Bribery Act (2010)
  - acts of theft
  - any other irregularity which is to the detriment of the Council whether financially or otherwise, or by which someone gains a benefit they are not entitled to.
- 2.2 This policy does not cover fraud or corruption against third parties, except in circumstances where there may also be a detriment to the Council. It does not cover other acts – for example offences involving violence – which may affect the Council, which in most cases should be reported directly to the police.



### **3 Principles**

- 3.1 The Council will not tolerate fraud or corruption in the administration of its responsibilities, whoever commits it. This includes, for example:
- councillors
  - officers
  - customers receiving services
  - third party organisations contracting with the Council
  - organisations or individuals receiving funding or services from the Council
  - any other agencies the Council has business dealings with
- 3.2 There is a basic expectation that councillors, employees, and contractors' staff will act with integrity and with due regard to matters of probity and propriety. All representatives of the Council are required to act lawfully and comply with all rules, procedures and practices set out in legislation, the Constitution, the Council's policy framework, and all relevant professional and other codes of practice.
- 3.3 The Council will seek to assess its exposure to risks of fraud and corruption. It will prioritise resources available to prevent and deter fraud to help minimise this risk.
- 3.4 The Council will take all allegations and suspicions of fraud seriously, regardless of the source. It will consider any issues raised and if appropriate will undertake an investigation to confirm whether fraud has occurred and determine appropriate outcomes. Investigations undertaken will be proportionate to the circumstances of the issues raised. The Council may refer any incident of suspected fraud to the police or other agencies for investigation, where appropriate.
- 3.5 To act as a deterrent, the Council will take action in all cases where fraud (or an attempt to commit fraud) is proven, in proportion to the act committed and through any appropriate route. This may include prosecution, application of internal disciplinary procedures, referral under relevant codes of conduct or to a professional body, or any other action appropriate to the offence. Prosecution decisions will be made in accordance with the Fraud and Corruption Prosecution Policy which is contained in annex A.
- 3.6 As a further deterrent, and to minimise losses, the Council will attempt to recover any losses incurred through civil or legal action. In addition, the Council will seek to apply any appropriate fines or penalties, and recover any costs incurred in investigating and prosecuting cases.

- 3.7 The Council will not tolerate any form of bribery. This includes bribes offered to or by employees, councillors, or suppliers. Any act of bribery puts the Council at risk of committing a criminal offence. Further details about the Council's measures to prevent and detect bribery are contained in the Anti-Bribery Policy which is attached at annex B.

#### **4 Responsibilities**

- 4.1 Overall responsibility for counter fraud arrangements rests with the Assistant Director of Finance (Section 151 officer) on behalf of the Council. The Assistant Director of Finance has a responsibility for ensuring the Council has appropriate measures for the prevention and detection of fraud and corruption.
- 4.2 The Accounts, Audit and Risk Committee has a responsibility to consider the effectiveness of counter fraud and anti-corruption arrangements at the Council. This includes monitoring of Council policies on raising concerns at work and countering the risks of fraud and corruption.
- 4.3 The Corporate Leadership Team are collectively responsible for ensuring that the Council has effective counter fraud and corruption procedures; that these comply with best practice and good governance standards; and that they are embedded across the organisation.
- 4.4 Veritau (who provide internal audit and counter fraud services to the Council) is responsible for reviewing the Council's counter fraud and corruption policies on a regular basis and recommending any changes needed. In addition, Veritau leads on fraud prevention and detection for the Council and is responsible for investigating suspected cases of fraud or corruption. The internal audit team carries out audit work to ensure that systems of control are operating effectively. This helps to reduce opportunities for fraud to be committed.
- 4.5 All managers are responsible for preventing and detecting fraud in their service areas. This includes maintaining effective systems of control and ensuring that any weaknesses identified are addressed promptly.
- 4.6 The Assistant Director of Finance (s151 Officer) is the Council's nominated officer for the purposes of Money Laundering Regulations.
- 4.7 All staff should be aware that fraud and corruption is a threat to the Council and are required to report any suspicions of fraud to Veritau. Where appropriate, staff can use the Whistleblowing Policy to raise concerns anonymously.

- 4.8 Officers within HR are responsible for supporting service departments when pre-disciplinary investigations are required, or disciplinary processes are to be applied.

## **5 Overall Counter Fraud Arrangements**

### **Introduction**

- 5.1 The purpose of this section is to set out the Council's overall framework for countering the risks of fraud and corruption. The Council aims to follow best practice in countering fraud risks<sup>1</sup>, but recognises that new and emerging fraud risks require a dynamic approach to fraud prevention and detection.

### **Measurement**

- 5.2 The Council will assess potential risks and losses due to fraud and corruption. It will use this information to prioritise counter fraud activity and determine the resources needed to mitigate those risks. A summary of fraud risks and proposed counter fraud activity will be reported to the Accounts, Audit and Risk Committee on an annual basis.

### **Culture**

- 5.3 The Council will promote a culture where all employees, councillors, service users, and contractors are aware that fraud or corruption in any form is unacceptable. To do this, it will:
- ensure that there are clear arrangements in place for anyone to report suspicions of fraud or corruption (including employees, councillors, partners, contractors, the public or any other stakeholders)
  - investigate suspicions reported and take appropriate action wherever evidence of fraud or corruption is found
  - ensure that the consequences of committing or taking part in fraud or corruption are widely publicised.

### **Prevention and Detection**

#### Controls

- 5.4 As part of normal operations the Council aims to ensure that proper systems of internal control are in place. This includes controls that can directly prevent and detect fraud. For example, separation of duties, management review, vetting as part of recruitment processes, and

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<sup>1</sup> For example the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

systems for declaring interests or gifts and hospitality. The effectiveness of the systems of control are monitored by internal audit and reported to the Accounts, Audit and Risk Committee.

- 5.5 Services will be encouraged to consider the risk of fraud as part of the Council's risk management process. Any information on risks identified will be used to inform the annual review of counter fraud activity.

#### Proactive Work

- 5.6 The Council will carry out targeted project work (for example data matching exercises) to identify fraud and corruption in known high risk areas. This work will be carried out by Veritau as part of its annual work plan. Resources will be prioritised based on an annual assessment of fraud and corruption risks. Work may include joint exercises with other agencies, including other councils.
- 5.7 The Council will take part in projects led by other agencies that can help to identify potential fraud and corruption – for example the Public Sector Fraud Authority's National Fraud Initiative. Resources will be allocated to take part in these exercises and to follow up any high risk data matches identified. Veritau will support service departments to ensure data is available to be used for matching exercises – for example advising on data protection considerations.

#### Relationships

- 5.8 The Council will establish and maintain relationships with external agencies that can help it prevent and detect fraud. These include:
- the police
  - the courts
  - the Cabinet Office
  - the Department for Housing, Communities and Local Government
  - the Public Sector Fraud Authority
  - the Department for Work and Pensions
  - other councils
  - other public sector organisations (eg housing associations)
  - charities, community and voluntary groups.
- 5.9 Veritau will work with Council departments to ensure that systems for reporting and investigating suspected fraud and corruption are robust.
- 5.10 Members of staff should report concerns of fraud to the counter fraud hotline on 0800 9179247 or by email to [counter.fraud@veritau.co.uk](mailto:counter.fraud@veritau.co.uk).

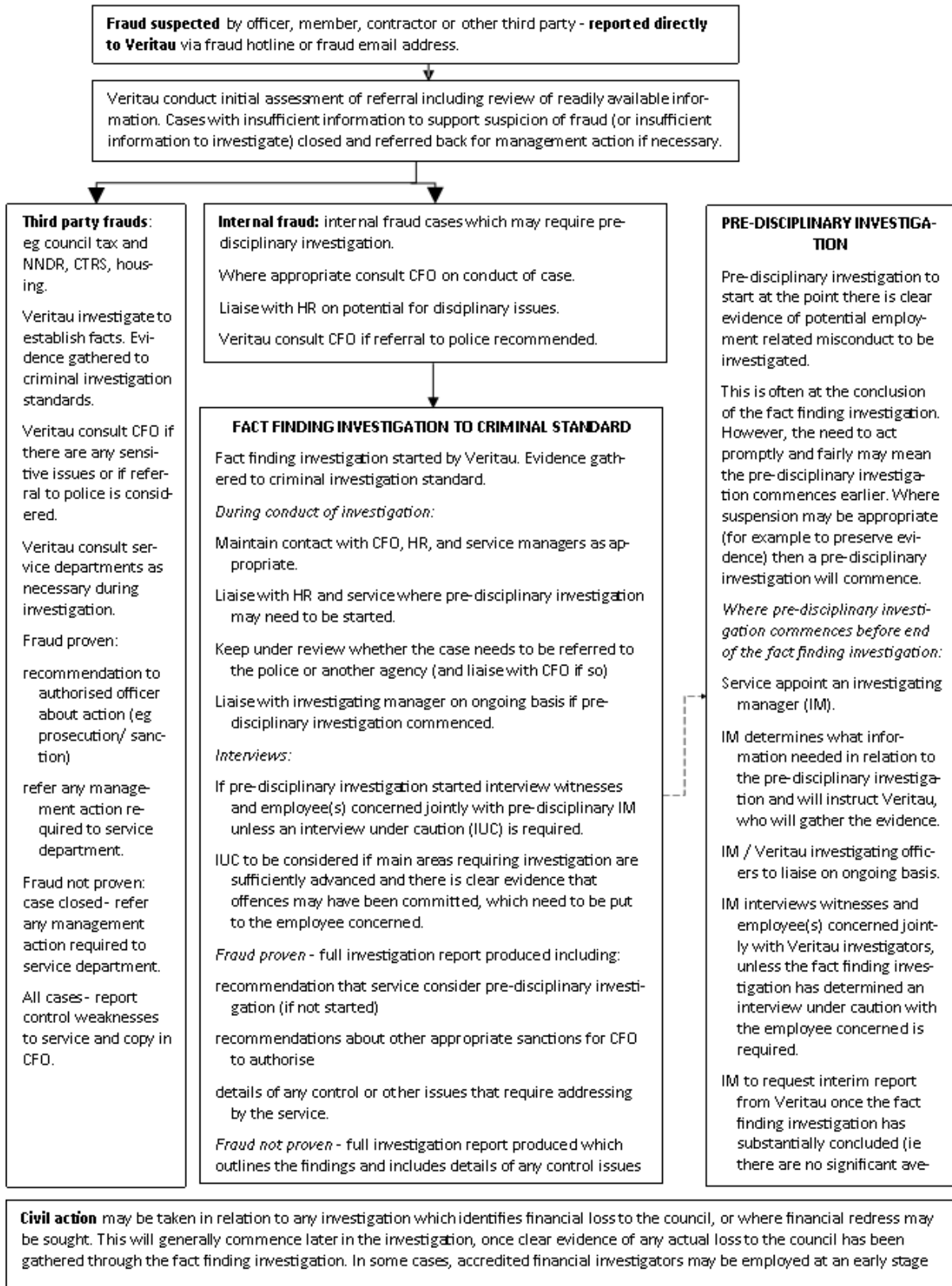
### Fraud Awareness Training

- 5.11 As part of the annual counter fraud workplan, Veritau will provide targeted fraud awareness training to groups of staff in areas at higher risk of fraud and corruption.

### Investigation

- 5.12 Suspected cases of fraud, corruption, theft, or other irregularities considered a high risk will be investigated. The nature of the investigation will depend on the circumstances of each case. Any suspected fraud should be reported to Veritau in the first instance. Veritau will assess all cases referred and provide advice on whether other agencies should be notified (such as the police). In more complex cases, the extent of investigation required will be decided in consultation with the Assistant Director of Finance (s151 Officer), Assistant Director of Law and Governance and Democratic Services and Monitoring Officer, service department, and HR, as appropriate. Where necessary, Veritau may refer cases to other agencies (for example the police) at the discretion of the Head of Internal Audit. Figure 1 overleaf outlines the fraud referral and investigation process.
- 5.13 All staff involved in the investigation of fraud will be appropriately trained. They will be required to comply with any relevant legislation and codes of practice. For example, the Police and Criminal Evidence Act (PACE), Regulation of Investigatory Powers Act (RIPA), the UK General Data Protection Regulation (UK GDPR), Data Protection Act 2018, the Criminal Procedure and Investigations Act (CPIA), and any relevant guidance from the Attorney General. Investigators will consider the individual circumstances of anyone subject to investigation; adjustments to procedure will be made where necessary to ensure that all parties are treated equitably (where it is appropriate and reasonable to do so).
- 5.14 Every investigation will consider whether weaknesses in controls have contributed to the fraud or error occurring, in addition to other objectives. Where needed, recommendations to improve controls will be made.
- 5.15 The Head of Internal Audit will ensure that systems for investigating fraud are reviewed on an ongoing basis, to ensure that they remain up to date and comply with best practice.

**Figure 1: Cherwell District Council investigation process**



### Publicity

- 5.16 Targeted publicity will be used to raise awareness of fraud risks to employees, councillors, the public, and other agencies. This will include internal and external publicity. The aim of this will be to ensure that stakeholders:
- are alert to the risks of fraud and corruption
  - know how to report suspicions of fraud
  - are aware of the Council's zero tolerance approach to fraud and corruption.
- 5.17 The Council will publicise all successful prosecutions by itself or by partner organisations, to act as a deterrent against future fraud.
- 5.18 Members of public can report concerns of fraud to the counter fraud hotline on 0800 9179247, by email to [counter.fraud@veritau.co.uk](mailto:counter.fraud@veritau.co.uk) or via the Council's Report Fraud form on its website.

### Recovery of Monies

- 5.19 Fraud and corruption will generally result in a loss to the Council or additional costs being incurred. Where this is the case, the Council will seek to recover its loss (or costs) from the individual or organisation responsible. This action helps to reduce the financial impact of fraud and acts as a deterrent. As a further deterrent, the Council will seek to apply any appropriate fines or penalties where it is possible and desirable to do so.
- 5.20 Methods of recovery include (but are not limited to):
- civil enforcement through the courts
  - recovery from assets held by the organisation or individual using the Proceeds of Crime Act or other relevant legislation
  - recovery from salary payments for Council employees
  - recovery from pension benefits for members of the LGPS
  - petitioning for bankruptcy if appropriate.

## **6 Monitoring & Review Arrangements**

- 6.1 The arrangements set out in this policy will be reviewed on an annual basis as part of the counter fraud workplan. If required, updates will be presented to the Accounts, Audit and Risk Committee.

**POLICY APPROVED 20 November 2024**



DISTRICT COUNCIL  
NORTH OXFORDSHIRE

# **FRAUD AND CORRUPTION PROSECUTION POLICY**



## **1 Scope and Purpose**

- 1.1 The Council is committed to deterring fraud and corruption and recovering public funds. The decision to prosecute an individual is always a serious matter; however fair and effective enforcement is essential in protecting the Council from fraud.
- 1.2 Prosecution has a serious effect on suspects, witnesses, victims, and the public, so it is essential that the Council makes fair, consistent, and timely decisions in all cases. Where appropriate, lesser sanctions can be considered instead of prosecution.
- 1.3 This policy sets out the decision-making process for those cases where fraud or corruption has been found to have been committed against the Council.<sup>2</sup> Decisions should be fair, appropriate, and in the best interests of both the public and the Council.
- 1.4 The policy is based on principles set out in the Crown Prosecution Service's [Code for Crown Prosecutors](#).

## **2 Principles**

- 2.1 All decisions on intended prosecutions should be transparent and independent from the investigating officer(s) involved in the case. Any decision to prosecute should only be made after a review by appropriate officers and be authorised by a senior council officer. All decisions and the reasons for them should be properly documented.
- 2.2 When making decisions on prosecutions, officers must be fair and objective. They must not let any personal views about the ethnic or national origin, gender, disability, age, religion or belief, sexual orientation or gender identity of the suspect, defendant, victim or any witness influence their decisions. Neither must they be motivated by political considerations. In prosecuting individuals, the Council must always be acting in the interests of justice and not solely for the purpose of obtaining a conviction. Decisions should be consistent with Council policy and the law on equalities and human rights. The circumstances of the offence and any mitigation offered by the offender should be taken into consideration when making a decision.
- 2.3 The consistent application of the policy will help ensure that those who have perpetrated fraud and corruption are appropriately penalised. It will also act as a meaningful deterrent to those who are contemplating

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<sup>2</sup> This policy does not cover internal disciplinary procedures which are the subject of separate policies, nor does it cover offences other than fraud and corruption which are dealt with by relevant service departments under other policies and specific legal powers.

committing fraud or corruption. The Council recognises the deterrent value of good publicity and therefore information regarding successful prosecutions and sanctions will be made public.

- 2.4 Staff and members who are found to have committed fraud or corruption against the Council may be prosecuted in addition to such other action(s) that the Council may decide to take, including disciplinary proceedings in the case of staff, and referral to The Standards Committee in the case of members. Any decision not to prosecute a member of staff for fraud and corruption does not preclude action being taken in accordance with the Council's disciplinary procedures or other policies.
- 2.5 Irrespective of the action taken to prosecute the perpetrators of fraud and corruption, the Council will take whatever steps necessary to recover any losses incurred, including taking action in the civil courts.

### **3 Prosecution**

- 3.1 Local authorities are granted the power to prosecute under the Local Government Act 1972 (section 222). The legislation states that these powers should only be used for "the promotion or protection of the interests of the inhabitants of their area".
- 3.2 Not every contravention of the law should be considered for prosecution. The Council should weigh the seriousness of the offence alongside other relevant factors, including the circumstances of the offender, the level of any financial loss to the Council, mitigating circumstances and other public interest criteria.
- 3.3 A prosecution should only be considered if the investigation has passed two tests: the evidential test and the public interest test.
- 3.4 To pass the evidential test, authorised officers must be satisfied that there is a realistic prospect of conviction based on the available evidence (that is, there must be sufficient admissible, substantial and reliable evidence to secure a conviction). They should also consider what the defence case may be, and how it is likely to affect the prospects of conviction.
- 3.5 In deciding whether there is sufficient evidence to prosecute, the Council should consider the following questions:
- Is the evidence admissible in court
  - Is the evidence reliable
  - Is the evidence credible

- Is there any unused or unexamined material that might undermine the proposed charges
- Is there any additional evidence that could be obtained through further reasonable lines of enquiry?

3.6 Where there is sufficient evidence to justify a prosecution, authorised officers should consider whether a prosecution is required in the public interest. They should consider:

- How serious is the offence committed
- What is the level of culpability of the suspect
- What are the circumstances of, and harm caused to the victim
- What was the suspect's age and maturity at the time of the offence
- What is the impact on the community
- Is prosecution a proportionate response
- Do sources of information require protecting?

3.7 Where an investigation is found to meet the evidential test, but not the public interest test consideration should be given to lesser sanctions such as a formal written warning or a financial penalty (where appropriate).

3.8 Investigating officers and prosecutors will review the appropriateness of pre-charge engagement where prosecution is considered. This is likely to occur where such engagement may lead the defendant to volunteer additional information that may identify new lines of inquiry. Pre-charge engagement may be instigated by the investigating officer, the Council prosecutor, the defendant's representative or a defendant themselves (if unrepresented).

## **4 Alternatives to Prosecution**

4.1 If a case is considered strong enough for prosecution but there are mitigating circumstances which cast a doubt as to whether a prosecution is appropriate then the Council may consider the offer of a sanction instead. The sanctions available are:

- a formal caution
- a written warning
- a financial penalty – only to be used for Council Tax Support cases (see 4.5).

### **Formal Cautions**

4.2 A formal caution can be given to a person who has committed an offence, as an alternative to prosecution in certain circumstances. All warnings are recorded internally and kept for six years. If a person who

has received a formal caution re-offends then this will influence the decision on whether to prosecute or not.

4.3 For less serious offences a formal caution will normally be considered where all of the following apply:

- there is no significant public interest in prosecuting
- it was a first offence, and
- a financial penalty is not considered to be appropriate (for Council Tax Support offences).

Only in very exceptional circumstances will a further warning be issued for a second or subsequent offence of the same nature.

4.4 Offenders will usually be asked to attend the Council's offices to receive the formal cautions in person. For more minor offences an advisory letter can be issued by post.

### **Financial Penalties**

4.5 In cases of Council Tax Support fraud, legislation allows for a financial penalty to be offered to offenders as an alternative to prosecution.<sup>3</sup> The penalty is set at 50% of the amount of the excess reduction, subject to a minimum of £100 and a maximum of £1,000. Once a penalty is accepted, the claimant has 14 days to consider their decision.

4.6 Subject to the criteria set out in the guidelines below, a financial penalty will normally be offered by the Council in the following circumstances:

- the council believes that there is sufficient evidence to prosecute
- it was a first offence or a previous offence was dealt with by way of a formal warning, and
- in the opinion of the Council, the circumstances of the case mean it is not overwhelmingly suitable for prosecution, and
- the claimant has the means to repay both the overpayment and the penalty, and
- there is a strong likelihood that both the excess reduction and the penalty will be repaid.

4.7 It is important to note that the claimant does not need to have admitted the offence for a financial penalty to be offered. Financial penalties will be administered by authorised officers. If a financial penalty is not accepted or the acceptance is later withdrawn then the Council will usually consider the case for prosecution. In such cases the court will be

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<sup>3</sup> [The Council Tax Reduction Schemes \(Detection of Fraud and Enforcement\) \(England\) Regulations 2013](#)

informed that the defendant was offered a penalty but declined to accept it.

## **5 Proceeds of Crime Act 2002 (POCA)**

- 5.1 In addition to the actions set out in this policy, the Council reserves the right to refer all suitable cases for financial investigation with a view to applying to the courts for restraint and/or confiscation of identified assets. A restraint order will prevent a person from dealing with specific assets. A confiscation order enables the Council to recover its losses from assets which are found to be the proceeds of crime.

## **6 Implementation Date**

- 6.1 This policy is effective from 20 November 2024 and covers all decisions relating to prosecutions and sanctions after this date.



# **ANTI-BRIBERY POLICY**

## **1 Introduction**

- 1.1 The Bribery Act became law in 2011. It enables appropriate action to be taken against all forms of bribery.
- 1.2 Bribery is defined as the offering, giving, receiving, or soliciting of any item of value to influence the actions of an official or other person in charge of a public or legal duty. The act of bribery is the intention to gain a personal, commercial, regulatory, or contractual advantage. The Council does not tolerate any form of bribery.
- 1.3 Facilitation payments are unofficial payments made to public officials to secure or expedite actions. These are not tolerated and are illegal.
- 1.4 This policy should be read in conjunction with the Employee Code of Conduct regarding gifts and hospitality protocols.

## **2 Principles**

- 2.1 The Council is committed to preventing, detecting, and deterring bribery. It aims to:
  - ensure all employees, workers, councillors, and other relevant groups are aware of their responsibilities under this policy by publicising it and providing training
  - encourage employees to be vigilant and report any suspicions of bribery
  - investigate any allegations of bribery or assist the police or other agencies in any investigations or prosecutions they undertake
  - take action against anyone involved in bribery in relation to Council business.

## **3 Scope**

- 3.1 This policy relates to all Council activities. It applies to employees, workers, agency staff, volunteers, consultants, and councillors.
- 3.2 For partners, joint ventures, and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.
- 3.3 The Council requires employees, councillors and other relevant people to:
  - raise concerns if they believe that this policy has been breached or may be breached in the future

- comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the Council operates, in relation to the lawful and responsible conduct of activities.

3.4 As well as potential civil action and criminal prosecution, employees breaching this policy may face disciplinary action. This could result in dismissal in cases of gross misconduct.

## **4 Offences**

4.1 There are four key offences under the Bribery Act 2010.

### **Section 1 – Offence of bribing another person**

4.2 This section makes it an offence when a person offers, promises, or gives a financial or other advantage to another person and intends the advantage to induce a person to perform improperly a relevant function or activity or to reward a person for the improper performance of such a function or activity.

4.3 It is also an offence when a person offers, promises, or gives a financial or other advantage to another person and knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity.

### **Section 2 – Being bribed**

4.4 This section makes it an offence when a person requests, agrees to receive or accepts a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly.

4.5 It is an offence when a person requests, agrees to receive or accepts a financial or other advantage and the request, agreement, or acceptance itself constitutes the improper performance of the person of a relevant function or activity.

4.6 It is an offence if a person requests, agrees to receive or accepts a financial or other advantage as a reward for the improper performance of a relevant function or activity.

4.7 It is also an offence if a person in anticipation of or in consequence of the person requesting, agreeing to receive, or accepting a financial or other advantage, a relevant function or activity is performed improperly.



## **Section 6 – Bribery of foreign public officials**

- 4.8 Under this section of the Act an offence is committed when a person intends to influence a foreign official in their official capacity and intends to obtain or retain business or an advantage in the conduct of business.
- 4.9 It is also an offence to offer, promise or give any financial or other advantage to a foreign public official.

## **Section 7 – Failure of a commercial organisation to prevent bribery**

- 4.10 A relevant commercial organisation is guilty of an offence if a person associated with the organisation bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation and the organisation fails to take reasonable steps to implement adequate procedures to prevent such activity.

## **Corporate responsibility**

- 4.11 While the first three offences of the Bribery Act relate to the actions of people, a section 7 offence relates to the inaction of an organisation to prevent bribery. The legislation was drafted with commercial businesses in mind and after the legislation was adopted there was some debate as to whether public sector organisations could be found liable of the offence. In 2012 the government published guidance which clarified that any public sector organisation that “engages in commercial activities, irrespective of the purpose for which profits are made”<sup>4</sup> could be found guilty of a Section 7 offence.
- 4.12 Cherwell District Council should be considered as a commercial organisation under the legislation and could therefore be found to be corporately responsible for acts of bribery that occur within it. It is therefore important that it takes steps to prevent bribery from occurring.
- 4.13 If an offence has occurred, then the courts will consider six tests to determine whether the Council had any responsibility for the act.

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<sup>4</sup> Paragraph 35 of Bribery Act 2010: Guidance to help commercial organisations prevent bribery [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/832011/bribery-act-2010-guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/832011/bribery-act-2010-guidance.pdf)

- Does the Council have proportionate procedures in place to prevent bribery by persons associated with it? These should be clear, practical, and accessible?
- Is there top-level commitment to preventing bribery? This includes support by councillors as well as officers.
- Is the Council's exposure to potential external and internal risks of bribery periodically assessed?
- Does the Council take a proportionate and risk based approach to mitigate bribery risks?
- Are anti-bribery policies and procedures embedded and understood throughout the organisation? Are they communicated internally and externally?
- Are procedures monitored and reviewed regularly?

## **Penalties**

- 4.14 A person guilty of an offence under sections 1, 2, or 6 of the Bribery Act may be sentenced to:
- a maximum prison sentence of 12 months and/or a fine not exceeding £5,000 (if convicted in a magistrates court)
  - a maximum prison sentence of 10 years and/or an unlimited fine (if convicted at a crown court).
- 4.15 An organisation found guilty of allowing bribery offences to occur may be subject to an unlimited fine that is in part determined by the gain that was sought to be made through bribery offences and an assessment of an organisation's culpability by the court.

## **5 How to raise a concern**

- 5.1 All stakeholders have a responsibility to help the Council prevent and detect bribery and corruption. Any suspicions should be reported as soon as possible.
- 5.2 Members of staff should report suspicious activity to the counter fraud hotline on 0800 9179247 or by email to [counter.fraud@veritau.co.uk](mailto:counter.fraud@veritau.co.uk). Alternatively, employees, workers, or contractors may raise concerns through the Council's Whistleblowing arrangements.
- 5.3 The Council will support anyone who reports suspicions or raises concerns, even if those concerns prove to be incorrect. It is committed to ensuring nobody suffers detrimental treatment because they refuse to take part in bribery or corruption, or because they report a concern that they believe is true.

## **6 What to do if someone reports a concern**

- 6.1 All reports of possible bribery should be reported without delay to the Council's Assistant Director of Finance (s151 Officer), Assistant Director of Law and Governance and Democratic Services and Monitoring Officer and Veritau.

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DISTRICT COUNCIL  
NORTH OXFORDSHIRE

# **ANTI-MONEY LAUNDERING POLICY**

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2	Scope of the policy
3	What is Money Laundering?
4	How to Report Concerns
5	Responsibilities
6	Policy Review

**Annex A** – Signs of Potential Money Laundering

**Annex B** – Money Laundering Officer Disclosure Process

**Annex C** – Suspicious Activity Reporting Form

## **1 Introduction**

- 1.1 Money laundering is the process of taking profits from crime and corruption and transforming them into legitimate assets. It takes illegally obtained money and converts it into other assets so they can be reintroduced into legitimate commerce. This process conceals the true origin or ownership of the funds, and so 'cleans' or 'launders' them. Money or assets gained as a result of crime can ultimately be used to fund terrorism.
- 1.2 Cherwell District Council undertakes transactions and delivers services which can fall under UK anti-money laundering legislation, which includes, but is not limited to:
- the Terrorism Act 2000
  - the Proceeds of Crime Act 2002
  - the Money Laundering, Terrorist Financing, and Transfer of Funds (Information on Payer) Regulations 2017
  - the Criminal Finance Act 2017
  - the Money Laundering Regulations.
- 1.3 Anti-money laundering legislation has been updated regularly by the Government in recent years. While the legislation does not specifically target local authorities, some types of council activity can fall under the requirements of the law. It is therefore important for councils to assess money laundering risks and put sufficient controls in place to prevent their organisation from being used for money laundering.
- 1.4 All employees should be aware of the threat of money laundering, the need to report suspicions of money laundering, and the consequences of not following the principles and processes set out in this policy. A list of key risk factors for employees to be aware of is included in Annex A.
- 1.5 The Council has a Money Laundering Reporting Officer (MLRO) who is responsible for raising awareness of the issue within the Council and reporting appropriate concerns to the National Crime Agency (NCA) when they arise. The MLRO is the Assistant Director of Finance (Section 151 Officer) who can be contacted on 01295 221845. If the MLRO is unavailable the Council has a Deputy MLRO. The Deputy MLRO is the Head of Finance (Deputy Section 151 Officer) who can be contacted on 01295 221545.

- 1.6 This policy contains a form that should be submitted to the MLRO when money laundering concerns arise (Annex C). This form may be used by any employee to report a suspected issue.

## **2 Scope of the policy**

- 2.1 This policy applies to all employees of the Council. It aims to maintain the high standards of conduct expected by the Council by preventing criminal activity through money laundering.
- 2.2 To ensure the Council complies with its legal obligations, all employees must be aware of the content of this policy. Failure by an employee to comply with the procedures set out in this policy may lead to disciplinary action being taken against them and could constitute a criminal offence. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.
- 2.3 Money laundering legislation sets out some activities that are subject to specific requirements. These are areas that are at greater risk of being targeted by criminals for money laundering (for example certain financial and legal services, and those dealing in property sales and acquisitions). These areas, amongst others, are known as regulated activities. Work undertaken by the Council for external clients may fall under the definition of regulated activity. This is generally in higher risk areas such as:
- accounting and treasury management services
  - legal and company related work
  - property services
  - payroll services.
- 2.4 Employees considering undertaking work for external clients that could be considered regulated activity need to be aware of more detailed requirements required by the money laundering regulations. Any employee or service considering undertaking work for external parties should consult the MLRO before taking action to ensure money laundering requirements are met.

## **3 What is money laundering?**

- 3.1 Money laundering is a general term for any method of disguising the origin of assets obtained through crime. Assets including money and property are described as "criminal property" in legislation. Criminal property may be the proceeds of any criminal activity including terrorism, drugs trafficking, corruption, tax evasion and theft. The purpose of money laundering is to hide the origin of the criminal property so that it appears to



have come from a legitimate source. Unfortunately, no organisation is safe from the threat of money laundering, particularly where it is receiving funds from sources where the identity of the payer is unclear. There is therefore a real risk that the Council may be targeted by criminals seeking to launder the proceeds of crime.

3.2 It is possible that the proceeds of crime may be received from individuals or organisations who do not know that the assets involved originated from criminal activity. However, this could still be an offence under the legislation. It is no defence for a payer or recipient of funds to claim that they did not know that they were committing an offence if they should have been aware of the origin of assets. All employees dealing with the receipt of money or having contact with third parties from whom money may be received need to be aware of the possibility of money laundering taking place.

3.3 Money laundering offences include:

- concealing, disguising, converting, transferring criminal property or removing it from the UK;
- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
- acquiring, using or possessing criminal property;
  - an attempt, conspiracy or incitement to commit such an offence; or
  - aiding, abetting, counselling or procuring such an offence;
- becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property.

3.4 The broad definition of money laundering means that the legislation applies to a very wide range of everyday activities within the Council. This means that any employee (irrespective of what sort of work they do at the Council) could encounter money laundering and be required to report it.

3.5 Whilst the risk to the Council of contravening the legislation is relatively low, **it is important that all employees are familiar with their responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation.** Any person found guilty of a money laundering offence is liable to imprisonment (maximum sentence of 14 years), a fine or both. However, an offence is not committed if any suspected money laundering activity is reported to the Council's MLRO

and, where necessary, official permission is obtained to continue with a transaction<sup>1</sup>.

### **Potential signs of money laundering**

- 3.6 It is not possible to give a definitive list of how to spot potential money laundering. The following are examples of major risk factors which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity. A more exhaustive list is contained in Annex A.

#### Risk factors

- Payment of a substantial sum in cash (over £10,000).
  - A secretive client or customer: for example, they refuse to provide requested information without a reasonable explanation, don't want to provide identification, or they supply unsatisfactory identification.
  - Concerns about the honesty, integrity, identity, or location of a client or customer.
  - The cancellation or reversal of an earlier transaction (where the client or customer is likely to request the return of previously deposited monies).
  - Any other activity which by its nature is likely to be related to money laundering, tax evasion, or terrorist financing.
- 3.7 Facts which tend to suggest that something odd is happening may be sufficient for a reasonable suspicion of money laundering to arise. Be on the look-out for anything out of the ordinary. If something seems unusual, stop and question it. If any employee is unsure of a transaction, then further advice should be sought from the MLRO.

## **4 How to report concerns**

- 4.1 Where an employee knows or suspects that money laundering activity is taking place (or has already) they must disclose this as soon as possible to the MLRO.
- 4.2 The disclosure should be made to the MLRO using the form in Annex C. The report must include as much detail as possible. It should contain all available information to help the MLRO decide whether there are reasonable grounds to show knowledge or suspicion of money laundering. The MLRO will use this information to prepare a report to the National

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<sup>1</sup> Where money laundering is suspected the MLRO will report this to the National Crime Agency (NCA). The NCA may give permission to proceed with a suspect transaction – for example to avoid those involved becoming alert to suspicions having been raised.

Crime Agency (NCA) if needed. Copies of any relevant supporting documentation should be sent to the MLRO along with the form.

- 4.3 Once an issue has been reported to the MLRO, employees must follow any directions they may give. Employees must not make any further enquiries into issues themselves. If an investigation is needed it will be carried out by the NCA. All employees are required to cooperate with the MLRO and the NCA (or other external authorities such as the police) during any subsequent money laundering investigation.
- 4.4 Employees must at no time and under no circumstances voice any suspicions to people who they suspect of money laundering (or to anyone other than a line manager (unless possibly implicated) or the MLRO). Doing so could result in a criminal offence (“tipping off”) being committed.
- 4.5 No references should be made on any council files or systems that a report has been made to the MLRO. If a customer exercised their right to see a record (for example through a subject access request under data protection legislation) then a note could tip them off to a report having been made. The MLRO will keep appropriate records in a confidential manner.
- 4.6 The MLRO will advise the employee of the timescales in which they will respond to the report. They may wish to discuss the report with the employee and gather further information.

## **5 Responsibilities**

- 5.1 The Council has a responsibility to prevent money laundering from occurring within the organisation whether that be in the course of day-to-day business or any work that is considered to be regulated activity. It is the responsibility of every employee to be vigilant and report any concerns of money laundering.
- 5.2 The Money Laundering Reporting Officer (and deputy) have responsibility for receiving reports of suspicions of money laundering, considering those reports and, where appropriate, submitting reports to the National Crime Agency (see Annex B). The MLRO will convey instructions from the NCA eg, to halt or proceed with a transaction. They will also maintain records of all reports on behalf of the Council.
- 5.3 The Head of Internal Audit will ensure there is an independent audit function to evaluate and make recommendations about the policies, controls, and compliance in relation to anti-money laundering. Veritau will regularly promote awareness of the Anti-Money Laundering policy to all employees.

## **6 Policy review**

- 6.1 This policy will be reviewed every three years or as soon as any significant changes to anti-money laundering legislation, regulations, or guidance occurs. If no revisions are made to the policy, it will remain in place until any changes are proposed.

**POLICY APPROVED 20 November 2024**

## Annex A

### Signs of potential money laundering

It is not possible to give a definitive list of ways in which to identify money laundering, however the following are types of risk factors which may, either alone or cumulatively, suggest possible money laundering activity.

#### Concerns about transactions

- Payment of a substantial sum in cash (over £10,000).
- Complex or unusually large transactions or systems.
- The source or destination of funds differs from the original details given by the client.
- Movement of funds overseas, particularly to a higher risk country or a tax haven<sup>2</sup>.
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions (or the size, location, or type of a client) is out of line with normal expectations. For example, the use of cash where other means of payment are normal.
- Unusual patterns of transactions which have no apparent economic, efficient, or visible lawful purpose.
- Transactions at substantially above or below fair market rates.

#### Other activity of concern

- Transactions that don't seem logical from a third party's perspective. For example, receipt of unexpected funds, or unnecessary routing of transactions through another party's accounts.
- Overpayments by a client (or money given on account). Care needs to be taken, especially with requests for refunds. For example, if a significant overpayment is made which results in repayment being needed – this should be properly investigated and authorised before payment.
- Helping to set up trusts or company structures, which could be used to obscure ownership of property.
- The cancellation or reversal of an earlier transaction (where the client is likely to request the return of previously deposited monies).
- Requests for release of client account details other than in the normal course of business.

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<sup>2</sup> See Financial Action Task Force list of high risk countries, <https://www.fatf-gafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html>

- Companies and trusts:
  - Bodies with a complicated ownership structure, which could conceal underlying beneficiaries.
  - Extensive use of corporate structures and trusts in circumstances where the client's needs are inconsistent with the use of such structures.
- Any other activity which by its nature is likely to be related to money laundering, tax evasion, or terrorist financing.

#### Concerns about a client

- A secretive client: for example, they refuse to provide requested information without a reasonable explanation, don't want to provide identification, or they supply unsatisfactory identification.
- A client you have not met.
- Difficulties in establishing the identity of the client.
- Concerns about the honesty, integrity, identity, or location of a client. For example, a client who is not present in the area and where there is no good reason why they would have dealings with the Council; or information reveals that a client is linked with criminality.
- Involvement of an unconnected third party without logical reason or explanation.
- Absence of an obvious legitimate source of the funds.
- Poor business records or internal accounting controls.
- Individuals or companies that are insolvent yet have funds.
- A previous transaction for the same client which has been, or should have been, reported to the MLRO.

#### Concerns about property transactions

- A cash buyer.
- Sudden change of buyer.
- The client's financial profile does not fit.
- Unusual property investment transactions if there is no apparent investment purpose or rationale.
- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking).

- Funds received for deposits or prior to completion from an unexpected source, or where instructions are given for settlement funds to be paid to an unexpected destination.
- No clear explanation as to the source of funds along with a lack of clarity as to how the client would be in a position to finance the purchase.
- Money comes from an unexpected source.

## Annex B

### Money Laundering Report Officer Disclosure Process

- 1.1 It is important that the appointed MLRO (and deputy) are aware of the National Crime Agency's (NCA) processes for submitting suspicious activity reports (SARs). SARs should be submitted via the SAR Online platform. On appointment the MLRO (and deputy) should create an account on SAR Online promptly<sup>1</sup>.
- 1.2 Upon receipt of a disclosure report, the MLRO must note the date of receipt on their section of the AML Reporting Form (Annex C) and acknowledge receipt of it.
- 1.3 The MLRO should consider the report and any other available internal information they think relevant, for example:
  - reviewing other transaction patterns and volumes;
  - the length of any business relationship involved;
  - the number of any one-off transactions and linked one-off transactions;
  - any due diligence information held;and undertake such other reasonable enquiries they think appropriate in order to ensure that all available information is taken into account in deciding whether a report to NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved).
- 1.4 The MLRO should consider NCA guidance on how and when to submit a SAR<sup>2</sup> in evaluating the AML Reporting Form and any other relevant information. The MLRO should make a timely determination as to whether:
  - there is actual or suspected money laundering taking place;
  - there are reasonable grounds to know or suspect that is the case;
  - the identity of the money launderer or the whereabouts of the property involved is known, or they could be identified, or the information may assist in such identification;
  - whether they should seek consent from NCA for a particular transaction to proceed.
- 1.5 The MLRO should also consider whether the report indicates suspicions of other crimes that should be reported to the Police, eg a vulnerable person

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<sup>1</sup> See NCA [SAR Online User Guidance](#).

<sup>2</sup> See NCA [Guidance on submitting better quality Suspicious Activity Reports](#).



or child at immediate risk of harm, supply of firearms, or modern slavery/human trafficking.

- 1.6 If the MLRO concludes that the matter should be reported then they should do that as soon as practicable via NCA's [Online SAR Portal](#), unless there is a reasonable excuse for non-disclosure to NCA (for example, if the form has been completed by a lawyer and they wish to claim legal professional privilege<sup>3</sup> for not disclosing the information).
- 1.7 Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, then they must note this on the AML Reporting Form; they can then immediately give their consent for any ongoing or imminent transactions to proceed.
- 1.8 Where consent is required from NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the NCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from NCA.
- 1.9 If the MLRO concludes that there are no reasonable grounds to suspect money laundering then they should record this on the AML Reporting Form and give their consent for any ongoing or imminent transaction(s) to proceed.
- 1.10 All disclosure reports referred to the MLRO, reports made to NCA, and any subsequent communications from the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

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<sup>3</sup> In cases where legal professional privilege may apply, the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to NCA.

**Annex C**  
**Money Laundering Reporting Officer**  
**Suspicious Activity Reporting (SAR) Form**  
***Confidential***

To: Money Laundering Reporting Officer, Cherwell District Council

From: Email:  
 Job Title: Department:

**Note – if no response to a required field, put ‘Unknown’.**

**Main Subject**

Is the main subject a person or a legal entity eg a Company?	
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Surname		Forename(s)	
Title		Gender	
Date of Birth		Occupation	
Address			
Address Type	Accommodation Address, Foreign Address, Home Address, Other, Previous, Registered Office, Trading Address, UK Address, Unknown		

Current Address?	Yes, No, Unknown
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Company Name		Companies House Number	
Company Type		Name of Officer(s) representing Company	
Address			
Address Type	Accommodation Address, Foreign Address, Home Address, Other, Previous, Registered Office, Trading Address, UK Address, Unknown		
Current Address?	Yes, No, Unknown		

**Additional Information** - fill in any of these, if known

Email address	
Website address	
Car registration	
Mobile number (home or work)	
NHS number	
National Insurance number	
Passport No	
Phone number (home or work)	
Tax Ref number	

**Associated Subject** – any joint account holders, on the account to be used for the transaction

<b>Subject Status</b>	Victim, Suspect, Unknown		
<b>Surname</b>		<b>Forename(s)</b>	
<b>Title</b>		<b>Gender</b>	
<b>Date of Birth</b>		<b>Occupation</b>	
<b>Address</b>			
<b>Address Type</b>	Accommodation Address, Foreign Address, Home Address, Other, Previous, Registered Office, Trading Address, UK Address, Unknown		
<b>Current Address?</b>	Yes, No, Unknown		

### Details of Transaction

<b>Date</b>		<b>Amount</b>	
<b>Credit/Debit</b>		<b>Currency</b>	
<b>Property</b>			
<b>Type</b>	Cash, Property Transaction, Cash/Cheque, Cheque, Credit Card, Currency, Draft, Electronic Transfer, Loan, Mixed, Mortgage, On-Line, Other, policy, Purchase, Share Transfer, Smart Card, Travellers Cheques, Unknown, Wire Transfer		

**Details of the subject's account**

Account Holder		Account Number	
Institution Name		Sort Code	
Date Opened		Date Closed	
Account Balance		Balance Date	
Turnover Credit		Turnover Debit	
Turnover Period			

**Reason for Suspicion**

Please provide as much information as possible, including,

- (i) the information or other matter which gives the grounds for your knowledge, suspicion or belief;
- (ii) a description of the property that you know, suspect or believe is criminal property; and
- (iii) a description of the prohibited act for which you seek a defence (by prohibited act, we mean the proposed activity that you are seeking a defence to undertake).

## Enquiries already undertaken

Please answer the questions below and provide as much information as possible, including,

- (i) Is the report about an ongoing transaction? What is the current state of the transaction?
- (ii) Has the matter been investigated? By whom and what were the findings?
- (iii) Have you discussed your suspicions with anyone else? If yes then to whom and why was this necessary?
- (iv) Have you consulted any supervisory body guidance eg the Law Society?
- (v) Do you feel you have a reasonable explanation for not disclosing this matter to NCA (eg you are a lawyer and wish to claim legal professional privilege?)

<b><u>To be completed by MLRO</u></b>			
Date report received	Click or tap to enter a date.		
Date receipt of report acknowledged	Click or tap to enter a date.		
Are there reasonable grounds for suspecting money laundering activity?	Yes	<input type="checkbox"/>	No <input type="checkbox"/>

Do you know the identity of the alleged money launderer, or whereabouts of the property concerned?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Do the circumstances described above meet the NCA's threshold to submit a Suspicious Activity Report (SAR) to obtain a Defence Against Money Laundering (DAML)?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to NCA, or it would not meet their threshold, please set out the reasons for non-disclosure				
Date SAR is sent to the NCA (if applicable)	Click or tap to enter a date.			

Signed .....

Date: Click or tap to enter a date.

Signed (MLRO).....

Date: Click or tap to enter a date.

**THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS**

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<b>This report is public</b>	
<b>Internal Audit Progress Report 2024/25</b>	
<b>Committee</b>	Accounts, Audit and Risk Committee
<b>Date of Committee</b>	20 November 2024
<b>Portfolio Holder presenting the report</b>	Deputy Leader and Portfolio Holder for Finance, Property & Regeneration Councillor Lesley McLean
<b>Date Portfolio Holder agreed report</b>	Report agreed by Leader on behalf of Portfolio Holder, 12 November 2024
<b>Report of</b>	Assistant Director of Finance, Michael Furness

## Purpose of report

This report provides the Accounts, Audit and Risk Committee with an update on delivery of the internal audit work programme for 2024/25, following approval of the programme at this meeting of 29 May 2024.

## 1. Recommendations

The Accounts, Audit and Risk Committee resolves

- 1.1 To note the progress made in delivering the 2024/25 internal audit work programme.

## 2. Executive Summary

- 2.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the standards, periodic reports on internal audit work are presented to this committee.
- 2.2 This report provides members with information on the outcomes of completed internal audit work, on current work in progress, future delivery intentions, and the results of follow-up activity. The report also provides the committee with information on recent and ongoing consultation relating to public sector internal audit standards.
- 2.4 The committee is required to consider the progress and outcomes of internal audit work as part of its responsibility for overseeing the internal audit service. The report (contained in appendix 1) provides the information required by the committee to fulfil its oversight role.

## Implications & Impact Assessments

Implications	Commentary			
<b>Finance</b>	The are no financial implications arising directly from this report. Joanne Kaye, Head of Finance (D151), 29 October 2024			
<b>Legal</b>	This report is for information in order that the Committee has oversight of the work to fulfil its responsibilities. The Committee can request further information to more fully understand any aspect of the report if it feels it is required. Alison Coles, Legal Services Operations Manager, 30 October 2024			
<b>Risk Management</b>	The council will be non-compliant with the PSIAS if the performance of the internal audit function, and the results of its work, are not reported to the committee. This could result in external scrutiny and challenge. Celia Prado-Teeling, Performance & Insight Team Leader, 28 October 2024			
Impact Assessments	Positive	Neutral	Negative	Commentary
<b>Equality Impact</b>				N/A
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		N/A
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		N/A
<b>Climate &amp; Environmental Impact</b>		X		N/A
<b>ICT &amp; Digital Impact</b>		X		N/A
<b>Data Impact</b>		X		N/A
<b>Procurement &amp; subsidy</b>		X		N/A
<b>Council Priorities</b>	This report relates to the council's 'continuous improvement' delivery theme which supports the priorities set out in the 2024/25 business plan. Internal audit's contribution to this			

	delivery theme is to provide independent, risk-based, assurance, advice, and insight relating to the council's systems of governance, risk management, and internal control.
<b>Human Resources</b>	N/A
<b>Property</b>	N/A
<b>Consultation &amp; Engagement</b>	No consultation has been required in the preparation of this report. The internal audit work programme, on which this report is based, was itself subject to consultation with senior management and with members of the Accounts, Audit and Risk Committee.

## Supporting Information

### 3. Background

- 3.1 With effect from 1 May 2024, Cherwell District Council's internal audit service has been provided by Veritau Limited. On 1 November 2024, the council became a member of Veritau Public Sector Limited (VPS) and has entered into a long-term contract to deliver internal audit services. VPS has taken over responsibility for delivery of current internal audit work. This report summarises progress with delivery of the 2024/25 work programme.

### 4. Details

- 4.1 The detailed progress report is included in appendix 1 – Internal Audit Progress Report 2024/25.

### 5. Alternative Options and Reasons for Rejection

- 5.1 The nature of this report is such that alternative options are not appropriate. To discharge its internal audit functions under the terms of reference for the Accounts, Audit and Risk Committee, it is required to note the progress made in delivering the 2024/25 internal audit work programme.

### 6 Conclusion and Reasons for Recommendations

- 6.1 The Accounts, Audit and Risk Committee is recommended to note the progress made in delivering the internal audit work programme for 2024/25. This is so that it can fulfil its responsibility for overseeing the work of internal audit. This responsibility is defined in the committee's terms of reference.

### Decision Information

<b>Key Decision</b>	N/A
<b>Subject to Call in</b>	N/A
<b>If not, why not subject to call in</b>	N/A
<b>Ward(s) Affected</b>	All

## Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	Internal Audit Progress Report 2024/25
<b>Background Papers</b>	Internal Audit Work Programme 2024/25
<b>Reference Papers</b>	None
<b>Report Author</b>	Connor Munro, Assistant Director – Audit Assurance (Veritau)
<b>Report Author contact details</b>	<a href="mailto:Connor.Munro@veritau.co.uk">Connor.Munro@veritau.co.uk</a> 01904 553512
<b>Corporate Director Approval (unless Corporate Director or Statutory Officer report)</b>	Report of Statutory Officer, Section 151 Officer

# Internal Audit Progress Report 2024/25

Date: 20 November 2024

APPENDIX 1

## CONTENTS

<b>3</b>	Background
<b>3</b>	Internal audit progress
<b>4</b>	Follow up
<b>5</b>	Other developments
<b>6</b>	Annex A: Internal audit work in 2024/25
<b>7</b>	Annex B: Current audit priorities
<b>8</b>	Annex C: Assurance audit opinions and finding priorities



## BACKGROUND

- 1 Internal audit provides independent and objective assurance and advice about the council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control, and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
- 3 In accordance with the PSIAS the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Accounts, Audit & Risk Committee, and to identify any emerging issues which need to be brought to the attention of the committee.
- 4 The internal audit work programme was agreed by this committee in May 2024.
- 5 Veritau has adopted a flexible approach to work programme development and delivery. Work to be undertaken during the year is kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council.
- 6 The purpose of this report is to update the committee on internal activity up to 8 November 2024.



## INTERNAL AUDIT PROGRESS

- 7 A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in annex A. Annex A also details other work completed by internal audit during the year.
- 8 Since our last report to this committee, audit work started in quarter two has progressed well. Four internal audit engagements have reached draft report stage. The timing of this committee meeting is such that we are unable to present the final outcomes from this work. However, summaries of final reports will be shared at the January meeting. Work has also begun on audits scheduled for the current quarter.
- 9 In addition to the audits mentioned in paragraph 8, we have responded to senior management requests for other work. This work has been fact-finding in nature, providing an independent perspective on current and emerging issues. The outcomes from these reviews will also be presented at the January meeting of this committee.

- 10 The work programme, showing current priorities for internal audit work, is included at annex B. This shows that the majority of audits in the work programme are underway, with the remaining two audits scheduled for completion during quarter four.
- 11 Annex C lists our current definitions for finding priorities and overall assurance levels. This annex is contained in all progress reports and can be referred to in future reports where assurance audits have been completed and follow-up data is presented.

## FOLLOW UP

- 12 All actions agreed with services as a result of internal audit work are followed up to ensure that issues are addressed. As a result of this work, we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits.
- 13 At the time of reporting, Veritau has been following up actions agreed in audits delivered by the council's previous internal audit provider. Future reports to this committee will include a more detailed breakdown of the follow-up position as actions from Veritau audits are raised and become due.
- 14 In the meantime, Veritau is working closely with the council's Corporate Leadership Team to ensure that any significant risks and control weaknesses arising from previous internal audit work are being addressed.
- 15 A high-level overview of follow-up activity and the current status of agreed actions from previously completed audits is shown in table 1, below.

Table 1: Follow-up activity and action status

Follow-up activity		Action status			
Priority of actions <sup>1</sup>	Number of actions followed up	Completed	Superseded / redundant	Follow-up in progress	Overdue
<b>1</b>	6	0	0	2	4
<b>2</b>	38	25	1	7	5
<b>Total</b>	<b>44</b>	<b>25</b>	<b>1</b>	<b>9</b>	<b>9</b>

- 16 Of the 44 agreed actions followed up since May 2024, 25 (57%) had been satisfactorily implemented, and 1 had been superseded / made redundant.

<sup>1</sup> Previous internal audit provider definitions for priority 1 and 2 actions:

- Priority 1: Major issue or exposure to a significant risk that requires immediate action or the attention of senior management.
- Priority 2: Significant issue that requires prompt action and improvement by the local manager.



Actions are marked as superseded / redundant where circumstances have changed significantly, and the previous actions are no longer appropriate.

- 17 Follow up work remains in progress at the time of reporting for 9 actions (20%), and 9 actions (20%) have not been implemented by their target timescale and so are overdue. Actions are recorded as overdue where we have not had a response from the responsible officer to confirm implementation.
- 18 At the time of reporting, a further 25 actions (i.e. in addition to the 44 included in table 1) are awaiting follow-up as their target implementation dates have not yet passed. This includes 15 actions (60%) where a revised date was agreed with the responsible officer as part of the follow-up process. Revising an original agreed implementation date is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable.

## OTHER DEVELOPMENTS

- 19 The profession's local government standards setter, CIPFA, is currently consulting on a Public Sector Application Note for the new Global Internal Audit Standards (which were released in January 2024) and an accompanying Code of Practice for the Governance of Internal Audit in Local Government.
- 20 Once both the Global Internal Audit Standards and Application Note come into effect on 1 April 2025, these will replace the PSIAs. There will no longer be a requirement for the PSIAs as these are fully incorporated into the Global Internal Audit Standards and the Application Note, which will be collectively referred to as the Global Internal Audit Standards (UK public sector).
- 21 The primary audience for the Code of Practice, which will also come into effect from 1 April 2025, is those charged with governance of internal audit. It is intended to support local authorities in interpreting the essential conditions for governance of internal audit, as set out in the Global Internal Audit Standards, and with how to apply them in a public sector context.
- 22 We are not anticipating that these updates to public sector internal audit standards will require any significant changes to Veritau's working practices or to the governance of the service. Future reports to this committee will explain how Veritau has responded to the new regime and will present an updated internal audit charter.

## ANNEX A: INTERNAL AUDIT WORK IN 2024/25

### Audits in progress

Audit	Status
Use of fleet vehicles	Draft
Corporate health and safety	Draft
Procurement compliance	Draft
Merton College	Draft
Risk management	In progress
Cybersecurity: network security management	In progress
Performance management	In progress
Information governance	In progress

### Final reports issued

Audit	Reported to Committee	Opinion
-	-	-

### Other work in 2024/25

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- ▲ Follow up of agreed actions.
- ▲ A review of the use of the council's fleet vehicles.
- ▲ A review of circumstances surrounding the Merton College planning application appeal.

## ANNEX B: CURRENT AUDIT PRIORITIES

Audit / Engagement	Rationale
<b>Category 1 (do now)</b>	
Corporate health and safety	Provides coverage of key assurance area. Focuses on higher risk council activities.
Procurement compliance	Area of potential risk identified by management. Provides coverage of key assurance area.
Merton College	Being carried out following a request from management.
Risk management	Key cross-cutting system of governance. Important for annual opinion purposes.
Cybersecurity: network security management	Risks and controls are changing.
Performance management	Provides coverage of key assurance area. Risks and controls are changing.
Information governance	Provides coverage of key assurance area.
<b>Category 2 (do next)</b>	
LATCO governance: Graven Hill and Crown House Banbury	To follow an internal review carried out during 2023, providing independent assurance on the strength of governance arrangements for council companies.
IT applications: third party assurance	Provides coverage of arrangements for managing the key risk area of IT disruption / unavailability of key systems.
<b>Category 3 (do later)</b>	
-	-

## ANNEX C: ASSURANCE AUDIT OPINIONS AND FINDING PRIORITIES

### Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

### Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

<b>This report is public</b>	
<b>Risk Monitoring Report Quarter 2 2024-25</b>	
<b>Committee</b>	Accounts, Audit & Risk Committee
<b>Date of Committee</b>	20 November 2024
<b>Portfolio Holder presenting the report</b>	Portfolio Holder for Corporate Services, Councillor Chris Brant
<b>Date Portfolio Holder agreed report</b>	21 October 2024
<b>Report of</b>	Assistant Director – Customer Focus, Shona Ware

## Purpose of report

To update the committee on how well the council is managing its Strategic Risks.

### 1. Recommendations

The Accounts, Audit & Risk Committee resolves:

- 1.1 To note the Risk Monitoring Report for Quarter 2 2024-25.

### 2. Executive Summary

- 2.1 The Leadership Risk Register is reviewed by the Corporate Leadership Team and Executive Committees every quarter; however, this is a live document and therefore is updated as and when required, to manage risk effectively. There was no score change in the Leadership Risk Register during Quarter 2 2024-25.

## Implications & Impact Assessments

Implications	Commentary
<b>Finance</b>	There are no financial and resource implications arising directly from this report. Joanne Kaye, Head of Finance, 14 October 2024
<b>Legal</b>	There are no legal implications arising directly from this report. Shiraz Sheikh, Assistant Director Law and Governance, 21 October 2024
<b>Risk Management</b>	This report contains a full update with regards to the council's risk position at the end of Quarter 2 2024-25. Celia Prado-Teeling, Performance Team Leader, 16 October 2024

<b>Impact Assessments</b>	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equality Impact</b>		x		There are no direct equalities and inclusion implications as a consequence of this report. Celia Prado-Teeling, Performance Team Leader, 16 October 2024
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
<b>Climate &amp; Environmental Impact</b>		x		
<b>ICT &amp; Digital Impact</b>		x		
<b>Data Impact</b>		x		
<b>Procurement &amp; subsidy</b>		x		
<b>Council Priorities</b>	Not applicable			
<b>Human Resources</b>	Not applicable			
<b>Property</b>	Not applicable			
<b>Consultation &amp; Engagement</b>	Not applicable			

## Supporting Information

### 3. Background

- 3.1 The Council carries out regular reviews to identify risks at the earliest opportunity so that it can assess and mitigate them as soon as possible.
- 3.2 Risks that may affect the Council's performance, and particularly, on its ability to deliver its corporate priorities are captured in its Leadership Risk Register.

## 4. Details

- 4.1 The Council maintains a Leadership Risk Register, which contains Strategic risks that could be significant in size and duration and could potentially impact on the reputation and performance of the Council as a whole, and in particular, on its ability to deliver on its corporate priorities. The Leadership Risk Register is reviewed quarterly by the Corporate Leadership Team; however, this is a live document that gets updated as and when required.
- 4.2 Please note risks deemed as high (L01) and medium (L03, L07, L08, L11 and L14) present higher scores, mostly due to the magnitude of the impact these events could have for the organisation, mitigating actions are in place across all of them to reduce the potential severity of the impact, and controls are established to prevent the probability of the risk event happening. The full Leadership Risk Register, including controls and mitigating actions, is attached in Appendix 1.

The overall position as of the end of Quarter 2 of all Leadership risks is as follows:

Impact	Probability				
	1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
5 - Catastrophic			L08		
4 - Major		L06-L09	L03- L07 -L11- L12- L14	L01	
3 - Moderate		L04-L05-L10	L02-L13		
2 - Minor					
1 - Insignificant					

Figure 1: Risk scorecard showing the risk scores in the Leadership Risk Register for Quarter 1 2024-25.

- 4.3 During Quarter 2 there were no score changes in the Leadership Risk Register.

The full Leadership Risk Register is attached in Appendix 1.

## 5. Alternative Options and Reasons for Rejection

- 5.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: No alternative options have been identified as this report is for information only.

## 6 Conclusion and Reasons for Recommendations

- 6.1 This report provides an update on how well the council is managing its Strategic Risks up to the end second quarter of the financial year.

## Decision Information

<b>Key Decision</b>	N/A
<b>Subject to Call in</b>	N/A
<b>If not, why not subject to call in</b>	N/A
<b>Ward(s) Affected</b>	All

## Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	Leadership Risk Register Quarter 2 2024-25
<b>Background Papers</b>	None
<b>Reference Papers</b>	None
<b>Report Author</b>	Celia Prado-Teeling, Performance & Insight Team Leader
<b>Report Author contact details</b>	<a href="mailto:Celia.Prado-Teeling@Cherwell-dc.gov.uk">Celia.Prado-Teeling@Cherwell-dc.gov.uk</a>
<b>Corporate Director Approval (unless Corporate Director or Statutory Officer report)</b>	Corporate Director Resources and Transformation, 21 October 2024



Appendix 1 – Leadership Risk Register as at 14/10/2024

Level of risk	How the risk should be managed
<b>High Risk</b> (16-25)	<b>Requires active management</b> to manage down and maintain the exposure at an acceptable level. Escalate upwards.
<b>Medium Risk</b> (10 -15)	<b>Contingency Plans</b> - a robust contingency plan may suffice together with early warning mechanisms to detect any deviation from the profile.
<b>Low Risk</b> (1 – 9)	<b>Good Housekeeping</b> - may require some risk mitigation to reduce the likelihood if this can be done cost effectively, but good housekeeping to ensure that the impact remains low should be adequate. Re-assess frequently to ensure conditions remain the same.

Risk Scorecard – Residual Risks						
		Probability				
		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
Impact	5 - Catastrophic			L08		
	4 - Major		L06-L09	L03-L07-L11-L12-L14	L01	
	3 - Moderate		L04-L05-L10	L02-L13		
	2 - Minor					
	1 - Insignificant					

Risk Definition	
Leadership	Strategic risks that are significant in size and duration, and will impact on the reputation and performance of the Council as a whole, and in particular, on its ability to deliver on its corporate priorities
Operational	Risks to systems or processes that underpin the organisation’s governance, operation and ability to deliver services



Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
						Fully effective Partially effective Not effective										
					Arrangements in place to source appropriate interim resource if needed	Partially							Establish corporate repository and accountability for policy/legislative changes taking into consideration all of the Council's functions.			
					Ongoing programme of internal communication	Fully							Project Management Methodology to be established with appropriate oversight. Programme Office with the appropriate capabilities to monitor deliver projects.			
					Programme Boards in place to oversee key corporate projects and ensure resources are allocated as required.	Partially										
					Extended Leadership Team (ELT) Meetings established to oversee and provide assurance on key organisational matters including resourcing.	Fully							Review Directorate/Service risk registers.			

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
<b>L03 - CDC Local Plan</b> - Failure to have an up to date Local Plan could result in poor planning decisions such as development in inappropriate locations. It could also make it more difficult to demonstrate an adequate supply of land for housing which could lead to more planning by appeal and decisions that are contrary to the Council's wishes. The Plan requires approval by Council to be submitted for Examination.	Poor planning decisions leading to inappropriate growth in inappropriate place.	4	4	16	The statutory Local Development Scheme (LDS) is actively managed and reviewed, built into Service Plan, and integral to staff appraisals of all those significantly involved in Plan preparation and review	Partially	Councillor J. Conway	Ian Boll	David Peckford	3	4	12	↔	Annual (Authority) Monitoring Reports presented to the Executive on plan making and policy effectiveness.	Work is continuing to prepare a proposed Local Plan (Reg.19). The plan is scheduled to be presented to the Council's Executive in December 2024.	Risk reviewed on 02/10/24
	Failure to have up to date policies that meet the District's requirements.				Team capacity and capability kept under continual review with gaps and pressures identified and managed at the earliest opportunity.	Partially							An updated LDS presented to the Executive when there is a significant change in the circumstances for the Local Plan timetable.			
	Negative impact on the council's ability to deliver its strategic objectives, including for minimising carbon emissions.				On-going review of planning appeal decisions to assess robustness and relevance of Local Plan policies	Partially							Programme built into Directorate level objectives (e.g. via Service Plans) and staff appraisals; on-going preparation of the Local Plan is a service priority.			
	A higher number of planning appeals with associated increased costs				Regular Councillor briefings to ensure all timescale requirements are understood. Ensuring that staff and consultancy resourcing is maintained	Partially							Project management of the Local Plan process continues.			
	Reputational damage with our local communities through not having up to date policies to meet needs and protect the environment				Political consensus - building	Partially							Regular Corporate Director, Portfolio Holder and Members Advisory Group briefings			
	Reputational damage with investor community of Cherwell as a good place to do business created by uncertainty/lack of policy clarity.												Continuance of internal Members' Advisory Group meetings.			
	Failure to submit Plan for Examination by June 2025 would mean that the Council would need to prepare a Local Plan under a new plan-making system on which further Gov't guidance is awaited. This would significantly delay having a new, up-to-date Plan.												Political consensus building through Chief Executive briefings and the Local Plan's Members Advisory Group.			
<b>L04 - Business Continuity</b> - Failure to ensure that critical services can be maintained in the event of a short or long term incident impacting on the Council's operations	Inability to deliver critical services to customers/residents	4	4	16	Business continuity strategy, statement of intent and framework in place and all arrangements overseen by a Business Continuity Steering Group	Fully	Councillor R. Parkinson	Ian Boll	Tim Hughes	2	3	6	↔	BC actions post-audit in 2023 implemented.	Full risk review carried out. Mitigating actions updated.	Risk reviewed on 30/09/2024
	Financial loss/ increased costs				Services prioritised and ICT recovery plans reflect those priorities and the requirements of critical services	Fully							BCSG meeting routinely and corporate refresh across all areas completed. BC programme is in place and timescales for review/update/test are being followed.			
	Loss of important data				ICT disaster recovery arrangements in place with data centre and cloud services reducing likelihood of ICT loss and data loss	Fully							BC Impact Assessments and BCPs being updated and reviewed by Emergency Planning Team with supporting document management system being implemented.			
	Inability to recover sufficiently to restore non-critical services before they become critical				Incident management team identified in Business Continuity Framework	Fully							Business Continuity Statement of Intent and Framework reviewed and updated to align with new incident management framework			
	Loss of reputation				All services undertake annual business impact assessments and updates of business continuity plans	Partially							Cross-council BC Steering Group meets regularly to identify BC improvements needed; BC Steering Group engagement is being achieved across all service areas.			
	Reduced service delivery capacity in medium term due to recovery activity				Cross-council Business Continuity Steering Group meets regularly to identify Business Continuity improvements needed	Partially							Plans tested and annual cycle clearly sets out the test/review/improve process and expectations			
<b>L05 - Emergency Planning (EP)</b> - Failure to ensure that the local authority has plans in place to respond appropriately to a civil emergency fulfilling its duty as a category one responder	Inability of council to respond effectively to an emergency	4	4	16	Incident Management Framework in place and key contact lists updated monthly.	Fully	Councillor R. Parkinson	Ian Boll	Tim Hughes	2	3	6	↔	IMF reviewed and updated. Training schedule in place and being delivered including training for new ADs/CEx and refresh for existing duty directors. Emergency plan contacts list updated monthly and reissued to all duty directors periodically. Available on ELT Teams channel.	Debrief/lessons learnt exercise to be carried out following Sept. flooding event. Duty Directors, customer services, Gold and OCC EP Officer to be included.	Risk reviewed on 30/9/2024
	Unnecessary hardship to residents and/or communities				Emergency Planning Lead Officer defined with responsibility to review, test and exercise plan and to establish, monitor and ensure all elements are covered	Fully							Supporting officers for incident response reviewed and identified across some areas, to ensure they are reviewed and updated across all service areas.			
	Risk to human welfare and the environment				Expert advice and support provided by Oxfordshire County Council's Emergency Planning Team under partnership arrangements.	Fully										
	Legal challenge				Council Duty Directors attend training relating to role prior to joining duty director rota and have refresh training annually	Fully										
	Potential financial loss through compensation claims				CEx and Corporate Directors have received Strategic Co-ordinating Group (SCG) Training.	Partially										
	Ineffective Cat 1 partnership relationships				Multi agency emergency exercises conducted to ensure readiness	Fully										
					Active participation in Local Resilience Forum (LRF) activities											
	Reputational damage				On-call rota being maintained and updated to reflect recent staffing changes	Fully										

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
		4	4	16		Fully effective Partially effective Not effective				2	4	8	↔			
<b>L06 - Safeguarding the Vulnerable – Operational and partnership actions-</b> Failure to work effectively with partners to identify and protect vulnerable people in the district and disrupt exploitation leaving vulnerable people at risk or subject to exploitation.	Increased harm and distress caused to vulnerable individuals and their families.	4	4	16	Continue in linking in with Oxfordshire partnerships protocol review to ensure outcomes relevant to CDC are understood and implemented as necessary	Partially	Councillor R. Parkinson	Ian Boll	Tim Hughes	2	4	8	↔	Continue in linking in with Safer Oxfordshire partnership and contributing towards partnership activity to ensure safeguarding responsibilities are met.	Full risk review carried out. Risk controls updated	Risk reviewed on 30/09/2024
	Council subject to external reviews				Exploitation concerns and actions discussed routinely at Joint Agency Tasking and Co-ordination meetings on a monthly	Fully								Exploitation concerns and actions discussed routinely at Joint Agency Tasking and Co-ordination meetings on a monthly basis		
	Criminal investigations potentially compromised															
	Potential financial liability if council deemed to be negligent. Reputational damage to the council.															
<b>L07 - Health and safety</b> Failure to ensure effective arrangements are in place for Health and Safety.	Unsafe services leading to fatality, serious injury & ill health to employees, service users or members of the public	5	4	20	Corporate H&S governance arrangements and policies are regularly reviewed and updated by the Corporate H&S Team and monitored by the H&S Assurance Board.	Fully	Councillor C. Brant	Claire Cox	Ruth Woodlridge	3	4	12	↔	Corporate H&S Auditing and Inspection programme on track. Reports issued to managers and actions tracked for completion. Work ongoing with 2 audits per calendar month.	Full risk review carried out. Risk reviewed and mitigation actions updated.  These are ongoing risks which cannot be removed only reduce the likelihood of these happening.	Risk reviewed on 30/09/2024
	Criminal prosecution for failings Breach of legislation and potential for enforcement action.				Directors and service leads are responsible for ensuring H&S arrangements are in place within their areas or responsibility. Managers are responsible for ensuring operational health and safety risks are assessed and effective control measures implemented.	Fully								Work still in progress with service areas around the corporate H&S register, which will be managed and monitored with a focus on the depots as our highest risk areas.		
	Financial impact (compensation or improvement actions)				Consultation with employee representatives via employer and union consultative committees (Unison)	Fully								Relevant and required policies and procedures are regularly reviewed.		
	Reputational Impact				Corporate H&S Training provided via corporate learning and development programme. Training for operational risks may be organised by services.	Fully								Working with service areas to ensure that suitable risk assessments are in place.		
					H&S performance monitored by accident and incident reports and corporate H&S auditing and inspection programme.	Fully								Working with service areas and providing training to staff where necessary.		
					H&S information is disseminated via internal communications and updates to ELT and other relevant meetings.	Fully										
<b>L08 - Cyber Security</b> -If there is insufficient security with regards to the data held and IT systems used by the councils and insufficient protection against malicious attacks on council's systems then there is a risk of: a data breach, or a loss of service.	Financial loss / fine	4	5	20	Intrusion prevention and detection monitoring and regular actions are implemented from the resulting reports	Fully	Councillor C.Brant	Stephen Hinds	David Spisbury	3	5	15	↔	All staff reminded to be vigilant to unexpected emails due to the heightened risk of cyber-attack due to escalating worldwide tensions and at critical periods such as the run up to Elections.	Full risk review carried out. Impacts, controls and mitigating actions updated	Risk reviewed on 08/10/2024
	Prosecution – penalties imposed				Additional 3rd party monitoring in place using a SIEM tool and 24/7 monitoring via a SOC	Fully										
	Individuals could be placed at risk of harm				A zero trust VPN model.	Fully								Cyber Security advice and guidance regularly highlighted to all staff.		
	Reduced capability to deliver services				Schedule of regular security patching	Fully										
	Unlawful disclosure of sensitive information				Vulnerability scanning	Fully								Cyber Security is mandatory e-learning for all staff to be completed annually and is part of new starters induction training. Additionally regular Mimecast videos sent to all users for bitesize regular training		
	Inability to share services or work with partners				Malware protection and detection	Fully										
	Loss of reputation				File and data encryption on computer devices	Fully								External Health Check undertaken each year and Cabinet Office PSN compliance reviewed and certified each year to ensure the infrastructure is secure to connect to the PSN.		
					Managing access permissions and privileged users controls.	Fully								Internal Audits complete regular cyber audits.		
					Effective information management and security training and awareness programme for staff	Fully										
					Password and Multi Factor Authentication security controls in place.	Fully								Cyber Security lead has specific responsibility for Cyber Security, and we have engaged a specialist partner to advise on industry best practices and standards.		
					Robust information and data related incident management procedures in place	Fully										
					Appropriate robust contractual arrangements in place with all third parties that supply systems or data processing services	Fully										
	Appropriate plans in place to ensure ongoing PSN compliance	Fully														

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
						Fully effective Partially effective Not effective										
					Preventative measures in place to mitigate insider threat, including physical and system security	Fully										
					Advice received from NCSC on specific activity alerts, the increased threat of globalised ransomware and malware attacks	Fully										
					Mimecast awareness training and comprehensive defence system deployed to improve email security	Fully										

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
<b>L09 - Safeguarding the vulnerable - Internal procedures-</b>  Failure to work effectively with partners to identify and protect vulnerable people in the district and disrupt exploitation leaving vulnerable people at risk or subject to exploitation.	Increased harm and distress caused to vulnerable individuals and their families	4	4	16	Safeguarding lead in place and clear lines of responsibility established	Fully	Councillor R. Pattenden	Ian Boll	Nicola Riley	2	4	8	↔	Action plan acted upon and shared with Overview and scrutiny committee once a year	No changes required in Q2	Risk reviewed on 10/10/2024
	Council subject to external reviews	Safeguarding Policy and procedures in place	Fully	Annual refresher and new training programmes including training for new members												
	Criminal investigations potentially compromised	Information on the intranet on how to escalate a concern	Fully	Continue to attend safeguarding board sub groups as necessary to maintain high levels of awareness within the system and compliance with latest practice												
	Potential financial liability if council deemed to be negligent	Mandatory training and awareness raising sessions are now in place for all staff.	Fully	Corporate monitoring of all referrals												
	Reputational damage to the council	Safer recruitment practices and DBS checks for staff with direct contact	Fully	Ensure web pages remain up to date												
		Data sharing agreement with other partners	Fully	Monitoring of implementation of corporate policies and procedures to ensure fully embedded												
		Attendance at Safeguarding Boards	Fully	Regular internal cross departmental meetings to discuss safeguarding practice												
		Annual Section 11 return compiled and submitted as required by legislation.	Fully	SAR's and Lessons Learned reports circulated to improve practice and knowledge.												
<b>L10 - Sustainability of Council owned companies and delivery of planned financial and other objectives -</b> Failure of council owned companies to achieve their intended outcomes or fail to meet financial objectives.	Unclear governance leading to lack of clarity and oversight in terms of financial and business outcomes	3	5	15	Annual business planning in place for all companies to include understanding of the link between the Council's strategic objectives being delivered and financial impact for the council. A regular Shareholder Representative meeting takes place, a Shareholder Liaison Meeting including the S.151 Officer and Monitoring Officer takes place on a quarterly basis and a Shareholder Committee meeting on a quarterly basis. A governance review is being undertaken and initial recommendations have been approved by the Shareholder Committee.	Fully	Councillor D. Hingley	Gordon Stewart	Stephen Hinds	2	3	6	↔	A Shareholder Representative was appointed and regular governance arrangements are in place.	No changes	Risk reviewed on 09/10/24
	Failure of council owned companies to achieve their intended outcomes or fail to meet financial objectives	Regular meetings are in place between the Council's S.151 Officer and the relevant company Finance Directors. Financial planning for the companies undertaken that will then be included within our own Medium Term Financial Strategy. Financial risks are routinely reported by the Shareholder Representative to the Shareholder Committee.	Fully	Resilience and support being developed across business to support and enhance knowledge around council companies.												
	Lack of understanding at officer and member level about the different roles of responsibilities required when managing council owned companies	Clear governance arrangements are in place.	Partially	Skills and experience being enhanced to deliver and support development, challenge and oversight.												
		Sound monitoring in place of both business and financial aspects of the companies and the impact on overall council performance through the Shareholder Representative meetings and through the reporting to the Corporate Leadership Team monthly.	Fully	Work with one company to ensure long term support arrangements are put in place.												
		Training in place for those undertaking Director roles relating to the companies.	Partially													

Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
<b>L11 - Financial sustainability of third-party suppliers and contractors</b>	The financial failure of a third party supplier and contractors results in the inability or reduced ability to deliver a service to customers or provide goods needed. A reduced supply market could also result in increased costs due to the council's loss of competitive advantage.	3	4	12	Ensure contract management in place review and anticipate problems within key service suppliers and partners	Partially	Councillor C Brant	Shiraz Sheikh	TBC	3	4	12	↔	Creditsafe UK tool purchased to allow Procurement to carry out supplier credit checks when required.  Service areas to ensure supplier suitability checks have been carried out prior to award of contract and hold meetings as required with suppliers to review higher risk areas and ensure risks are being managed. Reminders to be sent to all who have Procurement/Contract Management responsibility to regularly meet with key suppliers and partners to gain early understanding of any issues arising.	No changes	Risk reviewed on 09/10/24
					Business continuity planning arrangements in place in regards to key suppliers	Partially										
					Ensuring that proactive review and monitoring is in place for key suppliers to ensure we are able to anticipate any potential service failures	Partially										
					Intelligence unit set up procurement Hub to monitor supplier and contractor market	Fully										
	Reduced resilience and business continuity															
Increased complaints and/or customer dissatisfaction																
Increased costs and/or financial exposure to the Council due to having to cover costs or provide service due to failure of third party supplier of contractor					Analysis of third party spend undertaken to identify and risk assess key suppliers/contractors	Fully										



Name and Description of risk	Potential impact	Inherent (gross) risk level (before Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direction of travel	Mitigating actions (to address control issues)	Comments	Last updated
		Probability	Impact	Rating						Probability	Impact	Rating				
<b>L12 - Corporate Governance</b> - Failure of corporate governance leads to negative impact on service delivery or the implementation of major projects providing value to customers.	Threat to service delivery and performance if good management practices and controls are not adhered to.	4	4	16	Clear and robust control framework including: constitution, scheme of delegation, ethical walls policy etc.	Fully	Councillor C. Brant	Stephen Hinds	Shiraz Sheikh	3	4	12	↔	External Audit - external audit issue an opinion on the accounts and the Council's arrangements for securing Value for Money. The Council's Annual Governance Statement and Code of Corporate Governance. At least annually, a review of effectiveness of governance framework including the system of internal control and AGS is published. The work is informed by the Corporate Governance and Oversight Group. CLT & ELT has responsibility of maintenance of the governance environment.	Full risk review carried out - potential impacts updated	Risk reviewed on 9/10/2024
				Member Scrutiny - OSC function, Council Executive, AARC and Standards Committees	Fully											
	Risk of ultra vires activity or lack of legal compliance				Clear accountability and resource for corporate governance (including the shareholder role).	Fully										
	Risk of fraud or corruption				Integrated budget, performance and risk reporting framework.	Fully										
	Risk to financial sustainability if lack of governance results in poor investment decisions or budgetary control.				Corporate programme office and project management framework. Includes project and programme governance.	Partially										
	Failure of corporate governance in terms of major projects, budgets or council owned companies impacts upon financial sustainability of the council.				Internal audit programme aligned to leadership risk register.	Fully										
	Inability to support Council's democratic functions / obligations (e.g. return to physical public meetings and public access to meetings).				Training and development resource targeted to address priority issues; examples include GDPR, safeguarding etc.	Partially										
					HR policy framework.	Partially										
<b>L13 - Monitoring and management of Major Infrastructure Projects and Programmes</b> Failure to properly manage and monitor the various individual Oxfordshire Housing and Growth Use infrastructure projects.	Failure to actively manage the various Infrastructure Projects and Programmes, particularly in relation to those being delivered by Oxfordshire County Council, could lead to delays or failure to deliver timely obligations, which could lead to HM Government holding back some or all of its funding, or requiring repayment.	4	5	20	Need to establish appropriate officer and stakeholder governance structures to support effective programme delivery.	Partially	Councillor L. McLean	Ian Boll	Robert Jolley	3	3	9	↔	Monthly infrastructure project meetings are held between officers at Oxfordshire County and Cherwell District Councils in order to monitor progress. Institute regular and effective dialogue with developers	Additional capital funding approved for the Banbury Tramway; and Banbury Road Junction, Bicester projects at Oxfordshire County Council Cabinet meeting 17/09/2024.	Risk reviewed, comments updated 01/10/2024.
				Need to institute regular and effective dialogue with developers.	Partially											
	Delivery of Infrastructure projects fail to accelerate housing delivery as commercial pressures impact house builders															
<b>L14 - Workforce Strategy</b> The lack of effective workforce strategies could impact on our ability to deliver Council priorities and services.	Limit our ability to recruit, retain and develop staff	3	4	12	Analysis of workforce data and on-going monitoring of issues.	Partially	Councillor C. Brant	Stephen Hinds	Claire Cox	3	4	12	↔	There are indications that specific service areas continue to experience recruitment difficulties for professional roles. HR is working with the relevant directors to consider alternative resourcing methods. Development of a people strategy to include succession planning, and to underpin the organisation strategy Development of relevant workforce plans. Development of specific recruitment and retention strategies. It is planned for CDC to develop a framework that suits the needs of all services ensuring that the Council has access to a much wider pool of staffing agencies at competitive rates. The new IT system has been implemented to improve our workforce data and continues to be developed to improve our ability to interrogate and access key data (ongoing) in order to inform workforce strategies.	Full risk review carried out. Mitigating actions updated. Strategy is in development.	Risk reviewed and updated 10/10/2024
	Impact on our ability to deliver high quality services				Key staff in post to address risks (e.g. strategic HR business partners)	Fully										
	Overreliance on temporary staff				Weekly Vacancy Management process in place	Fully										
	Additional training and development costs				Ongoing service redesign will set out long term service requirements	Partially										

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<b>This report is public</b>	
<b>Housing Management Performance</b>	
<b>Committee</b>	Accounts, Audit and Risk
<b>Date of Committee</b>	20 November 2024
<b>Portfolio Holder presenting the report</b>	Portfolio Holder for Housing – Councillor Nick Cotter
<b>Date Portfolio Holder agreed report</b>	6 November 2024
<b>Report of</b>	Assistant Director Wellbeing and Housing – Nicola Riley

## Purpose of report

To provide the Committee with an annual report on Housing Management Performance relating to the Council's small stock holding of properties. Specifically, matters that relate to complaints performance in accordance with the Housing Ombudsman's Complaints Handling Code and the wider Social Housing (Regulation) Act.

## 1. Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the content of the report and appendices. The appendices, including the Complaints Handling Code self-assessment, will be published on the Council's website and sent to the Housing Ombudsman as the Council's return for 2023-24.

## 2. Executive Summary

- 2.1 As part of meeting our statutory duties in relation to our stock holding and as part of new regulatory frameworks, the Council is required to produce and publish a report that outlines its complaint handling and compliance with the Housing Ombudsman's Complaint Handling Code every year. This relates to complaints that the Council receive as a landlord and that relate to its landlord functions.
- 2.2 Additionally, new regulation establishes a new regulator that oversees landlords and the services that they are providing to their tenants. Landlords are required to collect a suite of satisfaction and service data that it is required to submit to the regulator and publish.
- 2.3 Complaints that relate to other areas of the Council and do not relate to the discharge of our landlord functions for our housing stock are not within the scope of the report.

## Implications & Impact Assessments

Implications	Commentary			
<b>Finance</b>	This report is for information only and does not have any direct financial implications. Kelly Wheeler, Finance Business Partner, 28 October 2024			
<b>Legal</b>	This report is for information however the information will be appendices will be published and reviewed by the Housing Ombudsman therefore if anything appears unclear it should be raised now so it can be clarified in advance of submission. Alison Coles, Legal Services Operations Manager 29/102024			
<b>Risk Management</b>	There are no risk implications arising directly from this report. However, this report is a necessary action that mitigates the risk of not complying with the correspondent legislation. Celia Prado-Teeling, Performance Team Leader, 30 October 2024			
Impact Assessments	Positive	Neutral	Negative	Commentary
<b>Equality Impact</b>		x		Not applicable
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
<b>Climate &amp; Environmental Impact</b>		x		
<b>ICT &amp; Digital Impact</b>		x		
<b>Data Impact</b>		x		
<b>Procurement &amp; subsidy</b>		x		
<b>Council Priorities</b>	Housing that meets your needs			
<b>Human Resources</b>	Not applicable			
<b>Property</b>	Not applicable			

<b>Consultation &amp; Engagement</b>	The report outlines customer engagement that has taken place in the reports production
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## **Supporting Information**

### **3. Background**

- 3.1 The Council has a small stock holding of 231 units. 101 of these are held within shared ownership, where the Council has less responsibilities as a landlord as the shared owner has responsibilities for the upkeep and repair of their home. The rest of the portfolio is made up of rented property. It is a mix of general needs accommodation, supported accommodation and temporary accommodation for homeless households. As the stock holding is small, our number of responses are also small. This can have an impact on the results presented.
- 3.2 The Housing Ombudsman's Complaint Handling Code came into effect in April 2024 in conjunction with the wider Social Housing (Regulation) Act 2023. It empowered the Ombudsman to issue a code of practice that landlords should have in place for considering complaints. It also places a duty on the Ombudsman to monitor compliance with the code. The code outlined definitions of complaints, timescales that they should be handled within and how they should be handled. It also advises that the Council must report on compliance with the code to its appropriate governing body or committee and complete a self-assessment form annually. It must also publish outcomes on its website.
- 3.3 Additionally, the Social Housing (Regulation) Act 2023 requires landlords to collect Tenant Satisfaction Measures and report the results. This is to enable people to use the measures to understand how well landlords are performing. There is additional regulatory involvement for larger landlords (1000 homes or more), which includes an inspection regime and rating system against the consumer standards within the Regulations. As the Council only has a small stock holding of less than 1000 homes, the rating and inspection regime will not routinely apply, but it is still necessary to report and publish the Tenants Satisfaction Measures.

### **4. Details**

- 4.1 Appendix 1 shows the complaints received within 2023-24 that are within the scope of the Housing Ombudsman and the Council's performance against the code. It includes some improvements that have been identified and also, within Appendix 2, provides the self assessment that is required to be completed.
- 4.2 Appendix 1 also shows the results of the Tenant Satisfaction Measures for 2023-24 with analysis of the results.

## 5. Alternative Options and Reasons for Rejection

- 5.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not to produce and publish a report.

There is a statutory obligation to produce a report and report our performance in these areas as part of the legislation that is outlined within the report. This is therefore rejected.

## 6. Conclusion and Reasons for Recommendations

- 6.1 The report provides members with information regarding complaints performance within the scope of the Housing Ombudsman and wider performance that relates to the new Social Housing Regulation Act. It is a requirement within this legislation to report and publish our performance.

### Decision Information

<b>Key Decision</b>	N/A
<b>Subject to Call in</b>	N/A
<b>If not, why not subject to call in</b>	N/A
<b>Ward(s) Affected</b>	All wards

### Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	Housing Management Performance Annual Report
<b>Appendix 2</b>	Housing Ombudsman Complaint Handling Code Self Assessment
<b>Background Papers</b>	None
<b>Reference Papers</b>	None
<b>Report Author</b>	Richard Smith – Head of Housing
<b>Report Author contact details</b>	richard.smith@cherwell-dc.gov.uk 01295 221640
<b>Corporate Director Approval (unless Corporate Director or Statutory Officer report)</b>	Ian Boll, Corporate Director – Communities, 8 <sup>th</sup> November 2024

## **Housing Management Performance – Annual Report**

### **Introduction**

The Housing Ombudsman's Complaint Handling Code became statutory from 1 April 2024, which means that social housing landlords are now obliged by law to follow its requirements.

The Social Housing (Regulation) Act 2023 places a legal duty on the Ombudsman to monitor social housing landlord's compliance with the Code. Section 8 of the Housing Ombudsman's Service Complaint Handling Code requires that landlords must produce an Annual Complaints Performance and Service Improvement Report for scrutiny and challenge.

This annual report provides an analysis of the complaints received by the Council's Housing Management Team during 2023/24. This process and these complaints are different and separate from complaints received by other Council services, that are reported through a separate process.

This report seeks to provide information on the performance of the Council's complaint handling in terms of the volume and timeliness of the responses. In addition, the report seeks to identify themes, trends and lessons learnt in order to bring about service improvements.

The Housing Ombudsman Service has a two-stage complaint handling process which requires:

- All Complaint Acknowledgements responded within 5 working days.
- A first stage complaint must be responded to within 10 working days.
- A second stage complaint within 20 working days.

Cherwell District Council operates a 3 stage complaint process.

### **Stage 1 – Informal Complaint**

Stage 1 complaints cover oversights or human error that can be quickly resolved by contacting the service rather than awaiting formal investigation.

### **Stage 2 – Formal Complaint**

A formal complaint involves a senior officer within the service concerned investigating the matter. A stage 2 complaint will be acknowledged within 3 working days and a full response will be sent within 10 working days.

### **Stage 3 – Formal Review**

## Appendix 1

A Stage 3 formal review involves a member of the Extended Leadership Team within the Council (Assistant Director). It will also be someone who has not been involved in the matter before.

The acknowledgement for the Stage 3 request will be provided within 3 working days and a full response will be sent within 10 working days.

The Council's corporate policy for handling and managing complaints is not fully aligned with the Housing Ombudsman framework. Therefore, for the purpose of this report, Housing Ombudsman Stage One complaints consist of both Stage 1 and Stage 2 complaints made to the Council. The timescale compliance is also shown separately within tables. Taking this approach does not affect the outcomes within the report.

In addition, as part of the new Regulatory Framework, the Council collects and reports on a number of performance and service measures that relates to its small stock holding. Specifically, the Tenants Satisfaction Measures and Management Information Measures. This report also provides the results and progress made against these measures.

### **Scope of report**

The Council has a small stock holding of 231 units. As 101 properties are Shared Ownership and the Council's share is less than 50%, the effective units that the Council owns and manages is under 200. This is made up of a mix of Supported Accommodation, Temporary Accommodation, General Needs Housing and Shared Ownership.

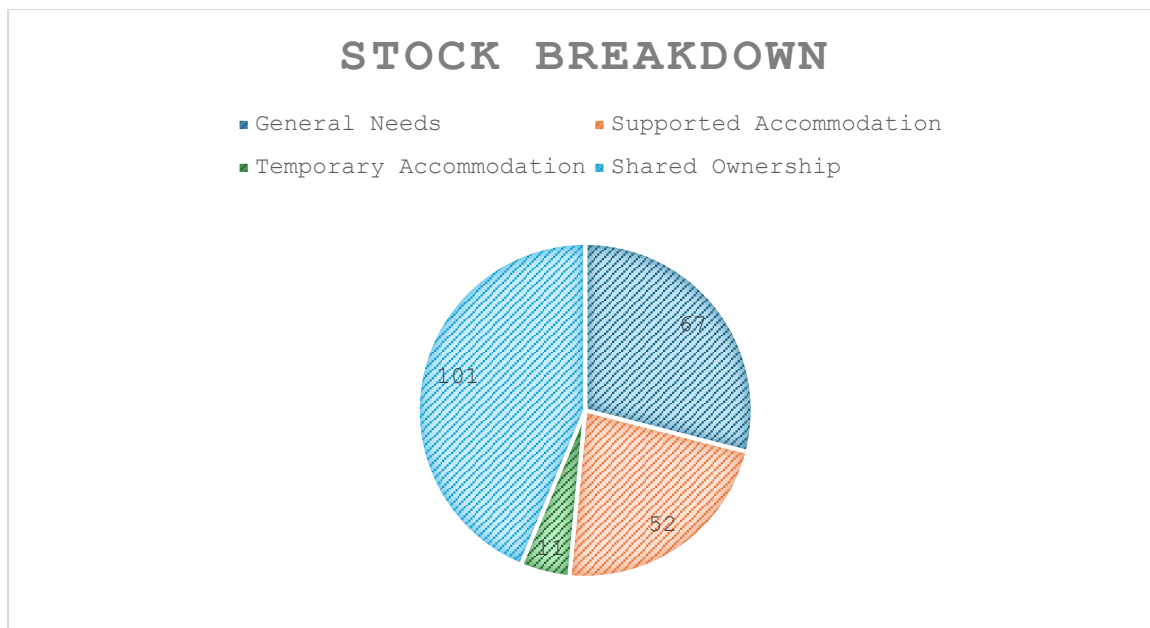
Throughout the period covered by the report, 36 units of general needs accommodation was unoccupied as long term void due to renovation works taking place. Therefore, the number of rented properties that the Council is managing with tenants within them currently is reduced.

Complaints and other data presented as part of this report relate to the Council's stock holding and to the residents within.

The breakdown of the properties is shown in **Figure 1**

### **Figure 1 – Cherwell District Council Housing Stock Breakdown**





### Definition of a Complaint

In accordance with the Housing Ombudsman’s Complaints Handling Code, a complaint is an

“expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the landlord, its own staff, or those acting on its behalf, affecting a resident or groups of residents”

The word complaint does not have to be used by the resident for it to be treated as such.

There is a difference between a complaint and a service request. This is outlined within the Council’s complaints procedure.

### Types of complaints within scope of this report

Within scope of the report are complaints that are raised by residents or raised by residents through an appropriate third party.

The Council receives enquiries from Members of Parliament and elected members, sometimes on behalf of customers or to enquire on their behalf. Where appropriate, the enquiry received may be escalated to a complaint and handled as such if it is clear that there is a service failing that needs to be investigated and addressed. Not all enquiries that are made by MP’s or Councillors are treated as complaints. They are primarily dealt with as requests for information and through part of day to day communications.

### Tenants Satisfaction Measures

## Appendix 1

The Tenant Satisfaction Measures Standard requires all registered providers to generate and report Tenants Satisfaction Measures (TSMs) as specified by the regulator.

The TSMs are a core set of performance measures against which all providers must publish their performance. The TSM Standard includes the required outcome that providers must collect and provide information to support effective scrutiny by tenants of their landlords performance. The TSM provide greater transparency about landlord performance and inform the regulator about how a landlord is complying with consumer standards.

As part of the TSM's, there are survey questions for residents that are standard across all providers. There are 12 core questions. Additionally, there are a suite of 10 Management Information Measures that are reported that cover performance on complaints, neighbourhood issues, repairs and maintenance performance and the safety and compliance of accommodation.

### Volume of Complaints

The data below summarises the Council's performance regarding complaints and the compliance with the Housing Ombudsman's Code regarding timescales and complaint handling.

This shows that of the complaints we have received regarding and relating to our stock holding have been compliant with internal processes and our Policy as well as the Housing Ombudsman's Complaint Handling Code. It should be noted that the scope of the stock to which the Code relates is small, as outlined in previous sections.

#### Figure 2a - Number of Housing Management related complaints received and compliance with response times - acknowledgement

Complaint Stage	Number Received	Acknowledgment sent within 5 working days
Informal Stage 1 (Housing Ombudsman Stage 1)	0	N/A
Formal Stage 2 (Housing Ombudsman Stage 1)	2 (100%)	2 (100%)
Stage 3 Formal Review (Housing Ombudsman Stage 2)	0	N/A
Logged as complaint but closed as service request	1	1

#### Figure 2b - Number of Housing Management related complaints received and compliance with response times

Complaint Stage	Response within CDC timescales	Response within Housing Ombudsman Timescales
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## Appendix 1

Informal Stage 1 (Housing Ombudsman Stage 1)	0	N/A
Formal Stage 2 (Housing Ombudsman Stage 1)	2 (100%)	2 (100%)
Stage 3 Formal Review (Housing Ombudsman Stage 2)	0	N/A

### **Complaints by Theme**

When analysing the themes of the complaints received, **Figure 3** shows the nature of the complaints that were received in 2023/24.

<b>Complaint Theme</b>	<b>Number of complaints</b>
Poor handling or progression of housing case	1 (50%)
Staff attitude/behaviour	1 (50%)
Failure to attend appointment	0
Condition of property	0
Poor workmanship	0
Relating to performance of a contractor	0
Other	0

### **Complaints by Tenure**

The Council holds a small but varied stock holding, as outlined in previous sections. The breakdown of the complaints by tenure of property is shown below in **Figure 4**

<b>Tenure</b>	<b>Number of complaints</b>
Shared Ownership	1 (50%)
Supported Accommodation	1 (50%)
General Needs Housing	0
Temporary Accommodation	0

### **Method in which a complaint is received**

The below table shows the method in which complaints were received by the Council during 2023-24. It shows that the Council's digital channels are most prevalent when reporting complaints.

**Figure 5 – Method in which complaints are received**

<b>Complaint Type</b>	<b>Number Received</b>	<b>Received by Email</b>	<b>Received by phone</b>	<b>Received by letter</b>	<b>Received in person</b>

## Appendix 1

Complaint logged as per Housing Ombudsman Code	2 (100%)	2 (100%)	0	0	0
Logged as complaint but closed as service request	1	1	0	0	0

### **Complaint Outcomes**

As part of complaint handling, the Council wishes to learn lessons where possible from the feedback it receives from customers. The below table shows the number of complaints that the Council upheld in 2023-24.

**Figure 6 - Number of complaints that were upheld by the Council**

Number of complaints	Reason for complaint	Percentage upheld
1	Staff attitude/behaviour	0%
1	Poor handling or progression of housing case	0%

### **Findings of non-compliance with the Housing Ombudsman Complaint Handling Code**

There are no instances of non-compliance with the code. All complaints were acknowledged and handled within the timescales provided by the Housing Ombudsman within the code.

There are some small additions or clarifications that are required to be made to Complaints Policy and Procedure, the Council will look to review these and act accordingly.

### **Service Improvements**

#### **Contact Management**

Staff within the Housing Management Team are and will receive regular briefing and training updates regarding identification and recording of complaints.

This is to ensure upon first point of contact they establish whether the enquiry is a complaint or service request and adapted to ensure that all relevant data can be gathered clearly.

## Appendix 1

The customer services team, who handle all complaint communications and also receive complaints when not received directly to staff, have refresher training as part of their roles.

There is a culture within the Housing Management Team of wanting to resolve issues that customers raise as quickly as possible, but the code should be followed when matters stray from a request for service and normal landlord and tenant dialogue to where a complaint should be recorded. It is positive that there is an approach and emphasis on early intervention and being proactive with the customer to ensure their issues and concerns are resolved at the earliest opportunity, it is important that the team retain this, and this continues to be encouraged.

### **Communication**

The Council will signpost or make clear how to make complaints more clearly to customers, particularly on communication that is more likely to generate comments. This will include when communicating rent and service charge increases to tenants or service charge increases to shared owners.

Newsletters that are sent out all will now reference how to make complaints.

In all contracts that the Council has entered into over the last year, how complaints will be managed and what we expect from contractors is within the specification of each.

### **Responses**

The Council is performing strongly when it comes to responding to complaints within timescales. The templates in place are compliant with the code for the staged responses. The acknowledgement that the customer receives needs to show more clearly what customers can expect, how they can escalate and what their response will include.

### **Tenant Satisfaction Measures (TSMs) Performance 2023-24**

The following section shows the Council's performance and results of the Tenant Satisfaction Measures and the associated Management Information Measures.

In accordance with the Social Housing (Regulation) Act 2023, landlords were required to commence collecting TSMs and the Management Information Measures from April 2023. Landlords with more than 1000 homes were required to submit their first year of TSM data in summer 2024.

As the Council is below the 1000 home threshold, it was not required to submit the data in the timescale. However, the Council elected to be part of a Small Landlord Pilot that was ran in Autumn 2023/Winter 2024, to assist and scope the ability, viability and feasibility for small landlords to report this data. The Council therefore

## Appendix 1

submitted TSMs in Summer 2024, like larger landlords. As small landlords, like Cherwell District Council, only have small samples, the results in some measures can be distorted.

The survey of all residents, including Shared Owners, was conducted in spring/summer 2024. The Council received 38 responses. This is a response rate of around 19%. Some of the questions that are asked are not asked to shared owners, such as repairs reporting, because of the different contractual relationship the Council holds with shared owners as opposed to tenants in general needs housing, for instance, where tenants have a Right to Repair in accordance with their tenancy agreement. In all cases where there are 2 sets of tables, the shared ownership is the second graph presented against the measure.

As a general observation, the satisfaction amongst clients receiving the rented service is higher.

The satisfaction with repairs services shows the most positive results. The performance of repairing within targets is positive within the Council's performance measures, so this perhaps has correlation.

Where there are lower satisfaction rates, there is a high prevalence of respondents reporting that they don't know or who haven't answered. Therefore, whilst respondents are not advising that they are satisfied, they are not responding that they are dissatisfied in high numbers.

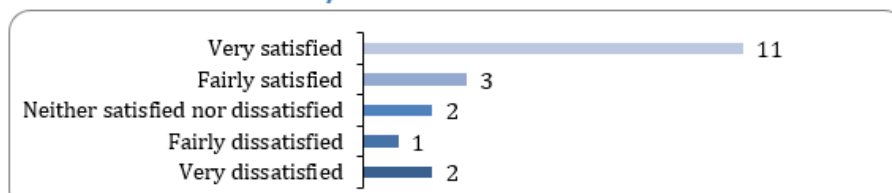
### **Performance against the Measures**

#### **Measured by Tenant Perception Survey**

##### **TP01 - Overall Satisfaction.**

74% Rented Stock. 58% Shared Ownership. 66% Overall satisfied

##### **1: Taking everything into account, how satisfied or dissatisfied are you with the service provided by Cherwell District Council as your landlord?**



##### **1: Taking everything into account, how satisfied or dissatisfied are you with the service provided by your landlord?**

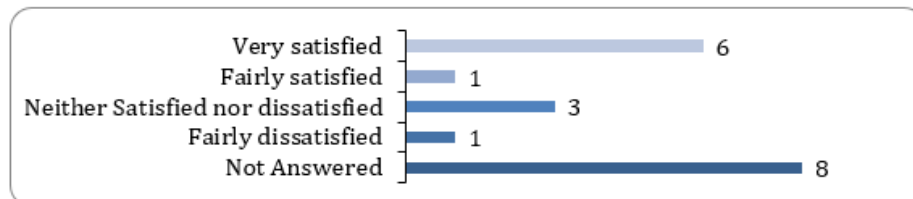


##### **TP02 – Satisfaction with Repairs**

## Appendix 1

64% satisfied. Only 1 response advised specifically that they were dissatisfied. This question is only asked of tenants in rented property as shared owners do not have the right of repair.

### 3: If yes, how satisfied or dissatisfied are you with the overall repairs service from your landlord over the last 12 months?

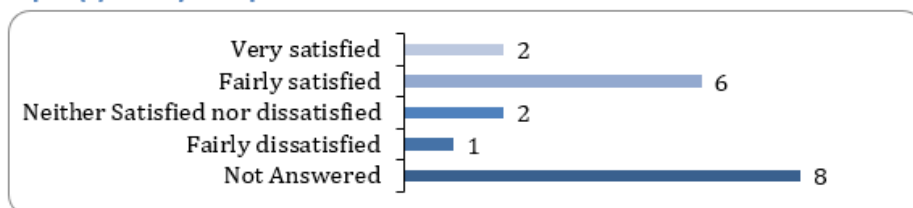


\*The 8 responses that are “not answered” are from tenants that advised they had not had a repair completed in the timeframe requested.

### TP03 - Satisfaction with time taken to complete most recent repair

73% satisfied. Only 1 response advised specifically that they were dissatisfied. This question is only asked of tenants in rented property as shared owners do not have the right of repair.

### 5: If yes, how satisfied, or dissatisfied are you with the time taken to complete your most recent repair(s) after you reported it?

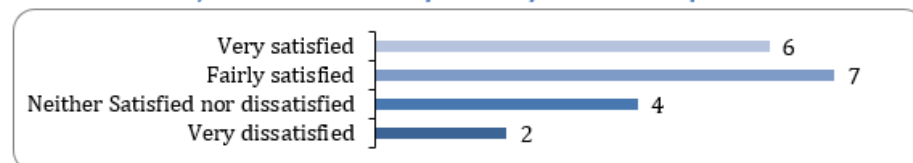


\*The 8 responses that are “not answered” are from tenants that advised they had not had a repair completed in the timeframe requested.

### TP04 - Satisfaction that the home is well maintained

68%. This question is only asked of tenants in rented property as shared owners do not have the right of repair. The Council is undertaking a stock condition survey during 2024 to ensure that its properties are maintained and investment is planned accordingly.

### 6: How satisfied, or dissatisfied are you that your landlord provides a home that is well maintained?

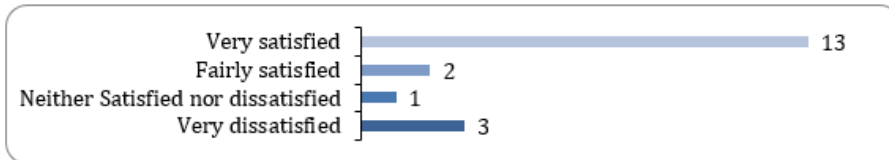


### TP05 – Satisfaction that the home is safe

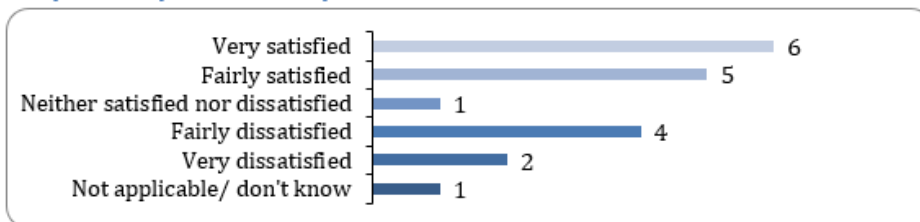
## Appendix 1

Performance within our rented properties, where we have more responsibilities, is 79%. It is only 61% for shared owners. An overall 68% satisfied.

### 7: Thinking about the condition of the property or building you live in, how satisfied or dissatisfied are you that your landlord provides a home that is safe?



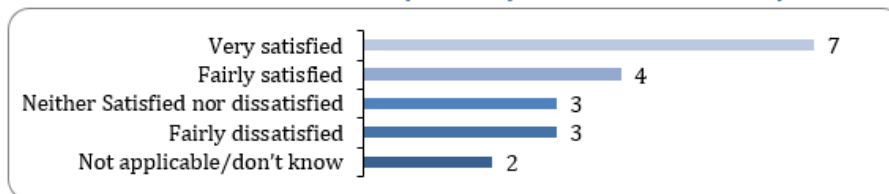
### 2: Thinking about the condition of the property or building you live in, how satisfied or dissatisfied are you that your landlord provides a home that is safe?



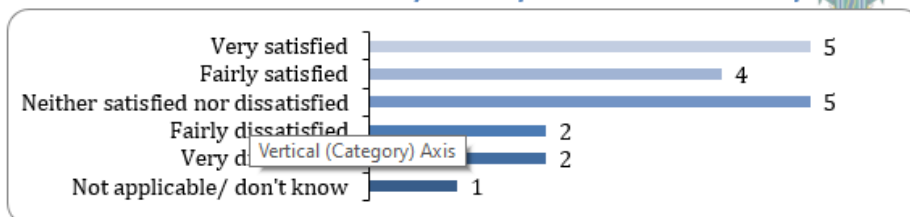
## TP06 – Satisfaction that the landlord listens to tenant’s views and acts upon them

The combined result is 57% satisfied. However, 23% have responded neutrally.

### 8: How satisfied or dissatisfied are you that your landlord listens to your views and acts upon them?



### 3: How satisfied or dissatisfied are you that your landlord listens to your views and acts upon them?



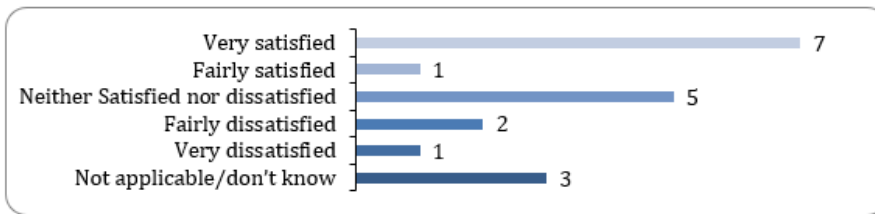
## TP07 - Satisfaction that the landlord keeps tenants informed about things that matter to you

A combined result of 50% satisfied. However, 28% have responded neutrally

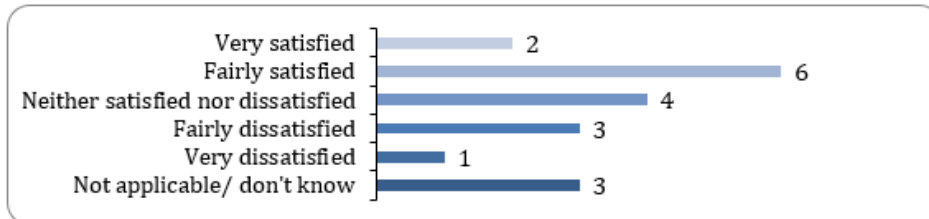


## Appendix 1

### 9: How satisfied or dissatisfied are you that your landlord keeps you informed about things that matter to you?



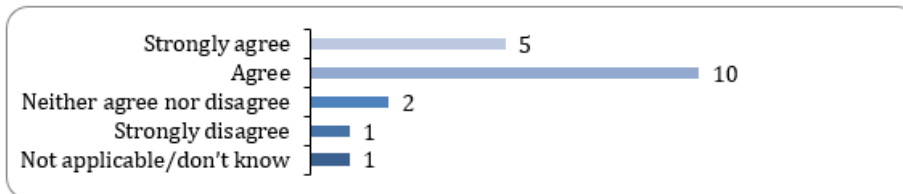
### 4: How satisfied or dissatisfied are you that your landlord keeps you informed about things that matter to you?



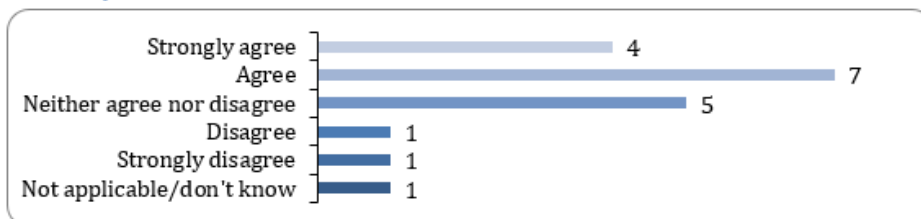
## TP08 - Agreement that the landlord treats tenants fairly and with respect

A combined result of 72% satisfied. 19% responded neutrally.

### 10: To what extent do you agree or disagree with the following statement: "My landlord treats me fairly and with respect."



### 5: To what extent do you agree or disagree with the following: "My landlord treats me fairly and with respect."



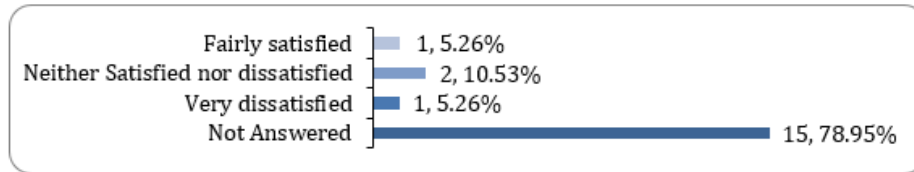
## TP09 - Satisfaction with the landlord's approach to handling complaints

As outlined within the complaints report, the Council has only received two complaints that related to its housing stock. However, in the responses, 6 respondents with Shared Ownership have advised that they made a complaint and 3 within the rented stock.

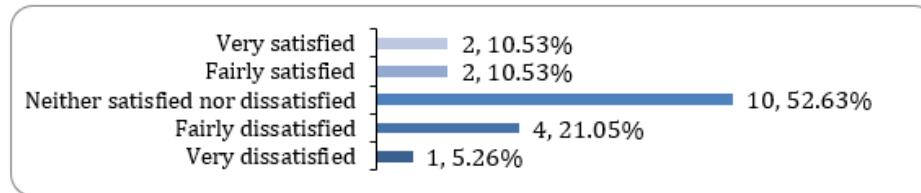
It is therefore difficult to draw conclusions from this data and results. The Council will seek further guidance in the future when reporting this measure.

## Appendix 1

### 12: If yes, how satisfied or dissatisfied are you with your landlord's approach to your complaints handling?



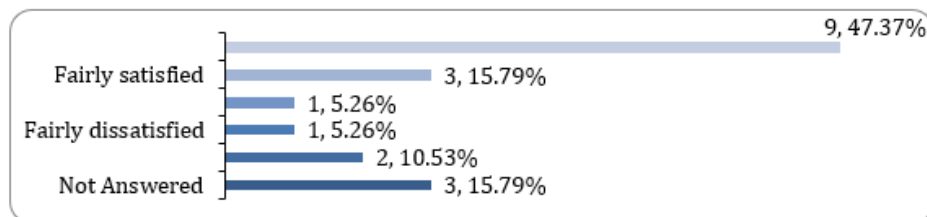
### 7: If yes, how satisfied or dissatisfied are you with your landlord's approach to your complaints handling?



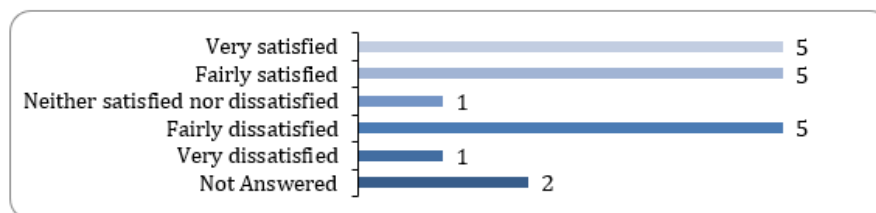
## TP10 - Satisfaction that the landlord keeps communal areas clean and well maintained

The combined result is 67% satisfied. Shared owners pay service charges for the services that they receive.

### 14: If yes, how satisfied or dissatisfied are you that your landlord keeps these communal areas clean and well maintained?



### 9: If yes, how satisfied or dissatisfied are you that your landlord keeps these communal areas clean and well maintained?

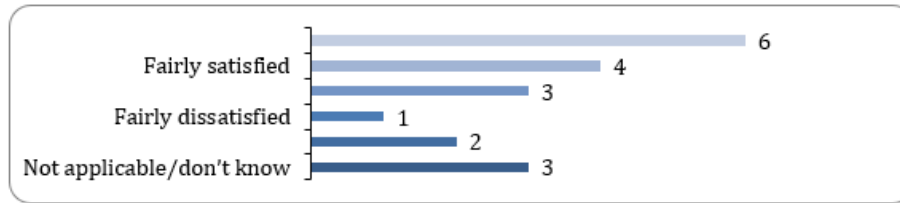


## TP11 - Satisfaction that the landlord makes a positive contribution to neighbourhoods

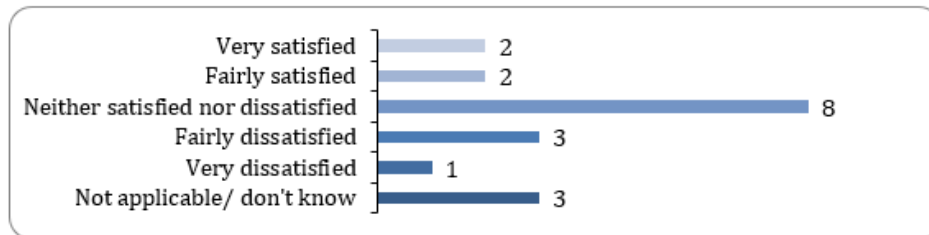
Of the combined total, 44% were satisfied with this measure. However, 34% of respondents provided a neutral response.

## Appendix 1

### 15: How satisfied or dissatisfied are you that your landlord makes a positive contribution to your neighbourhood?



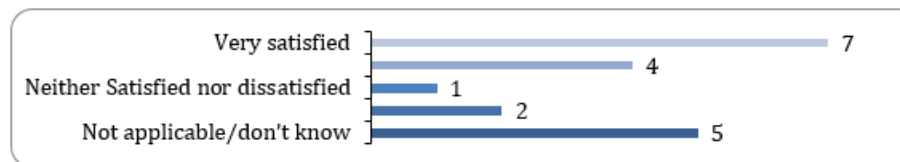
### 10: How satisfied or dissatisfied are you that your landlord makes a positive contribution to your neighbourhood?



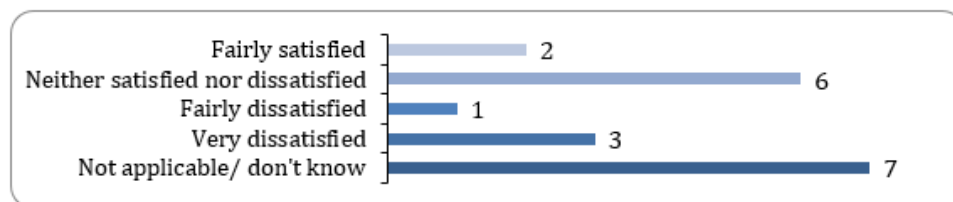
## TP12 - Satisfaction with the landlord's approach to handling anti-social behaviour

Of the combined, 50% were satisfied. However, 27% of respondents provided a neutral response.

### 16: How satisfied or dissatisfied are you with your landlord's approach to handling anti-social behaviour?



### 11: How satisfied or dissatisfied are you with your landlord's approach to handling anti-social behaviour?



## Measured by landlords directly

The following measures are measured by landlords directly as part of the Management Information Measures.

## RP01 Homes that do not meet the Decent Home Standard

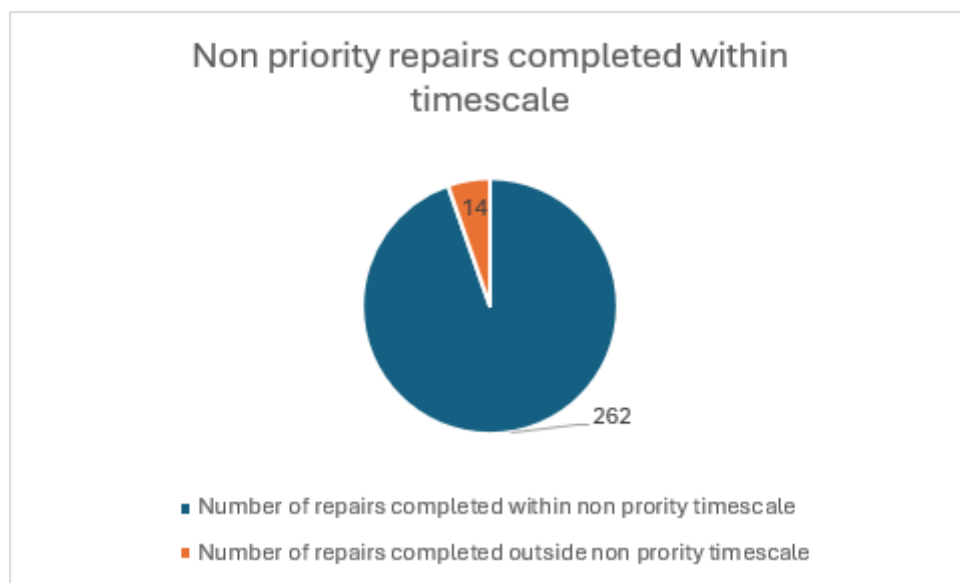
## Appendix 1

The Council has a largely modern stock holding, most of which has been developed over the last decade. However, it does not have data currently to accurately report this measure.

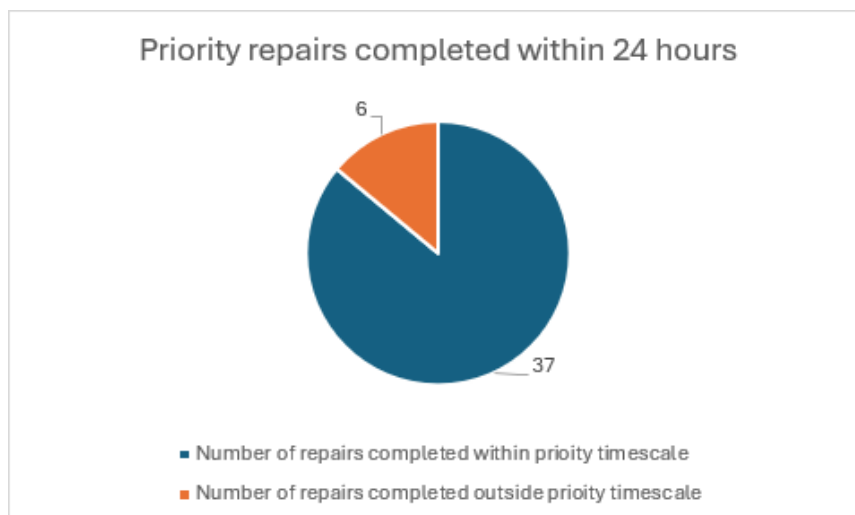
A stock condition survey is being undertaken during 2024 to provide accurate data against this measure and also enable the Council to fully understand its capital and revenue investment needs in relation to its housing stock within the forthcoming years.

### RP02 - Repairs completed within target timescale

For non-emergency repairs, the result is 95%



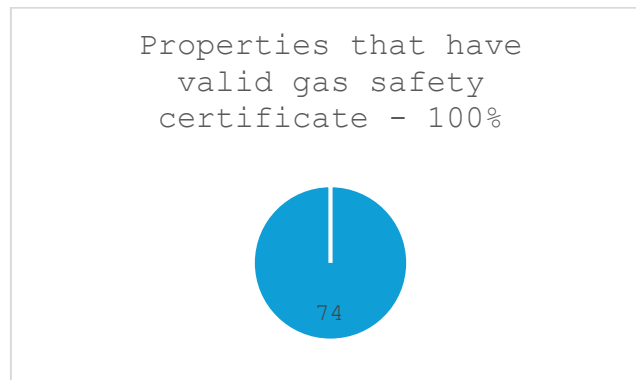
For emergency repairs, the result is 86%.



### BS01 - Gas safety checks

## Appendix 1

This measure is based on the percentage of homes that have had all the necessary gas safety checks.



### **BS02 - Fire safety checks**

This measure is based on the percentage of homes in buildings that have had all the necessary fire risk assessments.



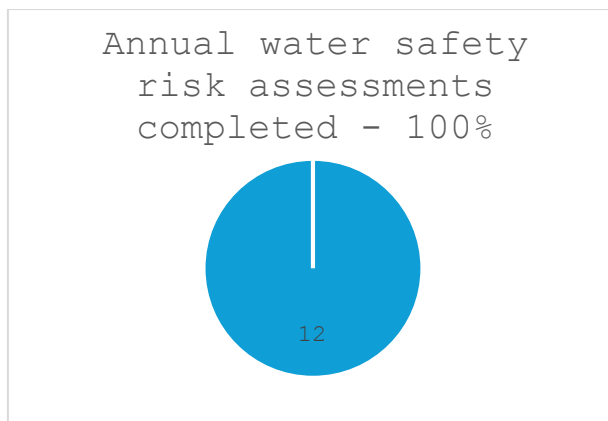
### **BS03 - Asbestos safety checks**

This measure is based on the percentage of homes in building that have all the necessary asbestos management surveys or re-inspections.

The Council has the necessary asbestos surveys for the domestic properties it owns and manages. The measure is therefore 100%.

### **BS04 - Water safety checks**

This measure is based on the percentage of homes that have had all the necessary legionella risk assessments.



**BS05 – Lift safety checks**

The Council does not have any communal passenger lifts within its properties, so is not reporting against this measure.

**CH01 - Complaints relative to size of landlord**

This measure is based on the number of complaints the landlord receives for each 1000 homes they own

Complaint Stage	Response within CDC timescales	Response within Housing Ombudsman Timescales
Informal Stage 1 (Housing Ombudsman Stage 1)	0	N/A
Formal Stage 2 (Housing Ombudsman Stage 1)	2 (100%)	2 (100%)
Stage 3 Formal Review (Housing Ombudsman Stage 2)	0	N/A

The Council manages fewer than 1000 properties, therefore all complaints received that relate to its stock are expressed as a proportion of 1000. The result is therefore 8.65 for Stage 1 and 0 for stage 2.

**CH02 - Complaints responded to within Complaint Handling Code timescales**

This measure is based on the percentage of complaints the landlord responds to within the times set within the Housing Ombudsman Complaint Handling Code.

The result against this measure is 100%

**NM01 - Anti social behaviour cases relative to the size of landlord**

This measure is based on the number of anti-social behaviour cases for each 1000 homes the landlord owns.

The Council recorded 12 cases within 2023-24. The result is therefore 51.9. 0 were recorded as hate incidents.

## Appendix 2 – Housing Ombudsman Service Complaints Handling Code Self Assessment Results

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
1.2	A complaint must be defined as: <i>'an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the landlord, its own staff, or those acting on its behalf, affecting a resident or group of residents.'</i>	Yes	Cherwell District Council Service Complaints Procedure, P2-3 Published on Cherwell District Council website  Provides a definition of complaints that references dissatisfaction with standard of service received, but is generic to all residents within the community.
1.3	A resident does not have to use the word 'complaint' for it to be treated as such. Whenever a resident expresses dissatisfaction landlords must give them the choice to make complaint. A complaint that is submitted via a third party or representative must be handled in line with the landlord's complaints policy.	Yes	Cherwell District Council Service Complaints Procedure P1-3  Staff training and awareness within the Housing Management Team to identify and report complaints appropriately in their contacts.  Council manages a significant percentage of supported accommodation that have vulnerable tenants within that have advocates or support agencies and keeps an up to date record of agency contacts and advocates.
1.4	Landlords must recognise the difference between a service request and a complaint. This must be set out in their complaints policy. A service request is a request from a resident to the landlord requiring action to be taken to put something right. Service requests are not complaints, but must be recorded, monitored and reviewed regularly.	Yes	Cherwell District Council Service Complaints Procedure, P2-3  Staff training and awareness within the Housing Management Team to identify and report complaints appropriately in their contacts.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
1.5	A complaint must be raised when the resident expresses dissatisfaction with the response to their service request, even if the handling of the service request remains ongoing. Landlords must not stop their efforts to address the service request if the resident complains.	Yes	This is not specifically dealt with within our policy. However, escalation routes are established within teams to ensure that this happens.  Cherwell District Council Service Complaints Procedure, P5, describes how complaints are escalated from stage 1 to stage 2 of the Cherwell procedure, which can give a path to escalation to a formal complaint where applicable
1.6	An expression of dissatisfaction with services made through a survey is not defined as a complaint, though wherever possible, the person completing the survey should be made aware of how they can pursue a complaint if they wish to. Where landlords ask for wider feedback about their services, they also must provide details of how residents can complain.	Yes	Due to the small number of properties that the Council manages, the Council is able to respond directly to feedback such as this received with residents where identified and appropriate.



Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
2.1	Landlords must accept a complaint unless there is a valid reason not to do so. If landlords decide not to accept a complaint they must be able to evidence their reasoning. Each complaint must be considered on its own merits	Yes	Cherwell District Council Service Complaints Procedure, P3-4, defines what is and isn't a complaint and alternative methods for dealing with other matters that may be attempted to be raised as complaints.
2.2	<p>A complaints policy must set out the circumstances in which a matter will not be considered as a complaint or escalated, and these circumstances must be fair and reasonable to residents. Acceptable exclusions include:</p> <ul style="list-style-type: none"> <li>• The issue giving rise to the complaint occurred over twelve months ago.</li> <li>• Legal proceedings have started. This is defined as details of the claim, such as the Claim Form and Particulars of Claim, having been filed at court.</li> <li>• Matters that have previously been considered under the complaints policy.</li> </ul>	Yes	As above, Cherwell District Council Service Complaints Procedure, P3-4
2.3	Landlords must accept complaints referred to them within 12 months of the issue occurring or the resident becoming aware of the issue unless they are excluded on other grounds. Landlords must consider whether to apply discretion to accept complaints made outside	Yes	Cherwell District Council Service Complaints Procedure, P3-4. The Council does not have scope to refuse complaints on the grounds stated within 2.3 of the code, so they would be included and dealt with as complaints and not excluded.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	this time limit where there are good reasons to do so.		
2.4	If a landlord decides not to accept a complaint, an explanation must be provided to the resident setting out the reasons why the matter is not suitable for the complaints process and the right to take that decision to the Ombudsman. If the Ombudsman does not agree that the exclusion has been fairly applied, the Ombudsman may tell the landlord to take on the complaint.	Yes	Cherwell District Council Service Complaints Procedure, P3-4.  Complaints are routinely recorded as complaints rather than not accepting them and front line staff handling and managing complaints are trained and are independent from the housing team, and thus ensure fairness and transparency. Complaints are routinely acknowledged and updates regarding their processing and progress are provided as part of standard processes.
2.5	Landlords must not take a blanket approach to excluding complaints; they must consider the individual circumstances of each complaint.	Yes	As above Cherwell District Council Service Complaints Procedure, P3-4.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
3.1	Landlords must make it easy for residents to complain by providing different channels through which they can make a complaint. Landlords must consider their duties under the Equality Act 2010 and anticipate the needs and reasonable adjustments of residents who may need to access the complaints process.	Yes	Cherwell District Council Service Complaints Procedure, P4.  Multiple channels – letter, email, face to face, via staff.  Council has an EDI Framework to ensure services are inclusive and respond to our responsibilities within legislation.
3.2	Residents must be able to raise their complaints in any way and with any member of staff. All staff must be aware of the complaints process and be able to pass details of the complaint to the appropriate person within the landlord.	Yes	Cherwell District Council Service Complaints Procedure, P4  Staff training and awareness of housing management team, who deal and manage the customer contacts with our tenants and shared awareness is provided.
3.3	High volumes of complaints must not be seen as a negative, as they can be indicative of a well-publicised and accessible complaints process. Low complaint volumes are potentially a sign that residents are unable to complain.	Yes	Wider complaints performance of the Council is reported through the Accounts, Audit and Risk Committee.  Customer Focus and performance is also regularly part of the Overview and Scrutiny Processes.  Complaints and how to complain is found within one click on the Council website from the homepage.
3.4	Landlords must make their complaint policy available in a clear and accessible format for all residents. This will detail the 2 stage process, what will happen at each stage, and the timeframes for responding. The	Yes	Cherwell District Council Service Complaints Procedure and details of how to make complaints and how they will be dealt with is available for download on the Council website and is also available on the Council's webpages

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	policy must also be published on the landlord's website.		
3.5	The policy must explain how the landlord will publicise details of the complaints policy, including information about the Ombudsman and this Code.	Yes	<p>Cherwell District Council Service Complaints Procedure, P7, references our engagement with the Local Government Ombudsman and Social Care Ombudsman.</p> <p>Cherwell District Council will reference Housing Ombudsman and Code following review of this Procedure and on completion of the self-assessment.</p>
3.6	Landlords must give residents the opportunity to have a representative deal with their complaint on their behalf, and to be represented or accompanied at any meeting with the landlord.	Yes	<p>Cherwell District Council Service Complaints Procedure, P1, has a section regarding third parties.</p> <p>Many of those living in our housing stock have representatives working on their behalf due to their level of vulnerability. The Council therefore is used to managing issues and tenancy/property matters through engagement with third parties.</p>
3.7	Landlords must provide residents with information on their right to access the Ombudsman service and how the individual can engage with the Ombudsman about their complaint.	Yes	<p>Cherwell District Council Service Complaints Procedure, P7, references our engagement with the Local Government Ombudsman and Social Care Ombudsman.</p> <p>Cherwell District Council will reference Housing Ombudsman and Code following review of this Procedure and on completion of the self-assessment.</p>

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
4.1	Landlords must have a person or team assigned to take responsibility for complaint handling, including liaison with the Ombudsman and ensuring complaints are reported to the governing body (or equivalent). This Code will refer to that person or team as the 'complaints officer'. This role may be in addition to other duties.	Yes	Specific officers within the Customer Service Team ensure standard response to complaints across the Council. They ensure that complaints are dealt with at the correct stage and ensure that an appropriate officer investigates them
4.2	The complaints officer must have access to staff at all levels to facilitate the prompt resolution of complaints. They must also have the authority and autonomy to act to resolve disputes promptly and fairly.	Yes	<p>The Council takes complaints seriously and processes and a complaints handling system is in place to ensure that complaints are managed, escalated and responded to correctly and in accordance with procedure.</p> <p>The complaints officers liaise with the executive support staff across departments to ensure that complaints are managed correctly and responded to within timescales.</p>
4.3	Landlords are expected to prioritise complaint handling and a culture of learning from complaints. All relevant staff must be suitably trained in the importance of complaint handling. It is important that complaints are seen as a core service and must be resourced to handle complaints effectively	Yes	<p>Staff within the Customer Services Team are appropriately trained and ensure that appropriate and robust complaint handling takes place across the organisation.</p> <p>Performance of the Council as a whole is reported and scrutinised routinely through the Overview and Scrutiny Committee processes.</p> <p>The Council routinely reports in its responses which complaints are upheld and not upheld and seeks to learn, particularly when complaints are upheld or upheld in part.</p>

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
5.1	Landlords must have a single policy in place for dealing with complaints covered by this Code. Residents must not be treated differently if they complain.	Yes	Cherwell District Council Service Complaints Procedure
5.2	The early and local resolution of issues between landlords and residents is key to effective complaint handling. It is not appropriate to have extra named stages (such as 'stage 0' or 'informal complaint') as this causes unnecessary confusion.	Yes	Cherwell District Council Service Complaints Procedure advises of an informal stage 1. However, relating to housing complaints and compliance with the code, these are counted and dealt formally through stage 2 within our process.
5.3	A process with more than 2 stages is not acceptable under any circumstances as this will make the complaint process unduly long and delay access to the Ombudsman.	Yes	Cherwell District Council Service Complaints Procedure, as above. 2 stage process.
5.4	Where a landlord's complaint response is handled by a third party (e.g. a contractor or independent adjudicator) at any stage, it must form part of the 2 stage complaints process set out in this Code. Residents must not be expected to go through 2 complaints processes.	Yes	These are carried out in accordance with the 2 stage process. If they were to occur.
5.5	Landlords are responsible for ensuring that any third parties handle complaints in line with the Code.	Yes	The Council would seek to ensure that any appointed third party complied with the Council's policy and process, as they are acting on our behalf.
5.6	When a complaint is logged at Stage 1 or escalated to Stage 2, landlords must set	Yes	Cherwell District Council Service Complaints Procedure P4-5. The procedure advises for information and clarifications where relevant.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	out their understanding of the complaint and the outcomes the resident is seeking. The Code will refer to this as “the complaint definition”. If any aspect of the complaint is unclear, the resident must be asked for clarification.		Responses as standard outline what we believe the complaint to be and outcomes sought as appropriate.
5.7	When a complaint is acknowledged at either stage, landlords must be clear which aspects of the complaint they are, and are not, responsible for and clarify any areas where this is not clear.	Yes	Cherwell District Council Service Complaints Procedure P4-5.  As above, standard responses include this.
5.8	At each stage of the complaints process, complaint handlers must: <ul style="list-style-type: none"> <li>a. deal with complaints on their merits, act independently, and have an open mind;</li> <li>b. give the resident a fair chance to set out their position;</li> <li>c. take measures to address any actual or perceived conflict of interest; and</li> <li>d. consider all relevant information and evidence carefully.</li> </ul>	Yes	Staff responding to housing complaints, even at first stage, are senior staff within the organisation and thus, as complaints handlers, have the ability to be independent, fair and be balanced. They are also able to provide appropriate resolutions where identified.
5.9	Where a response to a complaint will fall outside the timescales set out in this Code, the landlord must agree with the resident suitable intervals for keeping them informed about their complaint.	Yes	Cherwell District Council Service Complaints Procedure P4-6 references how timescales and extensions are managed.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
5.10	Landlords must make reasonable adjustments for residents where appropriate under the Equality Act 2010. Landlords must keep a record of any reasonable adjustments agreed, as well as a record of any disabilities a resident has disclosed. Any agreed reasonable adjustments must be kept under active review.	Yes	Cherwell District Council Service Complaints Procedure P1  The Housing department records any disabilities a resident has disclosed, record not kept by the Complaints Officer. The Council has comprehensive records of residents known to be vulnerable and within supported accommodation.  If a disability is disclosed during a complaint the Housing department will be informed and the Council will ensure that any reasonable adjustments are met.
5.11	Landlords must not refuse to escalate a complaint through all stages of the complaints procedure unless it has valid reasons to do so. Landlords must clearly set out these reasons, and they must comply with the provisions set out in section 2 of this Code.	Yes	Cherwell District Council Service Complaints Procedure P4-6. Independence of complaints officers would ensure appropriate handling.
5.12	A full record must be kept of the complaint, and the outcomes at each stage. This must include the original complaint and the date received, all correspondence with the resident, correspondence with other parties, and any relevant supporting documentation such as reports or surveys.	Yes	Bespoke administration system for recording all stages of complaints, complainant/council liaison, letters and e-mails. It also monitors response timeframes. All the above is embedded within the system.
5.13	Landlords must have processes in place to ensure a complaint can be remedied at any stage of its complaints process. Landlords must ensure appropriate remedies can be	Yes	Complaints are investigated and responded to by staff at appropriate level to ensure that complaints can be remedied without unnecessary escalation.



Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	provided at any stage of the complaints process without the need for escalation.		
5.14	Landlords must have policies and procedures in place for managing unacceptable behaviour from residents and/or their representatives. Landlords must be able to evidence reasons for putting any restrictions in place and must keep restrictions under regular review.	Yes	Council has process for managing customers that can pose issues and places restrictions on contacts. These lists are reviewed annually to see if the restrictions should still apply. This is reviewed by an independent department from those who are routinely managing the customer involved.
5.15	Any restrictions placed on contact due to unacceptable behaviour must be proportionate and demonstrate regard for the provisions of the Equality Act 2010.	Yes	As outlined in 5.14. This is independently managed to ensure proportionality.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
6.1	Landlords must have processes in place to consider which complaints can be responded to as early as possible, and which require further investigation. Landlords must consider factors such as the complexity of the complaint and whether the resident is vulnerable or at risk. Most stage 1 complaints can be resolved promptly, and an explanation, apology or resolution provided to the resident.	Yes	Cherwell District Council Service Complaints Procedure
6.2	Complaints must be acknowledged, defined and logged at stage 1 of the complaints procedure <b><u>within five working days of the complaint being received.</u></b>	Yes	Cherwell District Council Service Complaints Procedure, processes and performance outlined in the published report
6.3	Landlords must issue a full response to stage 1 complaints <b><u>within 10 working days</u></b> of the complaint being acknowledged.	Yes	Cherwell District Council Service Complaints Procedure, processes and performance outlined in the published report
6.4	Landlords must decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform the resident of the expected timescale for response. Any extension must be no more than 10 working days without good reason, and the reason(s) must be clearly explained to the resident.	Yes	Cherwell District Council Service Complaints Procedure

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
6.5	When an organisation informs a resident about an extension to these timescales, they must be provided with the contact details of the Ombudsman.	Yes	The Council has not had to extend any complaint timescales and has been able to respond comfortably in accordance with the Complaints Handling Code. If a response is delayed, the details will be provided within the written communication that is sent.
6.6	A complaint response must be provided to the resident when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions must still be tracked and actioned promptly with appropriate updates provided to the resident.	Yes	This has not occurred in any housing complaints, as the answers have been known. If they are not known, a clear timescale would be provided within the complaint response, with the responsible person and how it will be responded to or updated on. This would then be recorded on the Council's complaints monitoring system.
6.7	Landlords must address all points raised in the complaint definition and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.	Yes	This is within the complaint templates used for the stage complaints.
6.8	Where residents raise additional complaints during the investigation, these must be incorporated into the stage 1 response if they are related and the stage 1 response has not been issued. Where the stage 1 response has been issued, the new issues are unrelated to the issues already being investigated or it would unreasonably delay the response, the new issues must be logged as a new complaint.	Yes	New complaints or new matters raised that do not relate to the matters being investigated would generate a new complaint and would be handled through the Cherwell District Council Service Complaints Procedure.  If they were related or a customer wanted to add related information following an acknowledgement being received, they would be incorporated into this response. If this necessitated a change or an extension in timescales for a response, this would be communicated to the customer.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
6.9	<p>Landlords must confirm the following in writing to the resident at the completion of stage 1 in clear, plain language:</p> <ul style="list-style-type: none"> <li>a. the complaint stage;</li> <li>b. the complaint definition;</li> <li>c. the decision on the complaint;</li> <li>d. the reasons for any decisions made;</li> <li>e. the details of any remedy offered to put things right;</li> <li>f. details of any outstanding actions; and</li> <li>g. details of how to escalate the matter to stage 2 if the individual is not satisfied with the response.</li> </ul>	Yes	This is covered within the standard response templates provided those raising a complaint.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
6.10	If all or part of the complaint is not resolved to the resident's satisfaction at stage 1, it must be progressed to stage 2 of the landlord's procedure. Stage 2 is the landlord's final response.	Yes	Cherwell District Council Service Complaints Procedure
6.11	Requests for stage 2 must be acknowledged, defined and logged at stage 2 of the complaints procedure within five working days of the escalation request being received.	Yes	Cherwell District Council Service Complaints Procedure
6.12	Residents must not be required to explain their reasons for requesting a stage 2 consideration. Landlords are expected to make reasonable efforts to understand why a resident remains unhappy as part of its stage 2 response.	Yes	Cherwell District Council Service Complaints Procedure.
6.13	The person considering the complaint at stage 2 must not be the same person that considered the complaint at stage 1.	Yes	Cherwell District Council Service Complaints Procedure
6.14	Landlords must issue a final response to the stage 2 <b><u>within 20 working days</u></b> of the complaint being acknowledged.	Yes	Cherwell District Council Service Complaints Procedure
6.15	Landlords must decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform the resident of the expected timescale for response. Any	Yes	Cherwell District Council Service Complaints Procedure

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	extension must be no more than 20 working days without good reason, and the reason(s) must be clearly explained to the resident.		
6.16	When an organisation informs a resident about an extension to these timescales, they must be provided with the contact details of the Ombudsman.	Yes	The Council has not had to extend any complaint timescales and has been able to respond comfortably in accordance with the Complaints Handling Code. If a response is delayed, the details will be provided within the written communication that is sent.
6.17	A complaint response must be provided to the resident when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions must still be tracked and actioned promptly with appropriate updates provided to the resident.	Yes	This has not occurred in any housing complaints, as the answers have been known. If they are not known, a clear timescale would be provided within the complaint response, with the responsible person and how it will be responded to or updated on. This would then be recorded on the Council's complaints monitoring system.
6.18	Landlords must address all points raised in the complaint definition and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.	Yes	This is within the complaint templates used for the stage complaints.
6.19	Landlords must confirm the following in writing to the resident at the completion of stage 2 in clear, plain language: <ul style="list-style-type: none"> <li>a. the complaint stage;</li> <li>b. the complaint definition;</li> <li>c. the decision on the complaint;</li> <li>d. the reasons for any decisions made;</li> </ul>	Yes	This is covered within the standard response templates provided those raising a complaint.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	<ul style="list-style-type: none"> <li>e. the details of any remedy offered to put things right;</li> <li>f. details of any outstanding actions; and</li> <li>g. details of how to escalate the matter to the Ombudsman Service if the individual remains dissatisfied.</li> </ul>		
6.20	Stage 2 is the landlord's final response and must involve all suitable staff members needed to issue such a response.	Yes	Cherwell District Council Service Complaints Procedure

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
7.1	<p>Where something has gone wrong a landlord must acknowledge this and set out the actions it has already taken, or intends to take, to put things right. These can include:</p> <ul style="list-style-type: none"> <li>• Apologising;</li> <li>• Acknowledging where things have gone wrong;</li> <li>• Providing an explanation, assistance or reasons;</li> <li>• Taking action if there has been delay;</li> <li>• Reconsidering or changing a decision;</li> <li>• Amending a record or adding a correction or addendum;</li> <li>• Providing a financial remedy;</li> <li>• Changing policies, procedures or practices.</li> </ul>	Yes	Standard complaint response templates
7.2	Any remedy offered must reflect the impact on the resident as a result of any fault identified.	Yes	Standard complaint response templates and resolutions that are within scope of the investigating officer.
7.3	The remedy offer must clearly set out what will happen and by when, in agreement with the resident where appropriate. Any remedy proposed must be followed through to completion.	Yes	Standard complaint response templates. If a remedy is identified and necessary, what the customer would expect and when would be clarified and made clear, to avoid further escalation.



Appendix 2

<b>Code provision</b>	<b>Code requirement</b>	<b>Comply: Yes / No</b>	<b>Evidence Commentary / explanation</b>
7.4	Landlords must take account of the guidance issued by the Ombudsman when deciding on appropriate remedies.	Yes	The remedies offered would be SMART and would be within the scope of the investigating officer, who would be of appropriate seniority to ensure that they are delivered.

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
8.1	<p>Landlords must produce an annual complaints performance and service improvement report for scrutiny and challenge, which must include:</p> <ul style="list-style-type: none"> <li>a. the annual self-assessment against this Code to ensure their complaint handling policy remains in line with its requirements.</li> <li>b. a qualitative and quantitative analysis of the landlord's complaint handling performance. This must also include a summary of the types of complaints the landlord has refused to accept;</li> <li>c. any findings of non-compliance with this Code by the Ombudsman;</li> <li>d. the service improvements made as a result of the learning from complaints;</li> <li>e. any annual report about the landlord's performance from the Ombudsman; and</li> <li>f. any other relevant reports or publications produced by the Ombudsman in relation to the work of the landlord.</li> </ul>	Yes	<p>Analysis of the Council's 2023-24 performance was presented to the Accounts Audit and Risk Committee in November 2024.</p> <p>This included a copy of this self-assessment</p>
8.2	<p>The annual complaints performance and service improvement report must be reported to the landlord's governing body (or equivalent) and published on the on the section of its website relating to complaints.</p>	Yes	<p>Analysis of the Council's 2023-24 performance was presented to the Accounts Audit and Risk Committee in November 2024.</p> <p>Following approval, a version of the report will be available on the Council website.</p>

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	The governing body's response to the report must be published alongside this.		
8.3	Landlords must also carry out a self-assessment following a significant restructure, merger and/or change in procedures.	Yes	The Council will fully comply with this requirement when the need arises.
8.4	Landlords may be asked to review and update the self-assessment following an Ombudsman investigation.	Yes	The Council would fully comply with any request should the need arise.
8.5	If a landlord is unable to comply with the Code due to exceptional circumstances, such as a cyber incident, they must inform the Ombudsman, provide information to residents who may be affected, and publish this on their website Landlords must provide a timescale for returning to compliance with the Code.	Yes	The Council would fully comply with any request should the need arise.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
9.1	Landlords must look beyond the circumstances of the individual complaint and consider whether service improvements can be made as a result of any learning from the complaint.	Yes	Our annual report analysis identifies this, which we consider appropriate considering our small stock size.
9.2	A positive complaint handling culture is integral to the effectiveness with which landlords resolve disputes. Landlords must use complaints as a source of intelligence to identify issues and introduce positive changes in service delivery.	Yes	Our annual report analysis identifies this, which we consider appropriate considering our small stock size.
9.3	Accountability and transparency are also integral to a positive complaint handling culture. Landlords must report back on wider learning and improvements from complaints to stakeholders, such as residents' panels, staff and relevant committees.	Yes	Our annual report analysis identifies this, which we consider appropriate considering our small stock size. Information on performance in these key areas is reported to residents through our newsletter.
9.4	Landlords must appoint a suitably senior lead person as accountable for their complaint handling. This person must assess any themes or trends to identify potential systemic issues, serious risks, or policies and procedures that require revision.	Yes	Complaints are monitored centrally through the complaints team with the wider customer service team. The responsibility for complaints processes and overall policy is with Assistant Director – Customer Focus.
9.5	In addition to this a member of the governing body (or equivalent) must be appointed to have lead responsibility for complaints to support a positive complaint handling culture. This person is referred to	Yes	Executive portfolio holder with responsibility for Corporate Services, which includes complaints.

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	as the Member Responsible for Complaints ('the MRC').		
9.6	The MRC will be responsible for ensuring the governing body receives regular information on complaints that provides insight on the landlord's complaint handling performance. This person must have access to suitable information and staff to perform this role and report on their findings.	Yes	Executive portfolio holder with responsibility for Corporate Services, which includes complaints.  Ensuring that analysis of complaints and compliance with relevant ombudsman requirements are met.
9.7	As a minimum, the MRC and the governing body (or equivalent) must receive: <ul style="list-style-type: none"> <li>a. regular updates on the volume, categories and outcomes of complaints, alongside complaint handling performance;</li> <li>b. regular reviews of issues and trends arising from complaint handling;</li> <li>c. regular updates on the outcomes of the Ombudsman's investigations and progress made in complying with orders related to severe maladministration findings; and</li> <li>d. annual complaints performance and service improvement report.</li> </ul>	Yes	Annual Performance report and Ombudsman decision presented to Accounts, Audit and Risk Committee.
9.8	Landlords must have a standard objective in relation to complaint handling for all relevant employees or third parties that reflects the need to:	Yes	Staff within customer services and the housing management team are appropriately trained to have awareness and respond to complaints.

Appendix 2

Code provision	Code requirement	Comply: Yes / No	Evidence Commentary / explanation
	<ul style="list-style-type: none"> <li>a. have a collaborative and co-operative approach towards resolving complaints, working with colleagues across teams and departments;</li> <li>b. take collective responsibility for any shortfalls identified through complaints, rather than blaming others; and</li> <li>c. act within the professional standards for engaging with complaints as set by any relevant professional body.</li> </ul>		<p>Structures are in place to ensure that these are responded to in timescales, ensuring wider teams or contractors where appropriate are engaged in putting things right.</p> <p>All teams involved in all Council complaints are responsible to the same complaints processes and thus have the same responsibilities to residents.</p>



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<b>This is a public report</b>	
<b>2022/23 Final Statement of Accounts</b>	
<b>Committee</b>	Accounts, Audit and Risk Committee
<b>Date of Committee</b>	20 November 2024
<b>Portfolio Holder presenting the report</b>	Deputy Leader of the Council and Portfolio Holder for Finance, Property and Regeneration, Councillor Lesley McLean
<b>Date Portfolio Holder agreed report</b>	8 November 2024
<b>Report of</b>	Assistant Director of Finance (S151 Officer), Michael Furness

## Purpose of report

To ask the Committee to note the final 2022/23 Statement of Accounts and the changes that have been made since the draft version which was brought to the Committee at its March 2024 meeting.

## 1. Recommendations

The Accounts, Audit and Risk Committee meeting resolves:

- 1.1 To note the final 2022/23 Statement of Accounts (Appendix 1) and the associated changes between draft and final version.

## 2. Executive Summary

- 2.1 The Ministry for Housing, Communities and Local Government has implemented audit backstop dates to reset the local government audit system in England. Under this legislation the audit for 2022/23 is required to be completed by the 13<sup>th</sup> December 2024. As the council's external auditors, Ernst & Young LLP (EY) are not able to gain sufficient assurance by this date a disclaimer opinion will be issued, giving no assurance on the statement of accounts for 2022/23. However, the value for money assessment has been completed as usual and is expected to be reported to the committee in January.
- 2.2 The Chairman of the Accounts Audit and Risk Committee and the S151 Officer were granted delegated authority by the Committee at its meeting in September 2024 to finalise and sign the accounts and the final Letter of Representation. This will be completed before the audit opinion is signed.
- 2.3 Since the publication of the draft statement of accounts for 2022/23 there have been some minor changes for the final statement of accounts. The final statement of accounts is attached at appendix 1. The changes are summarised in section 4.

## Implications & Impact Assessments

Implications	Commentary			
<b>Finance</b>	There are no financial implications arising directly from this report. Joanne Kaye, Head of Finance, 30 October 2024			
<b>Legal</b>	There are no legal implications arising directly from this report. Alison Coles, Legal Services Operations Manager, 7 November 2024			
<b>Risk Management</b>	There are no risk management implications arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 8 November 2024			
Impact Assessments	Positive	Neutral	Negative	Commentary
<b>Equality Impact</b>				N/A
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?				N/A
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?				N/A
<b>Climate &amp; Environmental Impact</b>				N/A
<b>ICT &amp; Digital Impact</b>				N/A
<b>Data Impact</b>				N/A
<b>Procurement &amp; subsidy</b>				N/A
<b>Council Priorities</b>	N/A			
<b>Human Resources</b>	N/A			
<b>Property</b>	N/A			
<b>Consultation &amp; Engagement</b>	N/A			

## Supporting Information

### 3. Background

- 3.1 The draft statement of accounts for 2022/23 were noted by the committee at its meeting 20 March 2024. The committee received a draft of the 2022/23 letter of representation at its meeting in September 2024 and gave the S151 Officer and the Chair of the committee delegated authority to finalise and sign both the letter of representation and the final statement of accounts to conclude the audit.
- 3.2 At the September 2024 meeting it was also outlined that the 2022/23 statement of accounts would receive a disclaimer opinion, which councils across the country will be receiving as part of the government's audit reset plans. The council is expecting to receive this disclaimer opinion before the backstop deadline of the 13<sup>th</sup> December 2024.

### 4. Details

- 4.1 Since the Committee noted the draft statement of accounts, there have been a few changes made to reach the final statement of accounts. The main change which affects both the Comprehensive Income and Expenditure Statement (CIES) and Balance Sheet (and supporting notes) is that a £1.43m downward valuation of property had been missed from the draft statements. This was an oversight for which processes have been put in place to avoid a reoccurrence. There is no impact on the General Fund. The impact on the CIES of correcting this for the final statement of accounts is shown below. Of the £1.43m downward valuation, £1.382m was charged to the revaluation reserve due to previous upward valuations. The remaining £0.048m is charged to the service. The £0.001m change to financing and investment (income) and expenditure is a rounding correction.

**Table 1: Impact on the CIES of changes between draft and final statements**

	<b>Net Expenditure per draft Statement of Accounts £'000</b>	<b>Changes £'000</b>	<b>Net Expenditure per final Statement of Accounts £'000</b>
Chief Executive	8,531		8,531
Communities	13,151		13,151
Resources	14,852	48	14,900
<b>Cost of Services</b>	<b>36,534</b>	<b>48</b>	<b>36,582</b>
Other Operating Expenditure	4,551		4,551
Financing and Investment (Income) and Expenditure	(657)	1	(656)
Taxation and Non-specific Grant (income)	(36,135)		(36,135)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>4,294</b>	<b>48</b>	<b>4,341</b>

(Surplus) or deficit on revaluation of Property, Plant and Equipment	(2,818)	1,382	(1,436)
Remeasurement of the net defined benefit liability / (asset)	(58,146)		(58,146)
<b>Other Comprehensive (Income) and expenditure</b>	<b>(60,964)</b>	<b>1,382</b>	<b>(59,582)</b>
<b>Total Comprehensive (Income) and expenditure</b>	<b>(56,670)</b>	<b>1,430</b>	<b>(55,241)</b>

4.2 The impact of the revaluation on the Balance sheet is summarised in Table 2 below. The £1.43m downward valuation affects the balance of Property, Plant and Equipment. As mentioned above, £1.382m is charged to the revaluation reserve, in Unusable Reserves. The remaining £0.048m that is charged to services is then transferred to the Capital Adjustment Account, also in Unusable Reserve, as part of the required statutory adjustments to ensure that valuation movements do not impact on the general fund. Therefore, the impact on Unusable Reserves totals £1.43m, mirroring the change in Property, Plant and equipment.

**Table 2: Impact on the Balance Sheet of changes between draft and final statements**

<b>Balance Sheet</b>	<b>Draft</b>	<b>Changes</b>	<b>Final</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Property, Plant and Equipment	176,081	(1,430)	174,650
Investment Property	4,640		4,640
Intangible Assets	1,965		1,965
Long Term Investments	35,649		35,649
Long Term Debtors	70,409		70,409
<b>Long Term Assets</b>	<b>288,744</b>	<b>(1,430)</b>	<b>287,314</b>
<b>Current Assets</b>	<b>61,582</b>		<b>61,582</b>
<b>Current Liabilities</b>	<b>(76,523)</b>		<b>(76,523)</b>
<b>Long Term Liabilities</b>	<b>(222,106)</b>		<b>(222,106)</b>
<b>Net Assets/(Liability)</b>	<b>51,697</b>	<b>(1,430)</b>	<b>50,266</b>
Usable Reserves	(35,671)		(35,671)
Unusable Reserves	(16,026)	1,430	(14,596)
<b>Total Reserves</b>	<b>(51,697)</b>	<b>(1,430)</b>	<b>(50,266)</b>

4.3 There have also been other minor changes which are listed below which have been made to enhance the meaningfulness of the statements for the reader:

- The Expenditure and Funding Analysis and note 7a have been revised to better reflect the adjustments required in reporting cost of services in the Comprehensive Income and Expenditure statement compared to the outturn report received by Executive.
- The classification of business rates income in notes 12, 13 and 29 has been corrected to reflect that only part of this is 'grant income' in the form of S31 grants from central government, and the remainder is 'income from taxation'.
- The debtors figure in Note 31 – Capital Expenditure and Capital Financing has been adjusted by £225k to remove an amount in relation to a deferred capital receipt which had been incorrectly included in the capital financing requirement in a previous year.
- Disclosure Note 32 – Leases has been corrected to remove duplicated minimum lease payments included in 32.4 Authority as Lessor – Operating Leases.
- Within the group accounts, adjustments were made for changes between draft and final accounts of the council's subsidiaries. This includes a £1.8m decrease in valuation of property belonging to a subsidiary which was agreed as part of their external audit.

## 5 Conclusion and Reasons for Recommendations

- 5.1 The statement of accounts has been prepared according the CIPFA code and represents a true and fair view of the council's financial position. The Accounts, Audit and Risk Committee is invited to note the final statement of accounts and discuss these with officers to obtain an understanding of the changes made between draft and final.

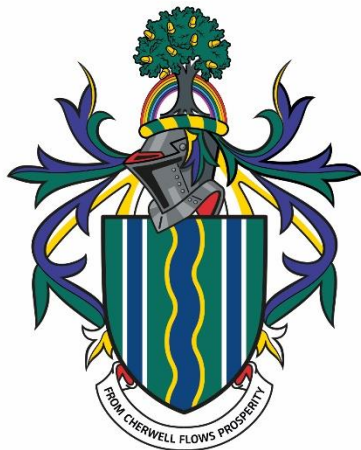
### Decision Information

<b>Key Decision</b>	N/A
<b>Subject to Call in</b>	N/A
<b>If not, why not subject to call in</b>	N/A
<b>Ward(s) Affected</b>	All

### Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	Final Statement of Accounts 2022/23
<b>Background Papers</b>	None
<b>Reference Papers</b>	<a href="#">External Audit 2022/23 Update - September 2024 AARC</a>
<b>Report Author</b>	Alex Rycroft, Strategic Finance Business Partner

<b>Report Author contact details</b>	01295 221541 <a href="mailto:Alex.rycroft@cherwell-dc.gov.uk">Alex.rycroft@cherwell-dc.gov.uk</a>
<b>Corporate Director Approval (unless Corporate Director or Statutory Officer)</b>	Report of Statutory Officer, Section 151 Officer



*Cherwell*

DISTRICT COUNCIL  
NORTH OXFORDSHIRE

**FINAL**

**Statement of Accounts**

**2022/23**

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## Introduction

Welcome to Cherwell District Council's Statement of Accounts for the year ending 31 March 2023.

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

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

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

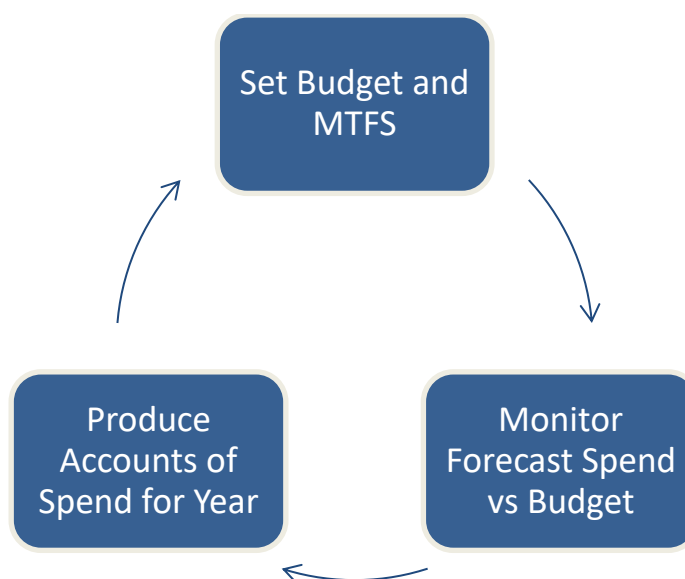
Gordon Stewart  
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PO Box 27  
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## Narrative Statement – Overview of 2022/23

# Executive Member’s Narrative

As Lead Member for Finance I would like to welcome you to the Cherwell District Council 2022/23 Statement of Accounts.

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



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

2022/23 proved to be a hugely challenging but successful year for Cherwell District Council. The council decoupled from its strategic partnership with Oxfordshire County Council, resulting in net additional costs in 2022/23 of £0.746m and ongoing loss of net savings in 2023/24 of £0.0880m, whilst continuing to deliver on its objectives and playing a vital role supporting residents and businesses.

We delivered 181 Affordable homes and 1,318 housing completions during 2021/22

666 households with vulnerable residents were helped living independently through small works or adaptations to homes.

Our housing team supported 57 rough sleeping individuals into suitable accommodation; 136 households were placed in temporary accommodation. 858 cases were completed by the Housing Options Team, of those, 451 were assisted ahead of any statutory duties; 194 cases were closed at Prevention duty stage, with homelessness prevented, and 168 cases were closed at the Relief Duty Stage where homelessness was relieved. Finally, main duty was accepted in 35 cases with 19 of those having had the duty discharged within the year.

299 reports of abandoned vehicles were dealt with; also, 139 reports of dog fouling and 129 reports of stray dogs were followed up.

Our crews collected 58,135 tonnes of waste across the District in 2022/23., 53% of it was recycled or/and composted, England's current average is 44%

Our wellbeing programme "You Move" reported 1,815 individuals and 486 families in Cherwell joined, being to access free and reduced physical activity opportunities. These include family swims, climbing opportunities along with activities in local community settings.

1,600 young residents participated in our Youth Activator activities at 28 schools and 6 community settings across the district during 2022/23

All of the above was achieved within budget. In addition, we have set a budget for 2023/24 which will:

- ensure the Council has contingencies in place to support its services through the high levels of inflation experienced
- help the Council prepare for the challenges we know we will face in the near future related to
- the ongoing financial impacts (for the Council and its residents and businesses) of high levels of inflation
- the review of local authority funding as part of the Government's forthcoming fair funding review;
- the changes in funding we face with business rates reset; and new homes bonus

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

I acknowledge the importance of the support that Cherwell District Council can bring to its residents and businesses and many of the achievements during 2022/23. For example, the Castle Quay regeneration and the innovative housing scheme at Graven Hill in Bicester will help the Council to further support its communities.

Notwithstanding the many pressures we face, especially those arising from the cost of living crisis, the Council remains absolutely committed to deliver its priorities and ensure that Cherwell remains a place for all.

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

Councillor Adam Nell  
Executive Member for Finance

# Assistant Director of Finance's Narrative

## Introduction

The purpose of this Narrative Report is to provide information on Cherwell District Council, its main objectives, strategies and the principal risks it faces. It sets out information to help readers understand the Council's financial position and performance during 2022/23.

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

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

## About the District



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

There are three urban centres – Banbury, Bicester and Kidlington –with the remainder of the population living in 70 smaller settlements. Cherwell continues to change, with a population estimate from the Office for National Statistics released in June 2022 totaling 161,846 (mid-2021).

Between 2012 and 2020 Cherwell's population has grown by 9,000 – an increase of 6%.

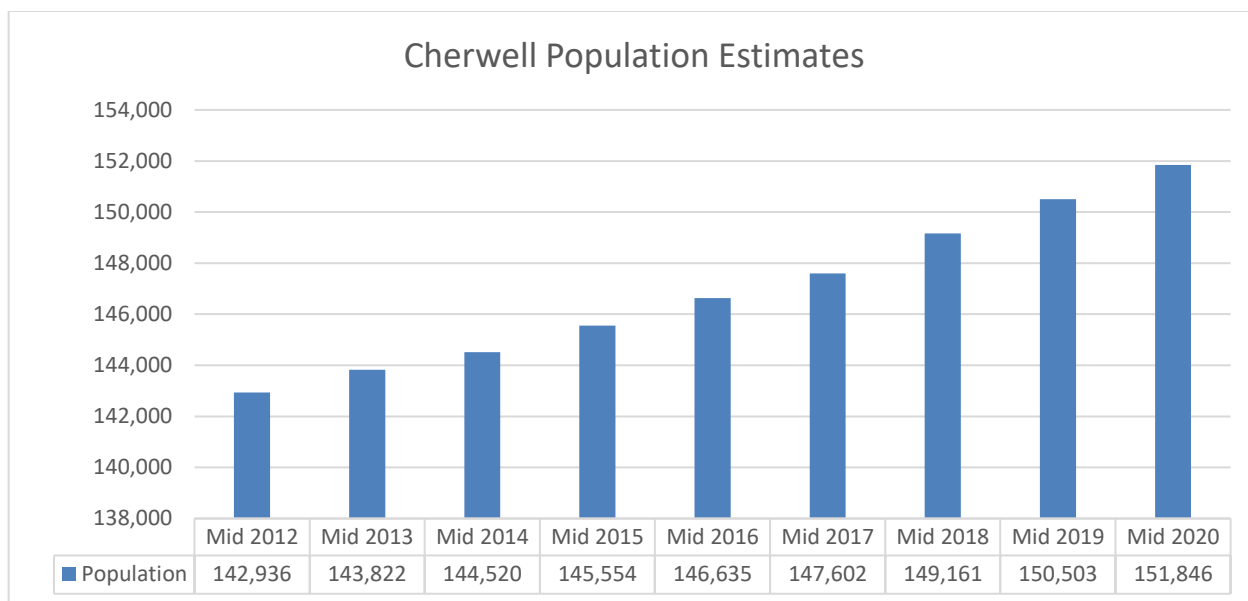


Figure 1- Time series bar chart showing the total population of Cherwell mid-2012 to mid-2020

There are currently 70,486 houses that are subject to council tax (December 2022).

## Strategic priorities for Cherwell District Council

Cherwell District Council's ambition, as set out in our published Business Plan 2022/23, is for a district where communities can thrive, and businesses grow.

The Business Plan has four strategic priorities. The strategic priorities are underpinned by four themes, representing the basis upon which we continue to develop our organisation.

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

## Our strategic priorities for 2022/23 reflect the Council's commitment for the district to achieve:

### Housing that meets your needs

- Support the delivery of affordable and green housing;
- Ensure minimum standards in rented housing;
- Work with partners supporting new ways to prevent homelessness;
- Support our most vulnerable residents;
- Deliver the Local Plan.

### Supporting environmental sustainability

- Work towards our commitment to be carbon neutral by 2030;
- Promote the Green Economy;

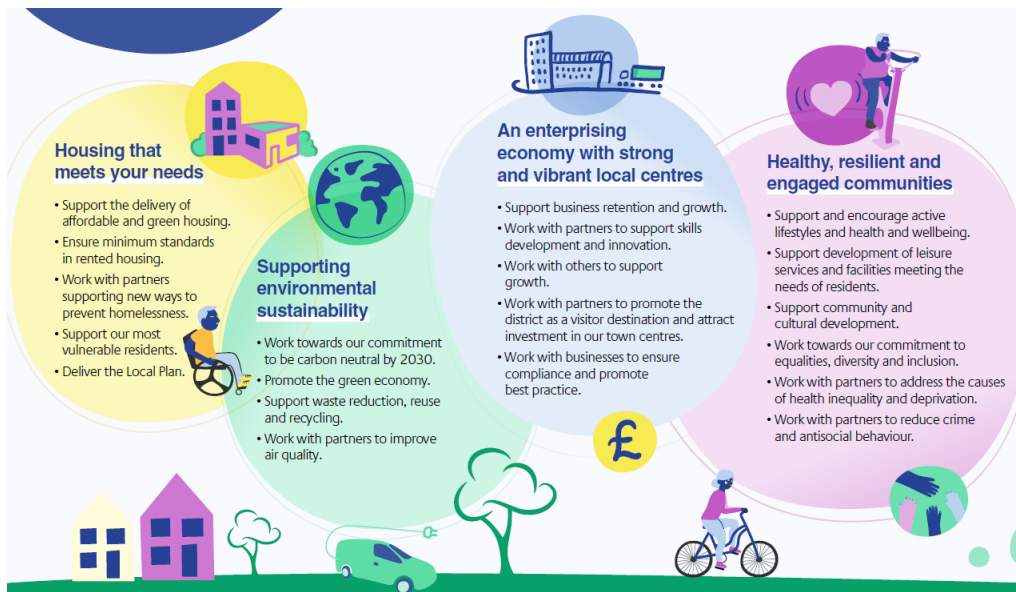
- Support waste reduction, reuse and recycling;
- Work with partners to improve air quality in the district.

## An enterprising economy with strong and vibrant local centres

- Support business retention and growth;
- Work with partners to support skills development and innovation;
- Work with others to support growth;
- Work with partners to promote the district as a visitor destination and attract investment in our town centres;
- Work with businesses to ensure compliance and promote best practice.

## Healthy, resilient and engaged communities

- Support and encourage active lifestyles and health and wellbeing;
- Support development of leisure services and facilities meeting the needs of residents;
- Support community and cultural development;
- Work towards our commitment to equalities, diversity and inclusion;
- Working with partners to address the causes of health inequality and deprivation;
- Working with partners to reduce crime and anti-social behaviour.



## Themes

The themes on which we develop the organisation are:

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

**Healthy Places:** Working collaboratively to create sustainable, thriving communities that support good lifestyle choices connecting us to each other and the natural environment.

**Partnerships:** Working with partners across all sectors to deliver and improve services for our residents and communities.

**Continuous Improvement:** Make the best use of our resources and focus on improvement, innovation and staff development to maintain and enhance services.

**Climate Action:** Support residents and local businesses to reduce their carbon emissions. Continue to transform our own estate to deliver our carbon neutral commitments.

**Covid-19 Recovery and Renewal:** Work with partners in the health and voluntary sectors to help our local businesses and residents respond, and ensure together, we are in a stronger position to meet the health, economic and social challenges of the future.

**Including Everyone:** Our equalities, diversity and inclusion framework outlines how we plan to create an inclusive community and workplace in Cherwell, through fair and equitable services.

## Annual review of priorities

The Council reported monthly on performance against 34 Business Plan Measures during 2022/23. The table below summarises the progress we made delivering against the activities, tasks and projects outlined in our business plan under each of the four strategic priorities. We use a red, amber and green system, where green refers to a target wholly met, amber to a target narrowly missed and red to a target missed by 10 per cent or more.

Status	Description	Year to date	Year to date (per cent)
Green	On target	32	94%
Amber	Slightly off target	2	6%
Red	Off target	0	0%

## Housing that meets your needs

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

- Overall, there were a total of 151 homes improved through enforcement action in 2022/23, against a yearly target of 108.
- Our Revenues and Benefits team registered an excellent result in relation to the time taken to process Housing Benefit change events during 2022-23, reporting an average of



5.1 days, in comparison, the national average on the same period was 8 days for all district local authorities in England.

## **Supporting environmental sustainability**

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

- Our Business waste team provided services to 407 wheeled bin customers, 82 schools and charities, and 130 sack customers, collecting 820 tons of general waste and 231 tons of dry recycling. Achieving a customer satisfaction of 91%
- In May 2022 The Thorpe Lane waste and recycling depot in Banbury has been refitted with air source heat pumps and innovative batteries as part of our commitment to slash Cherwell District Council's carbon emissions, through the Public Sector Decarbonisation Grant from the Department of Business, Energy and Industrial Strategy (BEIS). This improvement is not only environmentally friendly, but it will also save the taxpayer money, with the council projected to pay over £180,000 less in energy and other utility-related costs every year.

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

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

- Cherwell District Council's UK Shared Prosperity Fund (UKSPF) investment plan was approved by the Department for Levelling Up, Housing and Communities in February 2023, unlocking a £1.25m pot of money to invest in the district by March 2025. The plan focusses on five themes which will steer how the funding is used: business retention and growth; the green economy; investment in urban centres; community and cultural development; and enhancing life chances for vulnerable residents.

## **Healthy, resilient, and engaged communities**

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

- Our Community safety team grew during 2022/23 with the incorporation of three new community wardens. The team patrols the district, providing a welcoming presence and reassurance to the public, as well as gathering intelligence to support enforcement, focussing on providing support to vulnerable members of the community, people at risk of exploitation, and investigating complaints about anti-social behaviour, both in the home and in public spaces.

- In July 2022 we opened our Community Pop-up space at Castle Quay in Banbury, aiming to provide the amazing voluntary and community groups who are active in our area with have a place to showcase their work, giving our residents a central hub to discover it. Citizens Advice North Oxon & South Northants and Age UK Oxfordshire have a regular presence in the space, while groups such as Restore, Banbury Community Action Group and The Hill Community Centre are among the pop-up partners who make special guest appearances.
- As part of our response to the cost of living crisis and in line with our commitment to support our most vulnerable residents, Cherwell District Council provided with £100 food vouchers to residents who receive housing benefit across the District in time for Christmas in November 2022.

## Our Leadership and workforce

[Our Constitution](#) sets out the rules and procedures by which the council operates.

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

The Leader of the Council is Councillor Barry Wood. Councillor Wood appoints an Executive, responsible for taking key decisions to manage the Council’s business. Find out more about our [Executive members and their responsibilities](#).

Employees or officers support the Executive and Council in their work and manage the Council’s services and operations. The Chief Executive (during 2022/23, Yvonne Rees, at time of publishing, Gordon Stewart) leads the most senior group of officers, the Corporate Leadership Team (CLT), who advise councillors on policy and implement councillors’ decisions. The Assistant Director of Finance (Michael Furness), is the Section 151 Officer, and started in the role in February 2022.

As at 31 March 2023 the Council’s staff complement stood at 470.74 FTE (full-time equivalent) posts, representing 505 employees (plus 74 casuals). The FTE and headcount figures differ because the Council has a number of staff that work part time hours. Staff are structured into directorates, each responsible for a group of services and functions in support of the delivery of the [Council’s Vision and Business Plan](#).

The Council had operated in partnership with Oxfordshire County Council since October 2018. The Council voted to end the partnership at its meeting on 8 February 2022. Work has progressed throughout 2022/23 on the “decoupling” of the two organisations, with the completion of the process from 31 August 2023 concluding with agreed future working relationships.

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

## Risk management

During 2022/23 we continued to develop and strengthen our risk management activities. This helped us to ensure that we continue to identify and address any uncertainties relating to the achievement of our priorities.

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

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

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

## Financial Overview

### Financial Performance

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

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

As the Council was emerging from the COVID-19 pandemic and was beginning the separation process from Oxfordshire County Council when the Council set its 2022/23 budget, contingencies were built into the budget to address potential ongoing impacts and financial uncertainties. Including these contingencies allowed the Council to set a

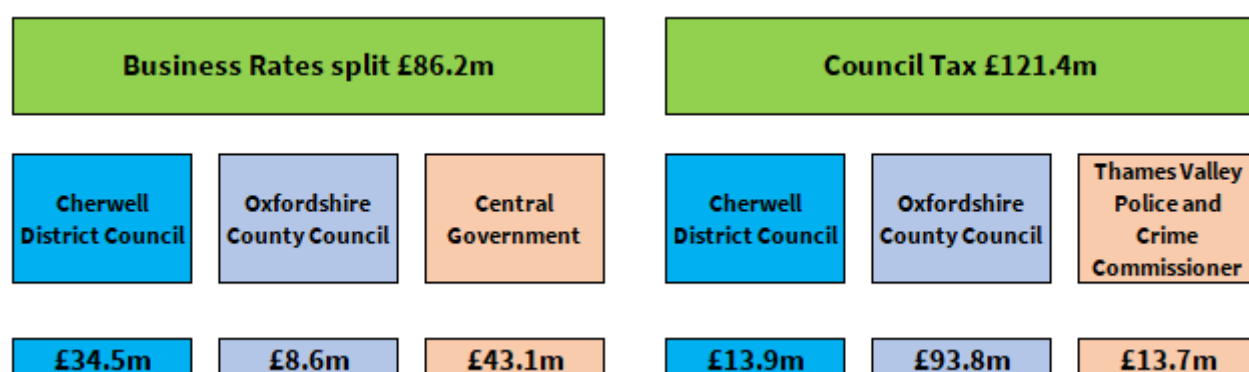
balanced budget whilst providing the security of knowing that additional funding was available if the financial impacts of the pandemic continued for a significant period into the year.

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

## Resources

The District Council collects Council Tax and Business Rates on behalf of other bodies including Central Government, Oxfordshire County Council and Thames Valley Police and Crime Commissioner.

The Council is required to distribute the business rates and council tax according to how it set its budget in the February before the beginning of the financial year. Business Rates of £86.2m and Council Tax of £121.4m was budgeted and distributed in 2022/23 in the following shares.



From the Council's share of business rates the Government then charges a tariff, which is redistributed to other Local Authorities based on their need to spend. For the year ending 31 March 2023, the Council expected to retain a net £11.6m of business rates related income after all the allocations are taken into consideration.

The Council collected £92.8m Business Rates and £125.5m Council Tax compared to the £86.2m and £121.4m it budgeted to collect and distribute respectively. The difference between collection and budget will be factored into future years budgets for the Council and its preceptors.

## Pension Liabilities

The amounts payable by the Council in future years are partly offset by the value of the assets invested in the pension fund. The value of the pension fund net liability at 31 March 2023 is £31.3m; this reflects an improvement of £50.8m from the 31 March 2022 net liability position of £82.1m.

## Contingencies

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

On 1 April 2022 the total provision for business rate appeals was £21.0m of which the Council's 40 per cent share was £8.4m. During the financial year £6.2m was charged to

the provision for successful appeals in 2022/23 which have been previously provided for, of which the council's 40 percent share is £2.5m.

After reflecting the amounts charged to the provision in 2022/23, the Council carried out an assessment of the future risk of appeal losses. The basis of this forecast was to apply 4.7 per cent to gross rates payable being the national average of appeal losses on the 2010 rating list as measured by MHCLG. Following this, the 2022/23 overall provision for business rates appeals decreased to £19.5m of which the Council's 40 per cent share is £7.8m.

- Appeals provision 2021/22: £8.4m
- Appeals provision 2022/23: £7.8m

## Council Funding 2022/23

The Council's core funding from central government has been reducing and funding generated as a result of the economic growth development is increasing. The table below shows where the council funding has come from.

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

<b>2022/23 Revenue Budget Funding</b>	<b>Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>
Government Grants	(0.121)	(0.121)	(0.000)
Council Tax	(8.509)	(8.509)	(0.000)
Business Rates related income	(11.400)	(10.529)	(0.871)
New Homes Bonus	(3.462)	(3.462)	(0.000)
<b>Total Funding</b>	<b>(23.492)</b>	<b>(22.621)</b>	<b>(0.871)</b>

## Revenue Financial Outturn Position

Cherwell District Council set a balanced budget in February 2022 for the 2022/23 financial year which anticipated the Council retaining sufficient reserves to cover unexpected financial impacts on the Council, with a number of specific reserves to help cover the Council's commercial activities.

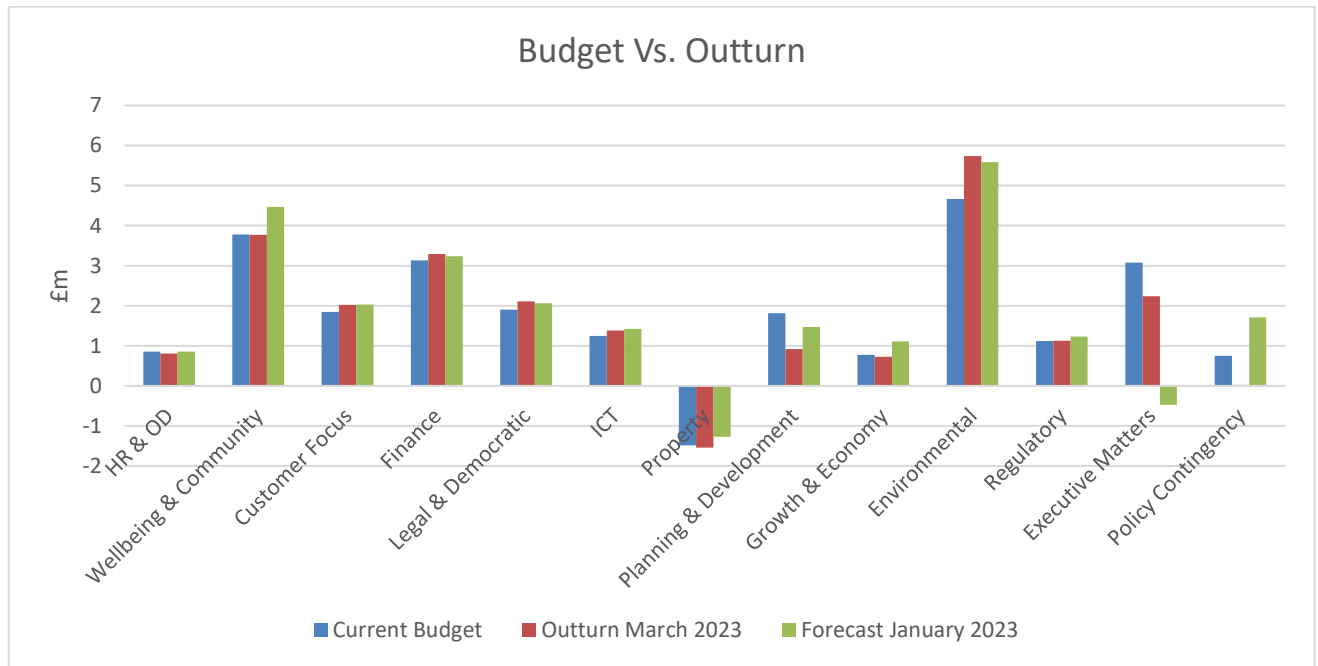
During 2022/23 the Council has completed the process of decoupling from its Strategic Partnership with Oxfordshire County Council. This has meant the Council has implemented its own stand alone senior management structure and negotiated and designed how joint services would be separated or jointly provided in the future whilst maintaining its "business as usual" services. The ongoing impact of decoupling is estimated to be a loss of savings of £0.9m which has been factored into the 2023/24 budget.

Regular monitoring reports were considered by the Council's Executive and the Council expected to deliver the balanced budget by the 2023 year end based on the January 2023 forecast. At the year end an overall underspend of (£0.001m) against the budget was delivered after taking into account the variances on both the Cost of Services (underspend of £0.872m) and Total Income (under budget by £0.871m).

The table below summarises the 2022/23 financial outturn position across the Council:

<b>Financial Outturn</b>	<b>Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>
Chief Executive's	6.480	6.606	0.126
Communities	8.380	8.509	0.129
Resources	4.806	5.244	0.438
<b>Total Directorates</b>	<b>19.666</b>	<b>20.359</b>	<b>0.693</b>
Executive Matters	3.826	2.261	(1.565)
<b>Total Cost of Services</b>	<b>23.492</b>	<b>22.620</b>	<b>(0.872)</b>
Income	(23.492)	(22.621)	0.871
<b>Total Net Cost of Services</b>	<b>0.000</b>	<b>(0.001)</b>	<b>(0.001)</b>

In summary, the Council saw an overall underspend of (£0.001m) across its directorates, against a net budget of £23.492m.



Some of the key factors for this underspend include prudent levels of borrowing taken out early in the year and higher rates of interest particularly later in the year, a number of vacancies being held across the Council, and lower consultancy costs than budgeted.

## Decoupling – Ending of the Strategic Partnership with Oxfordshire County Council

Decoupling has had a significant strategic impact on the Council; for the first time in a decade the Council is now operating with an independent and dedicated senior management team.

The Council put in place an ambitious timetable to decouple from Oxfordshire County Council (OCC) by 31 August 2022 and was able to successfully achieve this. 22 services were provided jointly between the Council and OCC. Following the decoupling process, 4 service areas were agreed to continue on a joint basis.

The Council had set aside a policy contingency budget to address the costs of decoupling of £0.4m. These were used to fund interim resources to provide additional strategic support whilst the senior management team decoupled and also to pay for the costs of recruiting a new senior management team.

Any other costs of decoupling within 2022/23 were absorbed within services due to new structures not being filled at the time they were developed.

## Cost of Living Crisis

The Council recognised that the cost of living crisis poses a significant risk to the welfare of its residents. The Council was therefore able to support its residents in a number of ways.

## Council Tax Rebate Grants

Significant resource was applied to ensuring the payment of council tax rebate grants of £150 to residents in Band D properties and below were made as quickly and efficiently as possible. £7.6m payments were made to 50,908 homes in 2022/23.

In addition, the Council introduced a discretionary policy on Council Tax Rebates to ensure that anyone in receipt of Council Tax Support, regardless of the council tax property band, received a total of £180 payment. This provided a further £0.2m to support some of Cherwell's most vulnerable residents with 6,299 payments made. In addition a small allocation was made to top up support provided to those in need in Cherwell through the Citizen's Advice Bureau.

## Food Vouchers

In October 2022 the Executive recognised that there was a need to support its residents again due to the cost of living crisis and in particular pressures around food costs in the run up to Christmas. The Executive approved a scheme to provide food vouchers to residents. The final design of the scheme agreed to provide £0.4m to provide £100 food vouchers to those in receipt of Housing Benefit in Cherwell.

## Energy Payments

The Council has begun to implement the Government's scheme to make payments to those who do not pay for their gas and electricity directly through energy suppliers and so had not received support with their increasing energy costs.

# Financial Position

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

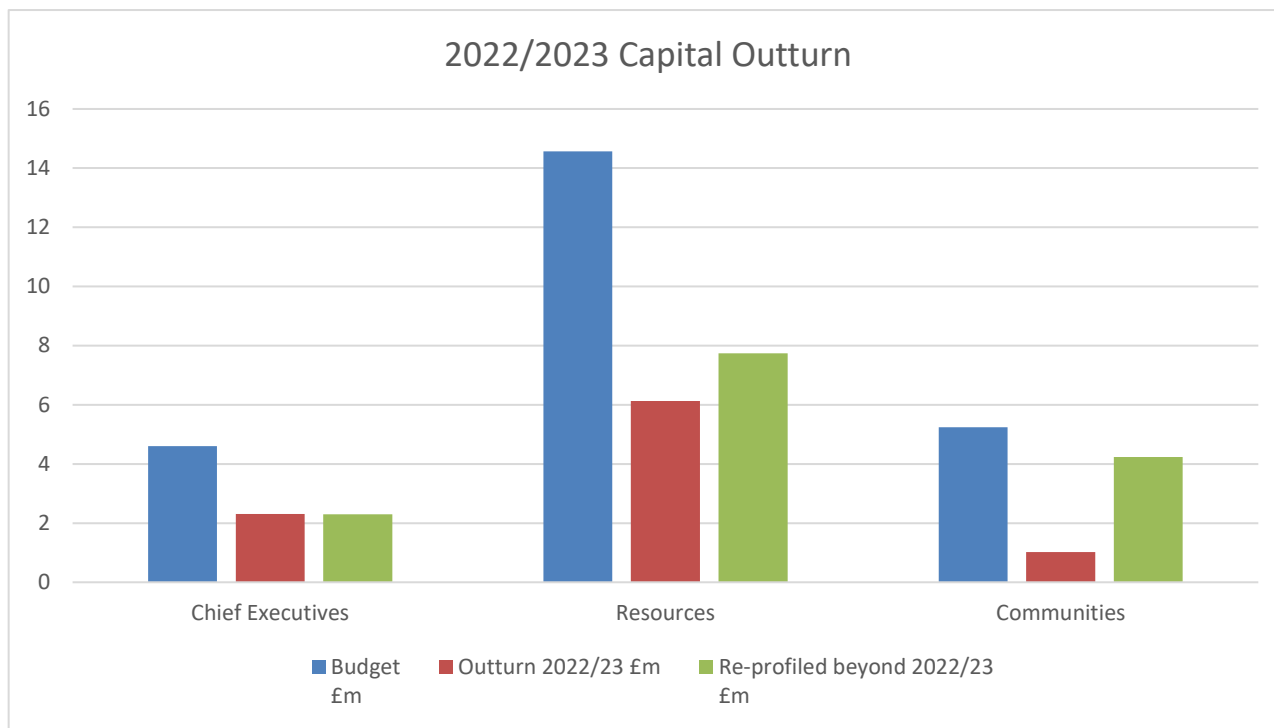
31st March 2022			31st March 2023		
Non current assets (Property and Investments)	Long term liabilities (pension and provisions)	Funded by: Useable Reserves	Non current assets (Property and Investments)	Long term liabilities (pension and provisions)	Funded by: Useable Reserves
£288m	(£222m)	£46m	£289m	(£222m)	£36m
+	=	+	+	=	+
Net current assets (debtors, creditors and cash)		Unusable Reserves	Net current assets (debtors, creditors and cash)		Unusable Reserves
(£71m)		(£51m)	(£15m)		£16m
Net Liabilities (£5m)			Net Assets £52m		

The resultant net liability in 2021/22 can be primarily attributed to the pension liability and the business rates collection fund deficit.



# Capital Programme

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



## Capital investment plans for 2022/23

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

### Castle Quay and Castle Quay Waterfront

The Council has invested £70m in Castle Quay Waterfront. This is a mixed-use development combining new leisure attractions, vibrant restaurants and bars, welcoming public space, a new canal-side hotel, and supermarket to support the town’s existing retail offer and attract more visitors to the town.

The first phase of the development opened in August 2021 and included a 117 room Premier Inn and a 30,000 square foot Lidl. Both are performing exceptionally well, with footfall high throughout the week at Lidl and guest numbers consistently strong at Premier Inn.

In June 2022, The Light opened a 55,000 square foot entertainment space over three floors, which includes a premium cinema, 10 lane bowl, retro arcade, mini-golf and climbing wall as well as a stunning terrace with restaurant and bar. The Light is a true reflection of the Council’s ambition to revive the canal-side and anchors Waterfront’s leisure offer. The Waterfront also features three further restaurants including PizzaExpress and Nando’s. PizzaExpress opened in late June 2022 and Nando’s opened mid-October; all of which create an amazing new leisure destination in Banbury. Increased parking, including increased EV parking space capacity (5%), and improved access have also been provided as part of the development including a new pedestrian bridge over the Oxford Canal.

The tenants within Castle Quay are a mixture of well-known high-street names and independent stores including Boots, Tiger, Clarks, WHSmith, JD Sports, HMV, Pandora and New Look. New award-winning toilets, baby changing facilities and [Changing Places](#) toilets were also opened at the centre at the end of 2019 to meet the modern needs of Banbury's shoppers.

The Council has also breathed new life into the centre's former BHS store, investing in the creation of a unique food, retail and leisure destination called Lock29 that brings the community to the canal-side as well as increasing footfall to the town from visitors from all over the region.

Global street food menus are delivered by the very best local traders, sourcing ingredients as close to Banbury as possible. There is also a dedicated event and flexible cinema space where workshops, events and activities for the community run throughout the year.

The Council has undoubtedly unlocked the town's potential by bringing a much-needed leisure and night-time economy to the town and re-connected the waterfront with other parts of Banbury. It has also provided the community with jobs and opportunities.

The development of Castle Quay Waterfront will sustain and revitalise Banbury for businesses, residents and visitors and really consolidate the town's place in the wider regional economy for years to come.



Images above: completed Castle Quay Waterfront development

## Basis of Preparation and Presentation

The Council produces a Statement of Accounts to provide transparency about the Council's finances, to give assurance to stakeholders that public money has been properly accounted for and that the financial standing of the council is on a secure basis. The accounts (including notes to the accounts) for 2022/23 are set out on pages 23 to 134.

The accounts bring together all the Council's financial statements for the year 2022/23 and show its financial position as at 31 March 2023. The statements reflect both revenue and capital elements for the Council.

The Statement of Accounts must provide a 'true and fair' view of the Council's financial position at 31 March 2023 and of its income and expenditure for the 2022/23 financial year. When preparing the accounts consideration is given to the materiality of information. Disclosure of information is made where omitting it could be misleading or inhibit the true and fair view.

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

## Financial Outlook

Cherwell District Council set a balanced budget in February 2023 for the 2023/24 financial year. In setting the 2023/24 budget, the Council considered the ongoing financial impacts of:

- the loss of savings as a result of decoupling from OCC
- behaviour changes following the COVID-19 pandemic and
- the emergence of the Cost-of-Living crisis.

Ongoing budget provision for the loss of savings from decoupling with OCC has been provided for with £0.9m and reductions in car parking income of £0.8 due to reduced levels of use. A policy contingency budget of £5.2m has been developed which includes contingencies of £1.1m for potential increased commercial risk and £3.8m for additional inflation related costs.

The level of business rates income and council tax base were reviewed resulting in increases of income against original plans due to forecast increases in council tax support claimants and a reduction in the number of businesses eligible to pay business rates not materializing at the rates anticipated. The Council estimated it would hold £23.4m of earmarked reserves when setting the budget. General Balances remain above £6m taking into account the Section 151 officer's risk assessments of the current financial outlook.

The Government confirmed that the Review of Relative Needs and any approach to resetting the baseline for business rates retention income would not be implemented until 2025/26 at the earliest. A three-year Spending Review was announced in October 2021 covering the period 2022/25. However, the latest Local Government Finance Settlement only announced local government specific funding allocations for 2023/24.

Additionally, the Government has issued a policy statement to provide local government with greater certainty with regards resources for 2024/25. However, the policy statement does not issue individual local authority allocations or guaranteed minimum changes in funding levels. Therefore there is no indication of detailed local government funding levels for 2024/25 and beyond.

## **Peer Review**

The Council invited the Local Government Association to conduct a Peer Review in November 2022; one of the key elements considered was Financial Planning and Management. The overall conclusion was that the Council was in a strong situation with regards to its immediate financial position (2022/23 and 2023/24) and that the Council has been successful in growing its council tax and business rates tax bases.

The Peer Review did acknowledge and reinforce the message to the Council that there is a significant financial challenge in the medium term. This medium-term financial challenge is driven by a combination of the cost of living crisis and anticipated business rates reset in 2025/26.

## The Financial Statements

The Statement of Accounts sets out the council's income levels and spending for the year and its financial position at 31 March 2023. The accounts include core and supplementary statements along with notes providing additional insight.

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

### The Core Statements can be described as:

<p><b>Expenditure and Funding Analysis</b></p>	<p>The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.</p> <p>It also shows the statutory adjustments between the funding basis that is used for the Outturn for the year and the accounting basis that is shown in the Comprehensive Income and Expenditure Statement.</p>
<p><b>Comprehensive Income and Expenditure Statement</b></p>	<p>Shows the accounting cost in the year ending 31 March 2023 of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.</p>
<p><b>Movement in Reserves Statement</b></p>	<p>Shows the movement between 1 April 2022 and 31 March 2023 on the different reserves held by the authority, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves' (for example the Revaluation Reserve which holds unrealised gains and losses or the Capital Adjustment Account which holds adjustments between the accounting basis and funding basis under regulations). This statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance in the year following those adjustments.</p>
<p><b>Balance Sheet</b></p>	<p>The balance sheet shows the values as at 31 March 2023 of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority, analysed between 'useable' and 'unusable' reserves.</p>
<p><b>Cash Flow Statement</b></p>	<p>This summarises the changes in cash and cash equivalents during 2022/23. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising</p>

	from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.
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The Supplementary Financial Statements are:

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

Collection Fund Accounts – this shows a summary of the collection of Council Tax and Business Rates during the year as well as any redistribution of that money to other local authorities and central government

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

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

# Statement of Responsibilities for the Statement of Accounts

## The Council's Responsibilities

The Council is required to:

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

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

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

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

The Section 151 Officer has also:

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

## Section 151 Officer's Certificate:

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31 March 2023.

**Michael Furness**

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

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

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

**Councillor Lynn Pratt**

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

# Expenditure and Funding Analysis

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

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

Year Ending 31 Mar 22				Year Ending 31 Mar 23		
Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Services	Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
6,256	9,603	15,859	Chief Executive	6,606	1,925	8,531
12,120	4,133	16,253	Communities	8,242	4,909	13,151
3,139	50,394	53,533	Resources	4,558	10,343	14,900
<b>21,515</b>	<b>64,130</b>	<b>85,645</b>	<b>Net Cost of Services</b>	<b>19,405</b>	<b>17,176</b>	<b>36,582</b>
(6,546)	(40,949)	(47,495)	Other Income and Expenditure	(11,138)	(21,102)	(32,240)
<b>14,969</b>	<b>23,181</b>	<b>38,150</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>8,267</b>	<b>(3,925)</b>	<b>4,341</b>
<b>(53,061)</b>		<b>Opening Combined General Fund Balance</b>		<b>(38,091)</b>		
14,969		Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)		8,267		
<b>(38,091)</b>		<b>Closing Combined General Fund Balance</b>		<b>(29,823)</b>		



# Comprehensive (Income) and Expenditure Statement

Year Ending 31 Mar 22			Directorates		Year Ending 31 Mar 23		
Expenditure	Income	Net			Expenditure	Income	Net
£'000	£'000	£'000	Notes		£'000	£'000	£'000
23,699	(7,840)	15,859		Chief Executive	16,545	(8,014)	8,531
26,435	(10,182)	16,253		Communities	24,322	(11,171)	13,151
86,934	(33,401)	53,533		Resources	46,251	(31,351)	14,900
<b>137,068</b>	<b>(51,423)</b>	<b>85,645</b>		<b>Cost of Services</b>	<b>87,118</b>	<b>(50,536)</b>	<b>36,582</b>
<b>5,451</b>	(834)	4,617	10	Other Operating Expenditure	5,763	(1,212)	4,551
<b>3,986</b>	(4,657)	(671)	11	Financing and Investment (Income) and Expenditure	6,192	(6,848)	(656)
<b>0</b>	(51,441)	(51,441)	12	Taxation and Non-Specific Grant (Income)	0	(36,135)	(36,135)
<b>0</b>	<b>(108,355)</b>	<b>38,150</b>		<b>(Surplus) or Deficit on Provision of Services</b>	<b>99,072</b>	<b>(94,731)</b>	<b>4,341</b>
<b>0</b>		(10,844)	14	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(1,436)
<b>0</b>		(21,388)	35	Remeasurement of the net defined benefit liability / (asset)			(58,146)
		<b>(32,232)</b>		<b>Other Comprehensive (Income) and Expenditure</b>			<b>(59,582)</b>
		<b>5,918</b>		<b>Total Comprehensive (Income) and Expenditure</b>			<b>(55,241)</b>

# Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Balance at 31 March 2022</b>	<b>(5,951)</b>	<b>(32,139)</b>	<b>(100)</b>	<b>(7,948)</b>	<b>(46,138)</b>	<b>51,110</b>	<b>4,972</b>
<b>Movement in reserves during 2022/23</b>							
(Surplus) or deficit on the provision of services	4,341	0	0	0	4,341	0	4,341
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(59,582)	(59,582)
<b>Total Comprehensive (Income) and Expenditure</b>	<b>4,341</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,341</b>	<b>(59,582)</b>	<b>(55,240)</b>
Adjustments between accounting basis and funding basis under regulations - Note 08	3,925	0	100	2,099	6,125	(6,125)	0
<b>Net (Increase) or Decrease before Transfers to Earmarked Reserves</b>	<b>8,267</b>	<b>0</b>	<b>100</b>	<b>2,099</b>	<b>10,467</b>	<b>(65,707)</b>	<b>(55,240)</b>
Transfers (to) / from Earmarked Reserves - Note 09	(8,468)	8,468	0	0	0	0	0
<b>(Increase) or Decrease in 2022/23</b>	<b>(202)</b>	<b>8,468</b>	<b>100</b>	<b>2,099</b>	<b>10,467</b>	<b>(65,707)</b>	<b>(55,240)</b>
<b>Closing Balance at 31 March 2023</b>	<b>(6,152)</b>	<b>(23,670)</b>	<b>0</b>	<b>(5,849)</b>	<b>(35,671)</b>	<b>(14,596)</b>	<b>(50,267)</b>
	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Balance at 31 March 2021</b>	<b>(5,520)</b>	<b>(47,541)</b>	<b>(79)</b>	<b>(676)</b>	<b>(53,816)</b>	<b>52,868</b>	<b>(947)</b>
<b>Movement in reserves during 2021/22</b>							
(Surplus) or deficit on the provision of services	38,150	0	0	0	38,150	0	38,150
Other Comprehensive (Income) / Expenditure	0	0	0	0	0	(32,230)	(32,230)
<b>Total Comprehensive (Income) and Expenditure</b>	<b>38,150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,150</b>	<b>(32,230)</b>	<b>5,920</b>
Adjustments between accounting basis and funding basis under regulations - Note 08	(23,180)	0	(21)	(7,272)	(30,473)	30,473	0
<b>Net (Increase) or Decrease before Transfers to Earmarked Reserves</b>	<b>14,970</b>	<b>0</b>	<b>(21)</b>	<b>(7,272)</b>	<b>7,677</b>	<b>(1,757)</b>	<b>5,920</b>
Transfers (to) / from Earmarked Reserves - Note 09	(15,401)	15,401	0	0	0	0	0
<b>(Increase) or Decrease in 21/22</b>	<b>(431)</b>	<b>15,401</b>	<b>(21)</b>	<b>(7,272)</b>	<b>7,677</b>	<b>(1,757)</b>	<b>5,920</b>
<b>Closing Balance at 31 March 2022</b>	<b>(5,951)</b>	<b>(32,139)</b>	<b>(100)</b>	<b>(7,948)</b>	<b>(46,138)</b>	<b>51,110</b>	<b>4,972</b>

# Balance Sheet

31-Mar-22			31-Mar-23
£'000	Notes		£'000
<b>176,005</b>	14	Property, Plant and Equipment	174,650
4,435	15	Investment Property	4,640
2,431	16	Intangible Assets	1,965
35,649	17	Long Term Investments	35,649
69,635	17	Long Term Debtors	70,409
<b>288,155</b>		<b>Long Term Assets</b>	<b>287,314</b>
46,254	17	Short-term Investments	35,101
253	18	Inventories	357
19,074	19	Short Term Debtors	17,561
5,916	20	Cash and Cash Equivalents	8,563
<b>71,497</b>		<b>Current Assets</b>	<b>61,582</b>
(87,605)	17	Short-Term Borrowing	(22,901)
(32,597)	22	Short-Term Creditors	(47,050)
(314)	23	Provisions	(112)
(19,606)	29	Grants Receipts in Advance - Revenue	(2,780)
(1,485)	29	Grants Receipts in Advance - Capital	(3,170)
(1,011)	20	Cash and Cash Equivalents	(511)
<b>(142,618)</b>		<b>Current Liabilities</b>	<b>(76,523)</b>
(8,409)	23	Provisions	(7,991)
(112,000)	17	Long Term Borrowing	(166,000)
(82,138)	35	Pension Liabilities	(31,309)
(1,562)	17	Long Term Creditors	(1,567)
(4,958)	29	Grants Receipts in Advance - Revenue	(5,386)
(12,941)	29	Grants Receipts in Advance - Capital	(9,853)
<b>(222,008)</b>		<b>Long Term Liabilities</b>	<b>(222,106)</b>
<b>(4,973)</b>		<b>Net Assets/(Liability)</b>	<b>50,266</b>
(46,137)	24	Usable Reserves	(35,671)
51,110	25	Unusable Reserves	(14,596)
<b>4,973</b>		<b>Total Reserves</b>	<b>(50,266)</b>

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2023 and its income and expenditure for the year to 31 March 2023.

Michael Furness

Assistant Director of Finance and Section 151 Officer

Date:

# Cash Flow Statement

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

31-Mar-22 £'000	Cash Flows from Operating Activities	Note(s)	31-Mar-23 £'000
<b>38,150</b>	Net (Surplus)/Deficit on Provision of Services		<b>4,341</b>
(3,932)	Depreciation & Impairment	14	(4,783)
(44,137)	Changes in Market Value of Property, Plant, Equipment	14	(4,699)
(498)	Amortisation of Intangible Assets	16	(606)
202	Changes in Fair Value of Investment Properties	15	205
(558)	Disposal of Assets	14, 15 & 16	(499)
29	Changes in Inventory	18	104
(23,442)	Changes in Short term Debtors	19	(1,513)
19,906	Changes in Short term Creditors	22	(14,453)
(4)	Changes in Provisions	23	620
13,516	Changes in Net Pension Liability	25	50,829
(21,388)	Remeasurement of Net Defined Benefit Liability	35	(58,146)
8	Changes in long term creditors	17	(5)
9,309	Changes in long term debtors	17	774
18,954	Capital Grants Recognised	29	4,293
1,338	Proceeds on Disposal of Property, Plant & Equipment	24	1,717
<b>7,452</b>	<b>Net Cash Flows from Operating Activities</b>		<b>(21,820)</b>
<b>Cash Flows from Investing Activities</b>			
15,107	Purchase of Property, Plant & Equipment	14	7,073
0	Purchase and Enhancement of Investment Property	15	0
647	Purchase of Intangible Assets	16	257
(1,338)	Proceeds from the Disposal of Property, Plant and Equipment	24	(1,717)
17,822	Net Changes in Short-term and Long-term Investments	17	(11,153)
<b>32,239</b>	<b>Net Cash Flows from Investing Activities</b>		<b>(5,540)</b>
<b>Cash Flows from Financing Activities</b>			
(2,872)	Changes in Grants and Contributions	29	17,801
(18,954)	Capital Grants and Contributions Recognised	29	(4,293)
(15,021)	Cash Receipts of Short-term and Long-term Borrowing	17	10,704
<b>(36,847)</b>	<b>Net Cash Flows from Financing Activities</b>		<b>24,213</b>
<b>2,845</b>	<b>Net (Increase)/Decrease in Cash and Cash Equivalents in the Period</b>		<b>(3,147)</b>
7,750	Cash and Cash Equivalents at the Beginning of the Period		4,905
<b>4,905</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	<b>20</b>	<b>8,052</b>
<b>Items included in net cash flow from operating activities include:</b>			
(4,395)	Interest Receivable and similar income	17	(6,569)
2,227	Interest Payable (including Finance lease interest)	17	3,593
<b>(2,168)</b>			<b>(2,976)</b>

# Notes

## Note 1 – Accounting Policies

### General principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices under Section 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and the Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

### 1.1 Going Concern

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

The District Council has carried out a detailed assessment of the continuing impact of the COVID-19 pandemic recovery and other economic pressures, like the Cost-of-Living crisis, on its financial position and performance during 2022/23 as part of the budget setting process. This included consideration of the following:

- Loss of income on a service-by-service basis during the recovery phase, for example on car parking income.
- Additional expenditure on a service-by-service basis, e.g., extra inflationary pressures.
- The impact on the District Council's capital programme, e.g., delays caused by government restrictions, and whether there is a need to rephase work for other reasons e.g., supply chain challenges.
- The impact of all of the above on the District Council's cash flow and treasury management, including availability of liquid cash (as at 30 April 2023 the Council had £11.4m instant access deposits), impact on investment returns, and availability of external borrowing if required.
- The estimated overall impact on the District Council's General Fund

As set out in the 2023/24 Budget and Medium-Term Financial Strategy up to 2027/28 approved by Council in February 2023, the Council has set aside a contingency to cover potential losses of income of £1.1m. The Council also set a contingency budget for continued inflationary pressures throughout the medium term.

At its meeting on 7 February 2022, the Council agreed to terminate the S113 Partnership Arrangement with Oxfordshire County Council. This was followed by a 6-month period where the Councils agreed how they would separate, and which services would continue to be provided in a joint arrangement. This has been closely monitored in the 23/24 budget setting process, with a £0.9m ongoing cost identified due to decoupling.

The Council's Medium-Term Financial Strategy identifies that the Council needs to identify savings of £4.7m in 2024/25. This is primarily due to a forecast reduction in resources from business rates and forecast increased costs due to inflation.

In addition to continuing to lobby policy makers, highlighting where the Council has been delivering growth and driving benefits to others, the Council has developed a strategy to meet the challenges highlighted in the Medium-Term Financial Strategy if no additional funding is made available to the Council. Whilst the Council will develop plans for scenarios that include a full business rates reset, it will continue to lobby the Government for a phased implementation. Implementation of savings plans developed will not take place until it is clear that the savings must be achieved. Approaches the Council will adopt to identify savings will include:

- **Prioritisation**

Services will be broken down into specific work units which have been mapped to the strategic priority they most apply to (support services will be identified separately as support). Therefore, we can map how much the Council spends of its revenue budget on each priority. Similarly in setting the 2023/24 budget, all capital schemes are being mapped to the priority that they link most closely to. The budget and Business Plan will then be developed in conjunction to maximise the ability to deliver the priorities of each Council within the level of resources available to it.

- **Strategic Cross-cutting themes**

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

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

- **Savings Targets**

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

the organisation.

Whilst identifying £4.7m savings in 2024/25 will be a challenge, the Council has demonstrated that it is capable of identifying and delivering significant savings in recent years, with a total of £8.2m of savings identified across the 2021/22 to 2023/24 budgets. Executive will receive monthly updates on the financial position throughout 2023/24, including progress against savings delivery. Progress against savings delivery is managed by the Budget Oversight Group and senior management.

In setting the 2023/24 budget, the Council has determined that £6m of general balances is a prudent level in order to manage identified risks. A further £22m of other earmarked reserves could also be made available if absolutely necessary. The Council continues to review its reserves position regularly as per its Reserves Policy.

The Council's cashflow forecast to the end of March 2024 demonstrates that the Council has access to sufficient cash over the medium term to support planned Council and Group activities. This assumes maximum planned borrowing of £188m in the period and includes flexibility for additional borrowing of up to £122m should income be less than forecast or expenditure more than forecast in the period.

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

## **Accruals of Income and Expenditure**

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

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

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

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

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

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

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

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

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

### **Cash and Cash Equivalents**

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

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

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

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

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

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

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

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

- Depreciation attributable to the assets used by the relevant service

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



Amortisation of intangible fixed assets attributable to the service.

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Exceptional Items**

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

The Council has no Exceptional Items in 2022/23.

## **1.2 Employee Benefits**

### **Benefits Payable during Employment**

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

### **Termination Benefit**

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

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

### **Post-Employment Benefits**

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

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

The pension fund liability is calculated every three years by the fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with International Accounting

Standard (IAS) 19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 35. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

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

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

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

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

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

**Service cost comprising:**

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

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

Net interest on the net defined benefit liability (asset) i.e., net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

**Re-measurements comprising:**

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

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

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

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

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

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

### **Discretionary Benefits**

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

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

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

Two types of events can be identified:

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

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

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

### **Financial Instruments**

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

### **Financial Liabilities**

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

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged

to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

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

The fair values of loans are estimated as the price the lender would receive to sell the loans to another market participant on 31st March 2021, based on observed market rates for similar transactions.

## **Financial Assets**

Financial assets are classified into two types:

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

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

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

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

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

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

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

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

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

Instruments with quoted market prices – the market price

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

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

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

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

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

Level 3 inputs – unobservable inputs for the asset.

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

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

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

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

## **Government Grants and Contributions**

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

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

The grants or contributions will be received.

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

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

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

## **Intangible Assets**

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

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

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

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

The Council has material interests in companies and other entities that have the nature of subsidiaries, and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses in 2022/23:

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

Group Accounts have been prepared in accordance with paragraph 9.1.2.60 of the Code of Practice on Local Authority Accounting 2022/23, using uniform accounting policies for like transactions and other events in similar circumstances.

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

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

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

### **Investment Property**

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

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.

### **Leases**

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

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

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

## **1.3 The Council as Lessee**



## **Finance Leases**

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

Lease payments are apportioned between:

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

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

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

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

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

## **Operating Leases**

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

## **1.4 The Council as Lessor**

### **Finance Leases**

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

Lease rentals receivable are apportioned between:

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

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

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

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

### **Operating Leases**

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

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

### **Fair Value**

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

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

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

### **Recognition**

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

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

## Measurement

Assets are initially measured at cost, comprising:

- the purchase price

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Assets included in the Balance Sheet at current value are revalued regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits taken to the Revaluation Reserve

to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

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

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

### **Impairment**

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

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

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

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

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

### **Depreciation**

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

Depreciation is calculated on the following bases:

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

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

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

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

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

Infrastructure 10 to 40 years

Buildings 10 to 60 years

Vehicles 5 to 10 years

Computer Equipment / systems 3, 5 or 10 years

Other 3 to 30 years

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

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

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

Land

Structure of Building

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

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

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

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

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

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

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

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

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

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

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

## **Fair Value Measurement**

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

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

In the principal market for the asset or liability, or

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

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

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

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

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

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

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

Level 3 – unobservable inputs for the asset or liability

### **Minimum Revenue Provision**

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

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

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

### **Provisions**

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

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

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

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

### **Contingent Assets**

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

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

## **Contingent Liabilities**

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

## **Reserves**

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

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

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

## **VAT**

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

## **Rounding**

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

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

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



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

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020

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

IFRS 16 Leases. This standard introduces new presentation and disclosure requirements in relation to arrangements that convey the right to use an asset. Following the outcome of the FRAB review, CIPFA LASAAC formally announced the decision to refer the mandatory implementation of IFRS 16 for local authorities until 1 April 2024. Work is ongoing to determine the impact on the financial statements and it is too early to quantify at this stage, however this is not expected to be significant.

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

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

#### **Lease Accounting**

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

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

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

- In relation to Business Rates Retention, the council has estimated a provision for NDR appeals. We have analysed information from the valuation office and consulted with other Oxfordshire Authorities and used information from the valuation office agency (VOA) revaluation to arrive at the figure in the accounts. The top-up and tariff

equalisation mechanism in the business rates retention scheme has been adjusted since 2018/19 to ensure that authorities are no better or worse off as a result of the revaluation of rateable values that took effect from 1 April 2017.

- The introduction of the current 2017 rating list on 1 April 2017 and the new methodology of businesses making appeals to the VOA of 'Check, Challenge and Appeal' required us to change the method of calculating potential losses on appeals and is now based upon a percentage of net rates payable.
- For all outstanding appeals on the 2010 rating list, the methodology has not changed and is based upon the past success of appeals that have been lodged and is updated with the information provided by the VOA on a monthly basis relating to settled appeals.

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

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

### Valuations– Property, Plant and Equipment

Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Valuations by nature are estimations of an asset's value as at the balance sheet date. The council operates a 5 – year rolling schedule, in line with the CIPFA code, for assets held under the valuation model.</p> <p>Asset valuations are undertaken by professional valuers using appropriate valuation methodologies based on the type of asset.</p> <p>The Depreciated Replacement Cost (DRC) methodology applies to assets for which no active market exists, such as leisure and community centres, and represents a source of uncertainty for the Council's valuations. Changes in market and economic factors from year-to-year could result in differences between the book value and actual value using the DRC approach.</p>	<p>Where the Council identifies significant changes in the Build Cost Indices and/or locational factors from prior years, a review is undertaken to compare the DRC calculated value, based on the up-to-date indices, to the book value held by the council.</p> <p>For assets that are not scheduled to be valued in year, and where an aggregate material variance is identified, the book value is adjusted using the updated indices as provided by the valuers, to avoid material misstatement.</p> <p>In 2022/23 all DRC assets were valued and so no indexation calculations were needed. However, the council applied a valuation adjustment to the car parks that were not revalued in year due to the significant change in value of those that had been revalued. These were adjusted based on the income assumptions and yields for similar car parks that were revalued in 2022/23. This resulted in a downward valuation movement of £2.3m.</p>

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

Uncertainties	Effect if Actual Results Differ from Assumptions
<p>The Council assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets.</p> <p>Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.</p>	<p>Where the Council determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Council's accounts when the change in estimate is determined.</p> <p>The carrying value of depreciable assets in the balance sheet is £178m. This amount comprises of Land &amp; Buildings, Plant, Vehicles &amp; Equipment, Infrastructure Assets and Intangible Assets.</p>

## Impairment of Property, Plant & Equipment & Intangible Assets

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

## Fair Value Measurements

Uncertainties	Effect if Actual Results Differ from Assumptions
<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 14 and 15 below.</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets).</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.</p>

## Impairment allowance for doubtful debt

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

## Provision for Business Rates Appeals

Uncertainties	Effect if Actual Results Differ from Assumptions
<p>The possible refund from a business rate appeal can vary depending on factors such as; the type of appeal and type of property, together with its geographical location and the probability of appeal success.</p>	<p>Following an assessment of the outstanding business rates appeals at 31 March 2022, a total provision of £19.546m was made for potential future appeal refunds. Cherwell's 40 per cent share of this provision is £7.818m.</p> <p>If the provision for appeals changed by 1% the resulting increase/decrease would be £0.2m shared across central government (50 per cent), the county council (10 per cent) and Cherwell (40 per cent).</p>

## Pensions

Uncertainties	Effect if Actual Results Differ from Assumptions
<p>The Council provides one defined benefit pension scheme for its employees. The asset (or liability) recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date.</p> <p>The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as:</p> <ul style="list-style-type: none"> <li>• the life expectancy of the Officers;</li> <li>• the length of service;</li> <li>• the rate of salary progression;</li> <li>• the rate of return earned on assets in the future;</li> <li>• the rate used to discount future pension liabilities; and</li> <li>• future inflation rates.</li> </ul>	<p>The assumptions used by the Council are set out in note 35 and are estimates chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice but have been comparable to the median estimates in this regard used by other Councils.</p> <p>Changes to these assumptions could materially affect the size of the defined benefit scheme's liabilities and assets. A sensitivity analysis is included within note 35.</p>

## Note 5 - Material Items of Income and Expense

### Pensions

The actuary carried out a valuation as at 31 March 2023. This has resulted in pension assets decreasing from £140m at 31 March 2022 to £133m at 31 March 2023.

Liabilities have decreased from £222m at 31 March 2022 to £164m at 31 March 2023, which resulted in a decrease in net liability of £51m.

### Prior Year Adjustments

The council has identified one classification issue in 2022/23 which requires restatement in 2021/22. This is in relation to the classification of business rates income, which was previously being classified as government grant income. However only a portion of business rates income is received as grant income in the form of S31 grants. The rest should be classified as business rates income.

As this is a classification issues this restatement does not affect any of the primary statements. The changes due to this restatement are detailed below. Here only affected lines are shown, the full notes are shown in the relevant part of the statements.

<b>Note 12 – Taxation and Non-Specific Grant Income</b>	<b>As previously stated £'000</b>	<b>Change £'000</b>	<b>Restated amount £'000</b>
Business rates income	0	1,211	1,211
Non-ringfenced government grants	(18,869)	(1,211)	(20,080)
<b>Total</b>	<b>(51,441)</b>	<b>0</b>	<b>(51,441)</b>

<b>Note 13 – Expenditure and Income Analysed by Nature</b>	<b>As previously stated £'000</b>	<b>Change £'000</b>	<b>Restated amount £'000</b>
Income from taxation	(13,619)	1,211	(12,408)
Government grants and contributions	(67,787)	(1,211)	(68,998)
<b>Total Income</b>	<b>(108,355)</b>	<b>0</b>	<b>(108,355)</b>

<b>Note 29 – Grant Income Credited to Taxation and non-specific Grant Income and Expenditure</b>	<b>As previously stated £'000</b>	<b>Change £'000</b>	<b>Restated amount £'000</b>
Non-Domestic Rates (Section 31 Grant)	(11,874)	(1,211)	(13,085)
<b>Total</b>	<b>(37,822)</b>	<b>(1,211)</b>	<b>(39,033)</b>

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

There are two non-adjusting events after the balance sheet date.

The first is in relation to Town Centre House – which at the balance sheet date the council held under a finance lease. Since the balance sheet date the council has purchased Town Centre House and so the finance lease has been terminated, and the associated £1.562m finance lease liability included in note 32 in relation to Town Centre House has been settled.

The second is in relation to the council's MRP policy. This is proposed to change for 2023/24 to an annuity basis from the current straight line basis of calculation. If approved by full council in February 2024, this would materially reprofile the MRP charge but the total MRP required would remain the same. The annuity basis takes into account the time value of money, providing a charge where the present value of all future payments are equal. In nominal terms this would result in an approximately £1.9m reduced charge in 2023/24 than previously forecast.



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

Year Ending 31 Mar 23					
	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive	468	1,457	0	0	1,925
Communities	2,272	2,612	0	25	4,909
Resources	8,233	1,180	(3)	933	10,342
<b>Net Cost of Services</b>	<b>10,973</b>	<b>5,249</b>	<b>(3)</b>	<b>957</b>	<b>17,176</b>
Other Income and Expenditure	(9,339)	2,068	(12,874)	(957)	(21,102)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>1,634</b>	<b>7,317</b>	<b>(12,877)</b>	<b>0</b>	<b>(3,925)</b>
Year Ending 31 Mar 22					
	Net Capital Statutory Adjustments £'000	Net Pensions Statutory Adjustments £'000	Other Statutory Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive	7,852	1,751	0	0	9,603
Communities	923	3,210	0	0	4,133
Resources	49,181	1,150	63	0	50,394
<b>Net Cost of Services</b>	<b>57,956</b>	<b>6,111</b>	<b>63</b>	<b>0</b>	<b>64,130</b>
Other Income and Expenditure	(27,121)	1,761	(15,589)	0	(40,949)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>30,835</b>	<b>7,872</b>	<b>(15,526)</b>	<b>0</b>	<b>23,181</b>

## **Net Capital Statutory Adjustments**

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

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

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

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

## **Net Pensions Statutory Adjustments**

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

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

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

## **Other Statutory Adjustments**

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

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

## Other Non-statutory Adjustments

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

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

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

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

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

31-Mar-22	Revenues from External Customers £'000	Revenues from Other Segments £'000	Interest Revenue £'000	Interest Expense £'000	Depreciation and Amortisation £'000
Chief Executive	(4,071)	(3,769)	0	0	1,747
Communities	(7,441)	(3,346)	0	0	1,012
Resources	(9,164)	(24,236)	0	0	1,671
Non-Distributed Services	(262)	(37,822)	(4,395)	2,227	0
<b>Total Managed by Segments</b>	<b>(20,938)</b>	<b>(69,173)</b>	<b>(4,395)</b>	<b>2,227</b>	<b>4,430</b>

## Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations 2022/23

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

### General Fund Balance

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

### Capital Receipts Reserve

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

### Capital Grants Unapplied

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

Note 8 Continued

<b>2022/23</b>	<b>General Fund Balance £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Capital Grants Unapplied £'000</b>	<b>Movement in Unusable Reserves £'000</b>
<b>Adjustments to the Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>				
Pension cost (transferred to or (from) the Pensions Reserve)	(7,317)	0	0	7,317
Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account)	13,269	0	0	(13,269)
Holiday pay (transferred to the Accumulated Absences reserve)	0	0	0	0
Reversal of entries included in the (Surplus) or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(12,506)	0	0	12,506
<b>Total Adjustments to Revenue Resources</b>	<b>(6,555)</b>	<b>0</b>	<b>0</b>	<b>6,555</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,710	(1,718)	0	7
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,476	0	0	(4,476)
Revenue contribution to Capital	0	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>6,186</b>	<b>(1,718)</b>	<b>0</b>	<b>(4,469)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	7,852	0	(7,852)
Write down of Capital loans repaid to the Council	0	(6,034)	0	6,034
Application of capital grants to finance capital expenditure	4,293	0	2,099	(6,393)
<b>Total Adjustments to Capital Resources</b>	<b>4,293</b>	<b>1,817</b>	<b>2,099</b>	<b>(8,210)</b>
<b>Total Adjustments</b>	<b>3,925</b>	<b>100</b>	<b>2,099</b>	<b>(6,125)</b>

Note 8 Continued...

<b>2021/22</b>	<b>General Fund Balance</b> £'000	<b>Capital Receipts Reserve</b> £'000	<b>Capital Grants Unapplied</b> £'000	<b>Movement in Unusable Reserves</b> £'000
<b>Adjustments to the Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>				
Pension cost (transferred to or (from) the Pensions Reserve)	(7,872)	0	0	7,872
Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account)	15,466	0	0	(15,466)
Holiday pay (transferred to the Accumulated Absences reserve)	(63)	0	0	63
Reversal of entries included in the (Surplus) or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(58,312)	0	0	58,312
<b>Total Adjustments to Revenue Resources</b>	<b>(50,781)</b>	<b>0</b>	<b>0</b>	<b>50,781</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,392	(1,338)	0	(54)
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	4,255	0	0	(4,255)
Revenue contribution to Capital	3,000	0	0	(3,000)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>8,647</b>	<b>(1,338)</b>	<b>0</b>	<b>(7,309)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	1,317	0	(1,317)
Write down of Capital loans repaid to the Council	0	0	0	0
Application of capital grants to finance capital expenditure	18,954	0	(7,272)	(11,682)
<b>Total Adjustments to Capital Resources</b>	<b>18,954</b>	<b>1,317</b>	<b>(7,272)</b>	<b>(12,999)</b>
<b>Total Adjustments</b>	<b>(23,180)</b>	<b>(21)</b>	<b>(7,272)</b>	<b>30,473</b>

## Note 9 - Transfers to/from Earmarked Reserves

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

Earmarked Reserves	Balance at 31 March 2021	Net transfers (to)/from Earmarked Reserves in 2021/22	Balance at 31 March 2022	Net transfers (to)/from Earmarked Reserves in 2022/23	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000
<b>General Earmarked Reserves</b>					
Pensions Deficit	(54)	54	0	(2,152)	(2,152)
Transformation and projects reserve	(3,925)	129	(3,796)	1,796	(2,000)
Dilapidations, Garage Project and Canalside	(250)	(200)	(450)	(110)	(560)
Projects	(1,906)	(1,279)	(3,185)	(889)	(4,073)
Transformation Implementation Reserve	(1,000)	172	(828)	(1,172)	(2,000)
Market Risk Reserve	(2,060)	694	(1,366)	(3,631)	(4,996)
Growth Deal	(1,297)	742	(555)	204	(351)
M&S Surrender Premium	(3,500)	0	(3,500)	1,598	(1,902)
Other General Earmarked reserve	(1,992)	(253)	(2,244)	381	(1,863)
<b>Revenue Grant Earmarked Reserves</b>					
S31 Reserve	(23,897)	13,310	(10,587)	10,001	(586)
Covid-19 Reserve	0	(1,616)	(1,616)	1,616	0
COMF - General Allocation	(4)	(679)	(683)	339	(344)
Covid-19 ARG Grant	(2,935)	2,935	0	0	0
Homelessness Prevention	(729)	(203)	(932)	43	(889)
Bicester Garden Town	(1,527)	238	(1,290)	231	(1,059)
Other Revenue Grant Earmarked reserves	(2,463)	1,356	(1,107)	214	(894)
<b>Total Earmarked Reserves</b>	<b>(47,540)</b>	<b>15,402</b>	<b>(32,138)</b>	<b>8,468</b>	<b>(23,670)</b>

## Note 10 - Other Operating Expenditure

31-Mar-22 £'000	Other Operating Expenditure	31-Mar-23 £'000
5,451	Precepts to other authorities and charging bodies	5,763
(834)	(Gains)/losses on the Disposal of Non-Current Assets	(1,212)
<b>4,617</b>	<b>Total Other Operating Expenditure</b>	<b>4,551</b>

## Note 11 - Financing and Investment Income and Expenditure

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

31-Mar-22 £'000	Financing and Investment Income & Expenditure	31-Mar-23 £'000
2,227	Interest payable and similar charges	3,593
1,970	Net interest on the net defined benefit liability (asset)	2,283
(4,395)	Interest receivable and similar income	(6,569)
(344)	Income and expenditure in relation to investment properties and changes in their fair value	(348)
(129)	Other investment income and expenditure	385
<b>(671)</b>	<b>Total</b>	<b>(656)</b>

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

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

31-Mar-22 £'000	Taxation and Non-Specific Grant Income	31-Mar-23 £'000
(13,619)	Council tax income	(14,377)
1,211	Business rates income	(5,504)
(20,080)	Non-ringfenced government grants	(13,200)
(18,954)	Capital grants and contributions	(3,053)
<b>(51,441)</b>	<b>Total</b>	<b>(36,135)</b>



## Note 13 – Expenditure and Income Analysed by Nature

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

<b>31-Mar-22 £'000</b>	<b>Nature of Expenditure or Income</b>	<b>31-Mar-23 £'000</b>
	<b>Expenditure</b>	
28,864	Employee benefits expenses	30,813
105,533	Other expenditure	53,513
2,227	Interest payments	3,594
5,451	Precepts and levies	5,763
4,430	Depreciation and amortisation	5,389
0	Gain or loss on disposal of non-current assets	0
<b>146,505</b>	<b>Total Expenditure</b>	<b>99,072</b>
	<b>Income</b>	
(21,721)	Fees, charges and other service income	(22,800)
(4,395)	Interest and investment income	(6,570)
(12,408)	Income from local taxation	(19,881)
(68,998)	Government grants and contributions	(44,267)
(834)	Gain or loss on disposal of non-current assets	(1,212)
<b>(108,355)</b>	<b>Total Income</b>	<b>(94,731)</b>
<b>38,150</b>	<b>Surplus or Deficit for Year</b>	<b>4,341</b>

## Note 14 – Property, Plant and Equipment

<b>Movements to 31-Mar-23</b>							
	<b>Land and Buildings</b>	<b>Vehicles Plant &amp; Equipment</b>	<b>Infrastructure</b>	<b>Community</b>	<b>Surplus</b>	<b>Assets Under Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>							
<b>Balance brought forward</b>	<b>157,547</b>	<b>18,212</b>	<b>5,556</b>	<b>99</b>	<b>15</b>	<b>11,162</b>	<b>192,592</b>
Additions	2,974	3,566	9	86	0	437	7,073
Acc Dep & Imp WO to GCA	(3,362)	0	0	0	0	0	(3,362)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,510	0	0	0	2	(75)	1,436
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,699)	0	0	0	0	0	(4,699)
Derecognition - Disposals	(408)	(337)	0	0	0	0	(745)
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Cost or Valuation	8,619	0	0	0	0	(8,619)	0
<b>At 31 March 2023</b>	<b>162,181</b>	<b>21,442</b>	<b>5,566</b>	<b>185</b>	<b>17</b>	<b>2,906</b>	<b>192,295</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
<b>Balance Brought Forward</b>	<b>(2,878)</b>	<b>(10,609)</b>	<b>(3,101)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,588)</b>
Depreciation Charge	(3,397)	(1,212)	(175)	0	0	0	(4,783)
Acc. Depreciation WO to GCA	3,362	0	0	0	0	0	3,362
Acc. Impairment WO to GCA	0	0	0	0	0	0	0
Derecognition - Disposals	27	337	0	0	0	0	364
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>(2,886)</b>	<b>(11,484)</b>	<b>(3,276)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,646)</b>
<b>Net Book Value</b>							
<b>At 31 March 2023</b>	<b>159,295</b>	<b>9,958</b>	<b>2,290</b>	<b>185</b>	<b>17</b>	<b>2,906</b>	<b>174,650</b>
<b>At 31 March 2022</b>	<b>154,670</b>	<b>7,604</b>	<b>2,455</b>	<b>99</b>	<b>15</b>	<b>11,162</b>	<b>176,005</b>

<b>Movements to 31-Mar-22</b>							
	Land and Buildings	Vehicles Plant & Equipment	Infrastructure	Community	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
<b>Brought forward</b>	<b>137,714</b>	<b>14,498</b>	<b>5,556</b>	<b>38</b>	<b>15</b>	<b>57,091</b>	<b>214,912</b>
Additions	654	4,287	0	61	0	10,105	15,107
Acc Dep & Imp WO to GCA	(4,207)	0	0	0	0	0	(4,207)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,683	0	0	0	0	2,160	10,843
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(20,348)	0	0	0	0	(23,789)	(44,137)
Derecognition - Disposals	(556)	(573)	0	0	0	0	(1,129)
Assets reclassified (to)/from Investment Property	1,203	0	0	0	0	0	1,203
Other movements in Cost or Valuation	34,404	0	0	0	0	(34,404)	0
<b>At 31 March 2022</b>	<b>157,547</b>	<b>18,212</b>	<b>5,556</b>	<b>99</b>	<b>15</b>	<b>11,163</b>	<b>192,592</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
<b>Brought forward</b>	<b>(4,270)</b>	<b>(10,249)</b>	<b>(2,915)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,434)</b>
Depreciation Charge	(2,833)	(913)	(186)	0	0	0	(3,932)
Acc. Depreciation WO to GCA	3,283	0	0	0	0	0	3,283
Impairment (Losses)/Reversals recognised in the Revaluation Reserve	925	0	0	0	0	0	925
Derecognition - Disposals	18	553	0	0	0	0	571
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0
<b>At 31 March 2022</b>	<b>(2,877)</b>	<b>(10,609)</b>	<b>(3,101)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,587)</b>
<b>Net Book Value</b>							
<b>At 31 March 2022</b>	<b>154,670</b>	<b>7,603</b>	<b>2,455</b>	<b>99</b>	<b>15</b>	<b>11,162</b>	<b>176,005</b>
<b>At 31 March 2021</b>	<b>133,444</b>	<b>4,249</b>	<b>2,641</b>	<b>38</b>	<b>15</b>	<b>57,091</b>	<b>197,478</b>

## Property, Plant and Equipment Revaluations

31-Mar-23	Other Land and Buildings £'000	Vehicles, Plant, Furniture Equipment £'000	Infrastruc- ture Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	3,519	9,958	2,290	185	0	574	16,525
Valued at current value as at:							
31/03/2023	133,558	0	0	0	17	0	133,575
31/03/2022	22,172	0	0	0	0	2,332	24,504
31/03/2021	0	0	0	0	0	0	0
31/03/2020	18	0	0	0	0	0	18
31/03/2019	28	0	0	0	0	0	28
<b>Total Cost or Valuation</b>	<b>159,295</b>	<b>9,958</b>	<b>2,290</b>	<b>185</b>	<b>17</b>	<b>2,906</b>	<b>174,650</b>

## Note 15 – Investment Properties

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

31-Mar-22 £'000	Investment Property Income and Expenditure	31-Mar-23 £'000
(153)	Rental income from investment property	(167)
11	Direct operating expenses from investment property	24
<b>(142)</b>	<b>Net (gain)/loss</b>	<b>(143)</b>

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

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

31-Mar-22 non-current £'000	Investment Property Movements in Year	31-Mar-23 non-current £'000
<b>5,437</b>	<b>Opening Balance</b>	<b>4,435</b>
0	Additions: Purchases	0
0	Enhancements	0
0	Disposals	0
202	Net gains/(losses) from fair value adjustments	205
(1,203)	Transfers to/(from) Property, Plant and Equipment	0
<b>4,435</b>	<b>Closing Balance</b>	<b>4,640</b>

## Fair value hierarchy

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

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

Details of the Council's investment properties and surplus assets and information about the fair value hierarchy as at 31 March 2022 are as follows:

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2022 £'000
<b>Investment Properties</b>	0	4,435	0	4,435
<b>Surplus Assets</b>	0	15	0	15
<b>Sub-total</b>	<b>0</b>	<b>4,450</b>	<b>0</b>	<b>4,450</b>
<b>Residential (market rental) properties</b>				
<b>Office Units</b>	0	425	0	425
<b>Commercial Units</b>	0	4,025	0	4,025
<b>Totals</b>	<b>0</b>	<b>4,450</b>	<b>0</b>	<b>4,450</b>

## Transfers between Levels of the Fair Value Hierarchy

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

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

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

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

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

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

### **Valuation Techniques**

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

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

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

## Note 16 – Intangible Assets

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

31-Mar-22	Intangible Assets	31-Mar-23
<b>£000</b>	Opening Balance	<b>£000</b>
7,599	Gross Carrying Amount	8,246
(5,317)	Accumulated Amortisation & Impairment	(5,815)
<b>2,282</b>	<b>Net Carrying Amount</b>	<b>2,431</b>
647	Additions	257
0	Disposals	(118)
(498)	Amortisation for the Period	(606)
<b>2,431</b>	<b>Net Carrying Amount at End of Year</b>	<b>1,966</b>
	<b>Comprising:</b>	
8,246	Gross Carrying Amount	6,801
(5,815)	Accumulated Amortisation & Impairment	(4,836)
<b>2,431</b>	<b>Closing Balance</b>	<b>1,965</b>

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

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



## Note 17 – Financial Instruments

Balance Sheet items

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

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

### Financial Instruments – Liabilities

31-Mar-22 Short term	31-Mar-22 Long-term	Financial Instruments - Liabilities	31-Mar-23 Short-term	31-Mar-23 Long-term
£'000	£'000	Financial Liabilities	£'000	£'000
		Loans at amortised cost:		
(87,000)	(112,000)	- Principal sum borrowed	(22,000)	(166,000)
(605)	0	- Accrued interest	(901)	
<b>(87,605)</b>	<b>(112,000)</b>	<b>Total Borrowing</b>	<b>(22,901)</b>	<b>(166,000)</b>
		Liabilities at amortised cost:		
(8)	(1,562)	- Finance leases	(8)	(1,554)
0	0	- Other Liabilities	0	(14)
<b>(8)</b>	<b>(1,562)</b>	<b>Total Other Long-term Liabilities</b>	<b>(8)</b>	<b>(1,567)</b>
		Liabilities at amortised cost:		
(5,909)	0	- Trade payables	(3,608)	0
(2,162)	0	- Other payables	(2,776)	0
<b>(8,071)</b>	<b>0</b>	<b>Included in Creditors</b>	<b>(6,384)</b>	<b>0</b>
		At amortised cost:		
(1,011)	0	Principal	(511)	0
<b>(1,011)</b>	<b>0</b>	<b>Total Cash and Cash Equivalents</b>	<b>(511)</b>	<b>0</b>
<b>(96,695)</b>	<b>(113,562)</b>	<b>Total Financial Liabilities</b>	<b>(29,804)</b>	<b>(167,567)</b>

The total short-term borrowing includes £826k (2022: £499k) accrued interest due within 12 months on long-term borrowing.

The creditors lines on the Balance Sheet include £40,658k (2022: £24,518k) short-term creditors that do not meet the definition of a financial instrument.

## Financial Instruments – Assets

31-Mar-22		Financial Instruments - Assets	31-Mar-23	
Short Term	Long Term		Short Term	Long Term
£'000	£'000	Financial Assets	£'000	£'000
		At amortised cost:		
46,240	0	- Principal	35,000	
14	0	- Accrued interest	101	
		At fair value through profit & loss:		
0	35,649	- Fair value		35,649
<b>46,254</b>	<b>35,649</b>	<b>Total Investments</b>	<b>35,101</b>	<b>35,649</b>
		At amortised cost:		
0	0	- Principal	0	
		At fair value through profit & loss:		
5,913	0	- Fair value	8,520	
3	0	- Accrued interest	43	
<b>5,916</b>	<b>0</b>	<b>Total Cash and Cash Equivalents</b>	<b>8,563</b>	<b>0</b>
		At amortised cost:		
4,192		- Trade receivables	2,029	
5,194		- Other receivables	5,327	
6,409	65,472	- Loans made for service purposes	6,190	66,194
3	156	- Accrued interest	206	0
0	(987)	- Loss allowance		-1,379
<b>15,798</b>	<b>64,641</b>	<b>Included in Debtors</b>	<b>13,752</b>	<b>64,814</b>
<b>67,968</b>	<b>100,291</b>	<b>Total Financial Assets</b>	<b>57,416</b>	<b>100,464</b>

The debtors lines on the Balance Sheet include £3,809k (2022: £3,276k) short-term and £5,594k (2022: £4,994k) long-term debtors that do not meet the definition of a financial asset.

## Offsetting Financial Assets and Liabilities

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

31-Mar-22 £'000	Offsetting Financial Assets & Liabilities	31-Mar-23 £'000
1,810	Bank accounts in credit	394
(2,821)	Bank overdrafts	(905)
<b>(1,011)</b>	<b>Net position of offset accounts</b>	<b>(511)</b>
0	Other bank accounts	0
<b>(1,011)</b>	<b>Net position on balance sheet</b>	<b>(511)</b>

## Financial Instruments - Gains and Losses

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

	Financial Liabilities		Financial Assets		2022/23 Total £'000	2021/22 Total £'000
	Amortised Cost £'000	Fair Value through Profit & Loss £'000	Amortised Cost £'000	Fair Value through Profit & Loss £'000		
Interest expense	3,588				3,588	2,146
Fees paid	6				6	82
<b>Interest payable and similar charges</b>	<b>3,594</b>	<b>0</b>			<b>3,594</b>	<b>2,227</b>
Interest income	0		(6,324)	(246)	(6,570)	(4,395)
Fees	0				0	0
<b>Interest and investment income</b>	<b>0</b>	<b>0</b>	<b>(6,324)</b>	<b>(246)</b>	<b>(6,570)</b>	<b>(4,395)</b>
<b>Net impact on (surplus)/deficit on provision of services</b>	<b>3,594</b>	<b>0</b>	<b>(6,324)</b>	<b>(246)</b>	<b>(2,976)</b>	<b>(2,167)</b>
<b>Net (Gain)/Loss for the Year</b>	<b>3,594</b>	<b>0</b>	<b>(6,324)</b>	<b>(246)</b>	<b>(2,976)</b>	<b>(2,167)</b>

## Financial Instruments - Fair Value – Liabilities

Balance Sheet	Fair Value			Balance Sheet	Fair Value
31-Mar-22	31-Mar-22			31-Mar-23	31-Mar-23
£'000	£'000		Fair value Level	£'000	£'000
Financial liabilities held at amortised cost:					
<b>(112,000)</b>	(104,656)	Long-term loans	2	(166,000)	(136,682)
<b>(87,605)</b>	(86,868)	Short-term loans	2	(22,901)	(22,901)
<b>(1,570)</b>	(4,419)	Lease payables and PFI liabilities	2	(1,562)	(3,008)
<b>(201,175)</b>	<b>(195,943)</b>	<b>Total</b>		<b>(190,463)</b>	<b>(162,591)</b>
<b>(9,082)</b>		Liabilities for which fair value is not disclosed		(6,908)	
<b>(210,257)</b>		<b>Total Financial Liabilities</b>		<b>(197,371)</b>	<b>(162,591)</b>
Recorded on balance sheet as:					
<b>(8,079)</b>		Short-term creditors		(6,392)	
<b>(87,605)</b>		Short-term borrowing		(22,901)	
<b>(1,562)</b>		Long-term creditors		(1,567)	
<b>(112,000)</b>		Long-term borrowing		(166,000)	
<b>(1,011)</b>		Cash and Cash Equivalents		(511)	
<b>(210,257)</b>		<b>Total Financial Liabilities</b>		<b>(197,371)</b>	

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

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

## Financial Instruments - Fair Value – Assets

Balance Sheet	Fair Value			Balance Sheet	Fair Value
31-Mar-22	31-Mar-22			31-Mar-23	31-Mar-23
£'000	£'000		Fair Value Level	£'000	£'000
Financial assets held at fair value:					
5,916	5,916	Money market funds	1	8,563	8,563
35,649	35,649	Shares in unlisted companies	3	35,649	35,649
Financial assets held at amortised cost:					
46,254	46,254	Bank deposits & repos	2	35,101	34,591
71,053	71,053	Loans to companies	3	71,210	71,210
<b>158,872</b>	<b>158,872</b>	<b>Total</b>		<b>150,523</b>	<b>150,013</b>
9,386		Assets for which fair value is not disclosed		7,356	
<b>168,258</b>		<b>Total Financial Assets</b>		<b>157,879</b>	<b>150,013</b>
Recorded on balance sheet as:					
64,641		Long-term debtors		64,814	
35,649		Long-term investments		35,649	
15,798		Short-term debtors		13,752	
46,254		Short-term investments		35,101	
5,916		Cash and cash equivalents		8,563	
<b>168,258</b>		<b>Total Financial Assets</b>		<b>157,880</b>	

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

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

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

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

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

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

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

### Credit Risk: Investments

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

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

Long Term Credit Rating		
31-Mar-22 £'000	(Fitch)	31-Mar-23 £'000
0	AA	3,016
46,254	AA-	26,051
	A+	6,034
46,254		35,101

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

### Credit Risk: Debtors

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

31-Mar-22 £'000	Credit Risk: Debtors Duration outstanding	31-Mar-23 £'000
2,927	One months	444
154	Two months	154
83	Three months	48
1,328	More than three months	1,056
4,491		1,703

## Credit Risk: Loan Commitments and Financial Guarantees

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

Organisation	Total facility	Balance 31 March 2023
Graven Hill Village Development Co Ltd	£69.6m	£58.7m

The Council has also provided financial guarantees and bonds to the total value of £27.9m for Graven Hill. The guarantee for £3.7m is payable if the sale falls through and Graven Hill are unable to return the deposit to the purchaser. The guarantees will expire on either the completion of the sale or the return of the deposit. Two bonds have been issued to the value of £24.1m in the event that Graven Hill cannot fulfill its Section 106 and Section 278 commitments to Oxfordshire County Council. The bonds will expire on the completion of the infrastructure work.

## Liquidity Risk

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

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

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

31-Mar-22	Liquidity Risk	31-Mar-23
£'000	Time to maturity	£'000
(87,093)	Less than 1 year	(22,074)
(12,013)	1 – 2 years	(21,173)
(33,176)	2 – 5 years	(22,050)
(22,074)	5-10 years	(78,355)
(15,044)	10-20 years	(15,044)
(30,205)	20-30 years	(30,205)
<b>(199,605)</b>		<b>(188,901)</b>

## Market Risk: Interest Rates

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

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

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

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

**Market Risk – Other:**

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

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

## Note 18 – Inventories

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

31-Mar-22 £'000	Inventories	31-Mar-23 £'000
224	Opening Balance	253
780	Purchases	1,086
(751)	Recognised as an expense in the year	(982)
253	<b>Closing Balance</b>	<b>357</b>

## Note 19a – Short Term Debtors

An analysis of the debtor's balance is shown below

31-Mar-22 £'000	Short Term Debtors	31-Mar-23 £'000
4,192	Trade Receivables	2,029
264	Pre-Payments	943
14,618	Other Receivable Amounts	14,588
<b>19,074</b>	<b>Total Debtors</b>	<b>17,561</b>



## Note 19b Short Term Debtors for Local Taxation

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

<b>31-Mar-22</b> £'000	<b>Short Term Debtors for Local Taxation</b>	<b>31-Mar-23</b> £'000
0	Less than three months	0
0	Three to six months	0
475	Six months to one year	452
521	More than one year	611
<b>996</b>	<b>Total Debtors</b>	<b>1,063</b>

## Note 20 – Cash and Cash Equivalents

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

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

<b>31-Mar-22</b> £'000	<b>Cash and Cash Equivalents</b>	<b>31-Mar-23</b> £'000
(1,011)	Bank Balances/(Overdraft)	(511)
5,916	Short Term Investments	8,563
<b>4,905</b>	<b>Total Cash and Cash Equivalents</b>	<b>8,053</b>

## Note 21– Assets Held for Sale

<b>31-Mar-22</b> £'000	<b>Assets held for Sale</b>	<b>31-Mar-23</b> £'000
<b>0</b>	Balance at start of year	0
	Assets Sold:	
<b>0</b>	Property Plant and Equipment	0
<b>0</b>	<b>Balance at year end</b>	<b>0</b>

## Note 22 – Short Term Creditors

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

31-Mar-22 £'000	Short Term Creditors	31-Mar-23 £'000
(5,909)	Trade Payables	(3,608)
(26,688)	Other Payable Amounts	(43,442)
<b>(32,597)</b>	<b>Total Creditors</b>	<b>(47,050)</b>

## Note 23 – Provisions

The main provisions during 2022/23 are for NNDR appeals. The council is required to set up a provision for the potential cost of successful appeals with the Valuation Office.

### Current Provisions

31-Mar-23	Health Walks Training Provision £'000	Graven Hill Deposit Guarantee £'000	NNDR Appeals Provision £'000	Total £'000
<b>Opening Balance</b>	(4)	(37)	(272)	(314)
<b>Increase in provision during year</b>	0	0	0	0
<b>Utilised during the year</b>	0	0	202	202
<b>Closing Balance</b>	<b>(4)</b>	<b>(37)</b>	<b>(71)</b>	<b>(112)</b>
31-Mar-22 £'000	Health Walks Training Provision £'000	Graven Hill Deposit Guarantee £'000	NNDR Appeals Provision £'000	Total £'000
<b>Opening Balance</b>	(4)	(37)	(1,427)	(1,469)
<b>Increase in provision during year</b>	0	0	0	0
<b>Utilised during the year</b>	0	0	1,155	1,155
<b>Closing Balance</b>	<b>(4)</b>	<b>(37)</b>	<b>(272)</b>	<b>(314)</b>

## Long Term Provisions

31-Mar-23	NDR Appeals £'000	Landlord Rent Guarantee £'000	Landlord Rent Ex-Charter £'000	Banbury Bowls Club £'000	58 Bridge Street - Repair & Renewals £'000	Total £'000
Opening Balance	(8,151)	(89)	(18)	(47)	(103)	(8,409)
Increase in provision during year	(1,864)	0	0	0	0	(1,864)
Utilised during year	2,268	14	0	0	0	2,282
Closing Balance	(7,748)	(75)	(18)	(47)	(103)	(7,991)
31-Mar-22	NDR Appeals £'000	Landlord Rent Guarantee £'000	Landlord Rent Ex-Charter £'000	Banbury Bowls Club £'000	58 Bridge Street - Repair & Renewals £'000	Total £'000
Opening Balance	(6,996)	(96)	(18)	(47)	(93)	(7,250)
Increase in provision during year	(1,999)	0	0	0	(10)	(2,009)
Utilised during year	843	7	0	0	0	850
Closing Balance	(8,151)	(89)	(18)	(47)	(103)	(8,409)

## Total Provisions

31-Mar-22 £'000	Provisions Summary	31-Mar-23 £'000
(8,718)	Opening Balance	(8,723)
(2,009)	Increase in provision during year	(1,864)
2,005	Utilised during year	2,484
(8,723)	Closing Balance	(8,103)

## Note 24 – Usable Reserves

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

<b>31-Mar-22 £'000</b>	<b>Useable Reserves Summary</b>	<b>31-Mar-23 £'000</b>
(5,951)	General Fund	(6,152)
(32,138)	Earmarked Reserves	(23,670)
(100)	Capital Receipts Reserve	0
(7,949)	Capital Grants Unapplied Reserve	(5,849)
<b>(46,137)</b>	<b>Total</b>	<b>(35,671)</b>

### General Fund Reserve

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

<b>31-Mar-22 £'000</b>	<b>General Fund Reserve</b>	<b>31-Mar-23 £'000</b>
(5,520)	Opening Balance	(5,951)
(431)	Transfers to general reserves	(201)
0	Use of general reserves in year	0
<b>(5,951)</b>	<b>Closing Balance</b>	<b>(6,152)</b>

## Earmarked Reserves

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

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

<b>31-Mar-22 £'000</b>	<b>Earmarked Reserves</b>	<b>31-Mar-23 £'000</b>
(47,539)	Opening Balance	(32,138)
(15,280)	Transfers to reserves	(10,238)
30,681	Use of reserves in year	18,706
<b>(32,138)</b>	<b>Closing Balance</b>	<b>(23,670)</b>

## Capital Receipts Reserve

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

<b>31-Mar-22 £'000</b>	<b>Capital Receipts Reserve</b>	<b>31-Mar-23 £'000</b>
(80)	Opening Balance	(100)
(1,338)	Receipts from disposal of an interest in a capital asset	(1,718)
0	Receipts from repayments of capital loans made by the council	(6,034)
1,317	Capital Receipts used for financing	7,852
<b>(100)</b>	<b>Closing Balance</b>	<b>0</b>

## Capital Grants Unapplied

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

31-Mar-22 £'000	Capital Grants Unapplied	31-Mar-23 £'000
(676)	Opening Balance	(7,949)
(7,432)	Capital grants recognised in year	(1,134)
160	Capital grants and contributions applied	3,233
<b>(7,949)</b>	<b>Closing Balance</b>	<b>(5,849)</b>

## Note 25 - Unusable Reserves

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

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

31-Mar-22 £'000	Unusable Reserves Summary	31-Mar-23 £'000
(40,218)	Revaluation Reserve	(40,702)
1,495	Capital Adjustment Account	364
82,138	Pension Reserve	31,309
(529)	Deferred Capital Receipts Reserve	(522)
7,955	Collection Fund Adjustment Account	(5,314)
269	Accumulated Absences Account	270
<b>51,110</b>	<b>Total</b>	<b>(14,595)</b>

## Revaluation Reserve

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

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

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

31-Mar-22 £'000	Revaluation Reserve	31-Mar-23 £'000
	<b>Opening Balance</b>	
<b>(30,535)</b>	<b>Opening balance as restated</b>	<b>(40,218)</b>
(12,996)	Upward revaluation of assets	(7,609)
2,152	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	6,174
<b>(10,844)</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>(1,436)</b>
728	Difference between fair value depreciation and historical cost depreciation	863
215	Accumulated gains on assets sold or scrapped	89
218	Accumulated gains on Property transferred to Investment Property	0
<b>1,161</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>952</b>
<b>(40,218)</b>	<b>Closing Balance</b>	<b>(40,702)</b>

## Capital Adjustment Account

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

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

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

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

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



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

31-Mar-22	Capital Adjustment Account	31-Mar-23
£'000		£'000
	<b>Opening balance</b>	
<b>(35,402)</b>	<b>Opening balance as restated</b>	<b>1,495</b>
3,932	Charges for depreciation and impairment of non-current assets	4,783
44,138	Revaluation losses on non-current assets	4,699
498	Amortisation of intangible assets	606
9,390	Revenue expenditure funded from capital under statute	2,125
558	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	499
<b>58,516</b>	<b>Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	<b>12,711</b>
(1,161)	Adjusting Amounts written out of the Revaluation Reserve	(952)
<b>57,355</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>11,760</b>
(1,317)	Use of Capital Receipts Reserve to finance new capital expenditure	(7,852)
(11,682)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(6,393)
(4,132)	Statutory provision for the financing of capital investment charged against the General Fund	(4,869)
(124)	Increase in expected credit losses provision for long-term loans receivable	392
(3,000)	Direct Revenue contributions	0
<b>(20,255)</b>	<b>Capital financing applied in year:</b>	<b>(18,721)</b>
0	Write down of Capital Loans repaid to the Council	6,034
(202)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(205)
<b>1,495</b>	<b>Closing Balance</b>	<b>364</b>

## Pension Reserve

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

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

<b>31-Mar-22 £'000</b>	<b>Pension Reserve</b>	<b>31-Mar-23 £'000</b>
95,654	Opening Balance	82,138
(21,388)	Remeasurements of the net defined benefit (liability)/asset	(58,146)
10,725	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	10,182
(2,853)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,865)
<b>82,138</b>	<b>Closing Balance</b>	<b>31,309</b>

## Deferred Capital Receipts Reserve

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

31-Mar-22 £'000	Deferred Capital Receipts reserve	31-Mar-23 £'000
(475)	Opening Balance	(529)
(304)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure statement	(296)
250	Transfer to the capital receipts reserve upon receipt of cash	303
<b>(529)</b>	<b>Closing Balance</b>	<b>(522)</b>

## Collection Fund Adjustment Account

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

31-Mar-22 £'000	Collection Fund Adjustment Account	Business Rates £'000	Council Tax £'000	31-Mar-23 Total £'000
23,420	Opening Balance	8,550	(595)	7,955
(15,465)	Amount by which income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	(13,135)	(104)	(13,239)
0	Other transfers to/(from) the General Fund in accordance with non-domestic rates regulations	(30)	0	(30)
<b>7,955</b>	<b>Closing Balance</b>	<b>(4,615)</b>	<b>(699)</b>	<b>(5,314)</b>

## Accumulated Absences Account

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

31-Mar-22 £'000	Accumulated Absences Account	31-Mar-23 £'000
207	Opening Balance	269
(207)	Settlement or cancellation of the accrual made at the end of the preceding year	(269)
269	Amounts accrued at the end of the year	270
<b>269</b>	<b>Closing Balance</b>	<b>270</b>

## Note 26 - Members' Allowances

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

The Local Councils (Members' Allowances) Regulations 2003 requires local Councils to publish the amounts paid to members under the members' allowances scheme. The allowances available in 2022/23 were as follows:

31-Mar-22 £'000		31-Mar-23 £'000
328	Allowances	345
2	Expenses	4
<b>330</b>	<b>Total Members' Allowances</b>	<b>349</b>

## Note 27 - Officers' Remuneration

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

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

<b>31-Mar-22</b>	<b>Officers' Remuneration</b>	<b>31-Mar-23</b>
<b>Number of employees</b>	<b>Remuneration Band</b>	<b>Number of employees</b>
15	£50,001 to £55,000	16
5	£55,001 to £60,000	10
1	£60,001 to £65,000	6
0	£65,001 to £70,000	1
0	£70,001 to £75,000	1
<b>21</b>	<b>Total</b>	<b>34</b>

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

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration including pension contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council (	Date in post 2022/23
Chief Executive - Yvonne Rees	172,108	266	-	<b>172,373</b>	26,830	<b>199,203</b>	-	<b>199,203</b>	
Corporate Director of Resources	76,939	691	-	<b>77,630</b>	12,233	<b>89,864</b>	-	<b>89,864</b>	From July 2022
Corporate Director of Communities	83,192	-	-	<b>83,192</b>	1,323	<b>84,515</b>	-	<b>84,515</b>	From July 2022
Corporate Director of Customers, Organisation Development and Resources**	2,473	-	-	<b>2,473</b>	1,101	<b>3,574</b>	-	<b>3,574</b>	Until June 2022
Director of Customers and Cultural Services**	8,503	285	-	<b>8,788</b>	4,507	<b>13,295</b>	-	<b>13,295</b>	Until July 2022
Assistant Director Customer Focus	36,942	-	-	<b>36,942</b>	5,874	<b>42,816</b>	-	<b>42,816</b>	From October 2022
Assistant Director Customer Focus Interim	35,945	-	-	<b>35,945</b>	5,689	<b>41,634</b>	-	<b>41,634</b>	May to October 2022
Assistant Director of Environmental Services	85,894	1,069	-	<b>86,963</b>	13,581	<b>100,544</b>	-	<b>100,544</b>	
Assistant Director of Planning and Development	84,585	404	-	<b>84,989</b>	13,399	98,388	-	<b>98,388</b>	
Assistant Director of Growth and Economy	84,269	-	-	<b>84,269</b>	13,399	97,668	-	<b>97,668</b>	
Assistant Director of Finance S151	94,328	375	-	<b>94,703</b>	14,943	109,646	-	<b>109,646</b>	
Assistant Director of Wellbeing	80,743	-	-	<b>80,743</b>	12,793	93,535	-	<b>93,535</b>	
Assistant Director of Human Resources	72,409	583	-	<b>72,992</b>	11,444	84,435	-	<b>84,435</b>	Interim Apr - October 2022, permanent thereafter
Head of Finance (Deputy S151)	1,508	-	-	<b>1,508</b>	439	1,946	-	<b>1,946</b>	From 20th March 2023

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Note 27 Continued...

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration including pension contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council	Date in post 2022/23
Corporate Director of Public Health & Wellbeing*	-	-	-	-	-	-	1,647	<b>1,647</b>	Until May 2022
Corporate Director of Commercial Development, Assets and Investment Monitoring*	-	-	-	-	-	-	17,703	<b>17,703</b>	Until July 2022
Director of Communications, Strategy and Insight*	-	-	-	-	-	-	5,628	<b>5,628</b>	Until July 2022
Director of Property Investment and Facilities Management*	-	-	-	-	-	-	5,032	<b>5,032</b>	Until July 2022
Assistant Director of Regulatory Services*	-	-	-	-	-	-	68,785	<b>68,785</b>	
Assistant Director Housing and Social Care Commissioning*	-	-	-	-	-	-	18,192	<b>18,192</b>	Until July 2022
Assistant Director of Healthy Place Shaping*	-	-	-	-	-	-	2,563	<b>2,563</b>	Until May 2022
Assistant Director of Procurement and Contract Management*	-	-	-	-	-	-	10,203	<b>10,203</b>	Until Sept 2022
Licensing Manager*	-	-	-	-	-	-	31,853	<b>31,853</b>	
<b>Total</b>	<b>919,837</b>	<b>3,673</b>	-	<b>923,510</b>	<b>137,553</b>	<b>1,061,063</b>	<b>161,604</b>	<b>1,222,667</b>	

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

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

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

Note 27 Continued...

The remuneration paid to senior employees in Cherwell District Council for 2021/22 is as follows:

<i>Post Title</i>	<i>Salary (Including Fees &amp; Allowances)</i>	<i>Expense Allowances and Other Emoluments</i>	<i>Compensations for Loss of Employment</i>	<i>Total Remuneration Excluding Pension</i>	<i>Pension Contribution</i>	<i>Total Remuneration Including Pension Contribution</i>	<i>Contribution to Oxfordshire County Council</i>	<i>Cost to Cherwell District Council</i>	<i>Date in post 2021/22</i>
<i>Chief Executive**</i>	113,974	0	0	<b>113,974</b>	16,706	130,680	0	130,680	Joint CDC/OCC until Feb 2022
<i>Corporate Director of Customers, Organisational Development and Resources**</i>	41,238	43	0	<b>41,280</b>	6,502	47,782	0	47,782	
<i>Assistant Director of Housing and Social Care Commissioning**</i>	13,518	109	0	<b>13,628</b>	2,121	15,748	0	15,748	Until July 2021
<i>Director of HR**</i>	21,878	284	0	<b>22,162</b>	3,469	25,631	0	25,631	
<i>Director of Customers and Cultural Services**</i>	11,141	232	0	<b>11,373</b>	1,766	13,139	0	13,139	
<i>Assistant Director of Healthy Place Shaping</i>									Until 31 Dec 2020
<i>Programme Director: Growth and Commercial</i>	22,018	0	0	<b>22,018</b>	3,368	25,386	0	25,386	Until Sept 2021
<i>Assistant Director: Property, investment, Contract Management</i>	39,907	140	0	<b>40,047</b>	6,007	46,054	0	46,054	Until Dec 2021
<i>Assistant Director: Environmental Services</i>	84,270	424	0	<b>84,694</b>	13,275	97,969	0	97,969	
<i>Assistant Director: Growth and Economy</i>	81,201	0	0	<b>81,201</b>	12,911	94,111	0	94,111	
<i>Assistant Director: Planning and Development</i>									
<i>Assistand Director: Wellbeing</i>	74,002	303	0	74,305	11,638	85,943	0	85,943	

Table continued on next page



Note 27 Continued...

Post Title	Salary (Including Fees & Allowances)	Expense Allowances and Other Emoluments	Compensations for Loss of Employment	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration Including Pension Contribution	Contribution to Oxfordshire County Council	Cost to Cherwell District Council	Date in post 2021/22
Assistant Director: Finance (Section 151)	81,141	766	0	81,907	12,825	94,732	0	94,732	S151 Officer from Feb 2022
Corporate Director - Commercial Development, Assets and Investments*							61,520	61,520	
Corporate Director - Adult Social Care & Housing*							15,610	15,610	
Corporate Director of Public Health*							17,116	17,116	
Director of Finance Section 151*							45,389	45,389	Joint CDC/OCC & S151 until Feb 2022
Head of Legal and Deputy Monitoring Officer*							35,808	35,808	
Director - IT, Digital and Transformation*							14,731	14,731	
Director of Law and Governance (new post)*							33,962	33,962	Joint CDC/OCC until Feb 2022
Head of Procurement & Contract Management*							24,483	24,483	
Assistant Director of Healthy Place Shaping*							28,882	28,882	
Licensing Manager*							20,000	20,000	
<b>Total</b>	<b>584,288</b>	<b>2,301</b>	<b>0</b>	<b>586,589</b>	<b>90,588</b>	<b>677,175</b>	<b>297,501</b>	<b>974,676</b>	

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

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

\*\*Denotes Staff employed by Cherwell District Council and a charge is made to Oxfordshire County Council for a share of the salary costs. Salary costs are shown net of recharge.

## Note 28 - External Audit Costs

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

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

<b>31-Mar-22 £'000s</b>	<b>Fees</b>	<b>31-Mar-23 £'000s</b>
127	Fees payable with regard to external audit services carried out by the appointed auditor	143
24	Fees payable for the certification of grant claims and returns	38
<b>151</b>	<b>Total</b>	<b>181</b>

## Note 29 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23;

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

31-Mar-22 £'000	Grant Income Credited to Taxation	31-Mar-23 £'000
	<b>Revenue Grants and Contributions</b>	
(117)	Revenue Support Grant	(121)
(13,085)	Non-Domestic Rates (Section 31 grant)	(7,830)
(4,423)	New Homes Bonus	(3,462)
(1,204)	Covid-19 grants	0
(897)	Lower Tier Services Grant	(995)
0	Services Grant	(241)
(353)	Other Revenue Grants and Contributions	(551)
	<b>Capital Grants and Contributions</b>	
(1,270)	Disabled Facilities Grant	0
(5,183)	Decarbonisation Grant	0
(2,269)	Growth Deal Funding	(105)
(4,550)	Garden Town Capital Grant	0
(4,250)	NW Bicester Bridge	0
0	Local Authority Household Fund	(517)
0	Eco Town Grant	(422)
(1,309)	S106 Capital Contributions	(1,476)
(122)	Other Capital Grants and Contributions	(533)
<b>(39,033)</b>	<b>Total</b>	<b>(16,253)</b>

## Grant Income Credited to Services

31-Mar-22 £'000	Grant Income Credited to Services	31-Mar-23 £'000
(22,207)	Rent Allowances Subsidy Grant	(21,617)
(291)	Housing Benefit Administration Subsidy Grant	(289)
(235)	NDR Cost of Collection Grant	(238)
(624)	Homeless Support Grants	(608)
(340)	Rough Sleeper Initiative	0
(304)	Section 106 Developer contributions	(619)
(60)	New Burdens	(102)
(250)	Discretionary Housing Payments	(186)
(633)	Other Grants & Contributions	(536)
0	Disabled Facilities Grant*	(1,240)
(2,504)	Contributions from other Local Authorities	(1,707)
(251)	Home Office – Housing Refugees	(548)
(2,265)	Covid-19 related grants	(102)
0	Council Tax Rebate – Discretionary Scheme	(221)
<b>(29,964)</b>	<b>Total</b>	<b>(28,013)</b>

\*Disabled Facilities Grant is a Capital grant, however as this is being used to fund Revenue Expenditure Funded by Capital Under Statute (REFCUS), the grant should be accounted for as a revenue grant in the CIES and credited to services.

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

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

<b>31-Mar-22</b> <b>£'000</b>		<b>31-Mar-23</b> <b>£'000</b>
(290)	Section 106 developer contributions	(829)
(2,747)	COVID-19 Grant - Closed Business Lockdown Payment Grant	0
(3,891)	COVID-19 Grant - LRSG Closed Addendum	(27)
(124)	COVID-19 Grant - LRSG Open	(2)
(10)	COVID-19 Grant - Small Business Grant	0
(3,988)	COVID-19 Grant – Covid Additional Relief Fund	0
(387)	COVID-19 Grant – Omicron HL Grant	0
(7,923)	Council Tax Rebate Grant	(72)
0	Afghan Refugee Accomodation Programme	(276)
0	Homes for Ukraine	(367)
0	Energy Bills Support Scheme Alternative Funding	(175)
0	Alternative Fuel Payment Scheme Alternative Fund	(567)
(245)	Other Grants and contributions	(464)
<b>(19,606)</b>	<b>Total</b>	<b>(2,780)</b>

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

<b>31-Mar-22</b> <b>£'000</b>		<b>31-Mar-23</b> <b>£'000</b>
(681)	Section 106 developer contributions	(3,005)
(803)	Decarbonisation Grant	0
0	Other Grants and Contributions	(165)
<b>(1,485)</b>	<b>Total</b>	<b>(3,170)</b>

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

<b>31-Mar-22</b> <b>£'000</b>		<b>31-Mar-23</b> <b>£'000</b>
(4,952)	Section 106 Developer Contributions - Capital	(5,381)
(5)	Community Build Banbury	(5)
<b>(4,958)</b>	<b>Total</b>	<b>(5,386)</b>

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

<b>31-Mar-22</b> <b>£'000</b>		<b>31-Mar-23</b> <b>£'000</b>
(8,753)	Section 106 Developer Contributions - Capital	(6,370)
(283)	Other Contributions	0
(3,906)	Eco Town Grant	(3,484)
<b>(12,941)</b>	<b>Total</b>	<b>(9,853)</b>

## **Note 30 – Related Parties**

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

### **Central Government**

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

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

### **Other Public Bodies**

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

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



## Related Party Transaction Summary

Declarations Made By	Details of Related Party	Transaction Values 2022 £000s	Transaction Values 2023 £000s
Councillor x 1 CDC Asst Directors x 1	Crown House Banbury Ltd - a wholly owned Council subsidiary for the purpose of management of rented council accommodation - details of appointed directors are listed below - transactions relate to intercompany loans	539	12,148
Councillor x1	OneBicester is a local not for profit organisation that promotes skills training for local people in the Bicester area – very few transactions	<1	<1
Councillors x 3	Graven Hill Village Holdings Ltd - a wholly owned council subsidiary for the purpose of Eco developments in the district - details of appointed directors are listed below - transactions include intercompany loans and capital investments	12,327	8,727
CDC Director x1  Councillors x 2	CSN Resources Ltd - a jointly owned company with West Northamptonshire which acts as a collection agent for various council debtors - details of appointed directors are listed below.  Due to the separation of services between the 2 councils this company ceased trading in November 2021	350	0
Councillors x2	Bicester Vision CIC is a local not for profit organisation to support and bring together local businesses and projects for the benefit of the Bicester area. There are some invoices and a modest annual grant	15	0
	<b>Total</b>	<b>13,231</b>	<b>20,875</b>

### Officers

- During 2022-23 Senior Officers of the Council made disclosures of £12.148m (2021/22 £0.889m) relating to their directorships of the Council's wholly owned companies as listed below. All transactions are fully compliant with the CIPFA Code and documented in the Group Accounts.

### Members

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

- During 2022/23 payments for works and services to the value of £20.875million (2021/22 £13.231million) were made to parties where Members had declared an interest.
- The £20.875m transactions relating to their directorships with the Council's wholly owned companies as listed below. These transactions are fully documented in the Group Accounts.
- Contracts were entered into in full compliance with the Council's Standing Orders.
- All transactions are recorded in the Register of Members' Interests, open to public inspection at Bodicote House, Bodicote, Banbury, OX15 4AA.

### **Subsidiaries and Joint Operations**

Senior council officials and elected members appointed as directors of Council subsidiaries and joint operations are listed in the section below.

#### **Crown House Banbury Ltd:**

Councillor Simon Holland	Appointed Oct 2017
CDC Official Nicola Riley	Appointed Aug 2021

#### **Crown Apartments Banbury Ltd:**

Councillor Simon Holland	Appointed Jun 2018
CDC Official Nicola Riley	Appointed Aug 2021

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

Councillor Simon Holland	Appointed March 2023
Councillor Dan Sames	Resigned Nov 2022
Councillor Ian Corkin	Resigned May 2023

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

Councillor Simon Holland	Appointed March 2023
Councillor Dan Sames	Resigned Nov 2022
Councillor Ian Corkin	Resigned May 2023

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

During 2022/23 grant funding payments of £379,900(2021/22 £387,100) were made to the Banbury Museum Trust. This represents a significant part of the funding for this organisation.

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## Note 31 – Capital Expenditure and Capital Financing

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

<b>Capital Expenditure and Capital Financing</b>		
<b>31-Mar-22</b>		<b>31-Mar-23</b>
<b>£'000</b>		<b>£'000</b>
<b>224,909</b>	<b>Opening Capital Financing Requirement</b>	<b>242,283</b>
	<b>Capital Investment:</b>	
15,107	Property Plant and Equipment	7,073
0	Investment Property	0
647	Intangible Assets	257
9,390	Revenue Expenditure Funded from Capital Under Statute	2,125
2,596	Long Term Investments	0
9,766	Debtors	5,775
<b>37,506</b>	<b>Total Capital Spending</b>	<b>15,230</b>
	<b>Sources of Finance:</b>	
(1,317)	Capital receipts	(7,852)
(11,682)	Government Grants and other contributions	(6,393)
	<b>Sums set aside from revenue:</b>	
(3,000)	- Direct revenue contributions	0
	<b>Debt Repayment:</b>	
(4,132)	Minimum revenue Provision	(4,869)
<b>(20,131)</b>	<b>Total Sources of Finance</b>	<b>(19,114)</b>
<b>242,283</b>	<b>Closing Capital Financing Requirement</b>	<b>238,400</b>
<b>31-Mar-22</b>		<b>31-Mar-23</b>
<b>£'000</b>		<b>£'000</b>
21,507	Increase in underlying need to borrow (unsupported by government financial assistance)	985
(4,132)	Statutory provision for repayment of debt (minimum Revenue Provision)	(4,869)
<b>17,375</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>(3,884)</b>

## Note 32 – Leases

### 32.1 Authority as Lessee - Finance Leases

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

31-Mar-22 £'000		31-Mar-23 £'000
2,256	Other Land and Buildings	2,332
0	Vehicles, Plant, Furniture, Equipment and Other	0
<b>2,256</b>	<b>Total</b>	<b>2,332</b>

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

31-Mar-22 £'000		31-Mar-23 £'000
<b>Finance lease liabilities (net present value of minimum lease payments):</b>		
8	- current	8
1,562	- non-current	1,554
0	Finance costs payable in future years	0
<b>1,570</b>	<b>Minimum lease payments</b>	<b>1,562</b>

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

Minimum Lease payments			Finance Lease Liabilities	
31-Mar-22 £'000	31-Mar-23 £'000		31-Mar-22 £'000	31-Mar-23 £'000
8	8	Not later than one year	211	231
40	45	Later than one year and not later than five years	843	922
1,522	1,509	Later than five years	5,352	5,626
<b>1,570</b>	<b>1,562</b>	<b>Total</b>	<b>6,405</b>	<b>6,779</b>

## 32.2 Authority as Lessee - Operating Leases

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

31-Mar-22 £'000		31-Mar-23 £'000
31	Not later than one year	55
81	Later than one year and not later than five years	76
34	Later than five years	24
<b>146</b>	<b>Total</b>	<b>155</b>

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

31-Mar-22 £'000		31-Mar-23 £'000
41	Minimum lease payments	51
<b>41</b>	<b>Total</b>	<b>51</b>

## 32.3 Authority as Lessor - Finance Leases

31-Mar-22 £'000		31-Mar-23 £'000
	Finance lease debtor (net present value of minimum lease payments):	
225	- current	0
0	- non-current	0
0	Unearned finance income	0
0	Unguaranteed residual value of property	0
<b>225</b>	<b>Gross investment in the lease</b>	<b>0</b>

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

Gross Investment in the Lease		Minimum Lease Payments		
31-Mar-22 £'000	31-Mar-23 £'000	31-Mar-22 £'000	31-Mar-23 £'000	
225	0	Not later than one year	225	0
0	0	Later than one year and not later than five years	0	0
0	0	Later than five years	0	0
<b>225</b>	<b>0</b>	<b>Total</b>	<b>225</b>	<b>0</b>

### 32.4 Authority as Lessor - Operating Leases

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

31-Mar-22 £'000		31-Mar-23 £'000
5,217	Not later than one year	5,026
15,559	Later than one year and not later than five years	14,859
62,186	Later than five years	69,766
<b>82,962</b>	<b>Total</b>	<b>89,652</b>

### Note 33 - Impairment Losses

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

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

There are no impairment losses or any impairment reversals in 2022/23.

## Note 34 - Termination Benefits

The authority terminated the contracts of eight employees which resulted in termination benefits of £22k in 2022/23. The Figure in the financial year of 2021/22 was £220k.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
£0-£20,000	2	5	1	0	3	5	£21,709	£23,055
£20,001-£100,000	0	2	0	1	0	3	£0	£196,497
<b>Total</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>8</b>	<b>£21,709</b>	<b>£219,552</b>

## Note 35 - Defined Benefit Pension Scheme

### 35.1 Participation in Pension Schemes

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

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

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

### 35.2 Transactions Relating to Post-employment Benefits

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



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

31-Mar-22		31-Mar-23
£'000	Comprehensive (Income) and Expenditure Statement	£'000
<b>Cost of Services:</b>		
8,557	Current Service Cost	7,783
120	Past Service Cost/(Gain) – Including Curtailments	0
78	Administration Expense	116
<b>Financing and Investment (Income) and Expenditure:</b>		
1,970	Net Interest Expense	2,283
<b>10,725</b>	<b>Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services</b>	<b>10,182</b>
<b>Other Comprehensive (Income) and Expenditure:</b>		
(10,869)	Return on Plan Assets (excluding amounts included in net interest expense)	8,885
(1,003)	Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	(1,346)
(13,663)	Actuarial (Gains) & Losses Arising on Changes in Financial Assumptions	(78,439)
2,028	Experience (Gain)/loss on defined benefit obligation	12,754
2,119	Other actuarial (Gains) & Losses on assets	0
<b>(21,388)</b>	<b>Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(58,146)</b>
<b>Movement in Reserves Statement</b>		
(10,725)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code	(10,182)
2,853	Employer's Contributions Payable to the Pension Scheme	2865
<b>(7,872)</b>	<b>Total</b>	<b>(7,317)</b>

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

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

31-Mar-22 £'000	Pension Assets and Liabilities Recognised in the Balance Sheet	31-Mar-23 £'000
(221,696)	Present value of the defined benefit obligation	(163,942)
139,558	Fair value of plan assets	132,633
<b>(82,138)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(31,309)</b>

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

31-Mar-22 £'000	Reconciliation of Present Value of Scheme Liabilities	31-Mar-23 £'000
(225,598)	Liabilities as of the Beginning of the Period	(221,696)
(8,635)	Current Service Cost	(7,899)
(4,550)	Interest Cost	(6,025)
(1,066)	Contributions by Scheme Participants	(1,136)
13,663	Change in financial assumptions	78,439
1,003	Change in demographic assumptions	1,346
(2,028)	Experience (Losses)/Gains on defined benefit obligation	(12,754)
0	Losses on Curtailments	
5,635	Benefits Paid	5,783
(120)	Past Service Costs	0
<b>(221,696)</b>	<b>Liabilities as of the End of the Period</b>	<b>(163,942)</b>
<b>Reconciliation of Fair Value of Scheme Assets</b>		
129,944	Assets as of the Beginning of the Period	139,558
2,580	Interest on Assets	3,742
10,869	Return on assets less interest	(8,885)
(2,119)	Other Experience (Losses)/Gains	0
2,853	Employer Contributions	2865
1,066	Contributions by Scheme Participants	1136
(5,635)	Benefits Paid	(5,783)
<b>139,558</b>	<b>Assets as of the End of the Period</b>	<b>132,633</b>

## Impact on the Council's cash Flow

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £164m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance relating to pensions of £31m (see Note 25: Pension Reserve).

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

the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary,

finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the authority in the year to 31 March 2024 is £4.703m.

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

## Sensitivity Analysis

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

## Measurement of Pension Liability

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

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

<b>31-Mar-22 £'000</b>	<b>Sensitivity analysis</b>	<b>31-Mar-23 £'000</b>
3,866	0.1% per cent decrease in the real discount rate	2,703
416	0.1% per cent increase in the salary increase rate	254
3,424	0.1% per cent increase in the pension increase rate	2,490
8,868	1-year increase in member life expectancy	6,558

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

## 35.5 Basis for Estimating Assets and Liabilities

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

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

31-Mar-22 per cent	Principal Assumptions	31-Mar-23 per cent
3.65	Rate of inflation: RPI	3.30
3.20	Rate of inflation: CPI	3.00
3.20	Rate of increase in salaries	3.00
3.20	Rate of increase in pensions	3.00
2.70	<b>Rate of discounting scheme liabilities</b>	4.75

These assumptions are set with reference to market conditions as at 31 March 2023. The estimated duration of Employer's pension liabilities to employees is 17 years.

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

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

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

31-Mar-22		31-Mar-23
Years	Mortality Assumptions	Years
	Longevity at 65 for current pensioners	
22.3	Men	22.2
24.9	Women	24.8
	Longevity at 65 for future pensioners	
23.0	Men	22.4
26.3	Women	26.1

### The following assumptions have been made:

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

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

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

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

31-Mar-22 per cent	Estimated Asset Allocation	31-Mar-23 per cent
0	Equity Securities	0
3	Debt Securities	2
5	Private Equity	5
0	Real Estate	0
90	Investment Funds and Unit Trusts	91
0	Derivatives	0
2	Cash & Cash Equivalents	2
<b>100</b>	<b>Total</b>	<b>100</b>

### 35.6 Other factors arising from recent court cases

#### Guaranteed Minimum Pension (GMP) Indexation

The 2022 formal funding valuation included an allowance for full GMP equalisation / indexation within the LGPS. The rolled forward position to 31 March 2023 therefore includes this allowance.

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

**McCloud** - An allowance was added to the 2022 valuation results, so the impact is continued to be included within the balance sheet at 31 March 2023

**Goodwin** - Whilst there is still uncertainty surrounding the potential remedy to this judgement, the actuary has carried out some approximate analysis across their LGPS clients to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The approximate impact of this is very small for a typical Fund (c. 0.1 - 0.2 per cent of obligations), and therefore there are not sufficient grounds to apply an additional adjustment to account for this.

## **Note 36 - Contingent Liabilities**

### **Oxfordshire County Council Bond**

Cherwell District Council issued a Bond to the sum of £22m to Oxfordshire County Council in December 2019 on behalf of its wholly owned subsidiary, Graven Hill Village Development Company Ltd (GHVDC), relating to GHVDC's obligations under the Section 106 Agreement for payment of contributions and direct delivery of a primary school.

In March 2021 Cherwell District Council issued a Bond for a Land sale deposit to the value of £3.73m starting in March 2021 with a full release in September 2022. And in August 2021 another Bond was issued under the Section 278 Agreement for the A41 roundabout for the sum of £2.12m.

The total Bond sum Cherwell District Council has issued to Oxfordshire County Council on behalf of its wholly owned subsidiary, Graven Hill Village Development Company Ltd (GHVDC), relating to GHVDC's obligations is £27.85m.

## **Note 37 - Contingent Assets**

The Council has no contingent assets at 31 March 2023.

# Collection Fund Accounts

31-Mar-2022			31-Mar-2023			
Business Rates	Council Tax	Total	Collection Fund	Business Rates	Council Tax	Total
£'000	£'000	£'000	Income:	£'000	£'000	£'000
	(117,468)	(117,468)	Council Tax Receivable		(125,430)	(125,430)
(75,829)		(75,829)	Business Rates Receivable	(93,244)		93,244)
(188)		(188)	Transitional Protection Payments Receivable			
<b>(76,017)</b>	<b>(117,468)</b>	<b>(193,485)</b>	<b>Total Income</b>	<b>(93,244)</b>	<b>(125,430)</b>	<b>(218,674)</b>
<b>Expenditure:</b>						
<b>Contribution to Previous Year's estimated Surplus/Deficit:</b>						
(29,009)		(29,009)	Central Government	(13,098)		(13,098)
(23,207)	12	(23,195)	Cherwell District Council	(10,479)	360	(10,119)
(5,802)	81	(5,721)	Oxfordshire County Council	(2,620)	2,393	(227)
	11	11	Thames Valley Police and Crime Commissioner		352	352
<b>Precepts, demands and shares:</b>						
47,371		47,371	Central Government	43,093		43,093
37,897	13,154	51,051	Cherwell District Council	34,474	13,914	48,388
9,474	87,490	96,964	Oxfordshire County Council	8,619	93,814	102,433
0	12,863	12,863	Thames Valley Police and Crime Commissioner	0	13,705	13,705
<b>Charges to Collection Fund:</b>						
			Transitional Protection Payments Payable	687		687
239	13	252	Write-offs of uncollectable amounts	0	16	16
797	(87)	710	Increase/(decrease) in allowance for impairment	480	(73)	406
4		4	Increase/(decrease) in allowance for appeals	(1,515)		(1,515)
235		235	Charge to General Fund for allowable collection costs for non-domestic rates	238		238
<b>Other transfers to General Fund in accordance with non-domestic rates regulations</b>						
495		495	Renewable Energy	518		518
<b>38,494</b>	<b>113,537</b>	<b>152,031</b>	<b>Total Expenditure</b>	<b>60,397</b>	<b>124,480</b>	<b>184,876</b>
<b>(37,523)</b>	<b>(3,931)</b>	<b>(41,454)</b>	Movement on Fund Balance	<b>(32,848)</b>	<b>(950)</b>	<b>(33,798)</b>
58,907	(1,233)	57,674	Balance at the beginning of the Year	21,384	(5,164)	16,220
<b>21,384</b>	<b>(5,164)</b>	<b>16,220</b>	<b>Balance at the end of the Year</b>	<b>(11,464)</b>	<b>(6,114)</b>	<b>(17,578)</b>
<b>Shares of Balance</b>						
10,692		10,692	Central Government	5,732		5,732
8,553	(595)	7,958	Cherwell District Council	4,586	(699)	3,886
2,138	(3,984)	(1,845)	Oxfordshire County Council	1,146	(4,723)	(3,577)
0	(585)	(585)	Thames Valley Police and Crime Commissioner	0	(692)	(692)
<b>21,384</b>	<b>(5,164)</b>	<b>16,220</b>	<b>Total</b>	<b>11,464</b>	<b>(6,114)</b>	<b>5,350</b>

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

### **Note 1. General**

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

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

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

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

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

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

Business rates are calculated and collected by the Council. The Government specifies an amount (51.2p in 2022/23; 49.9p for small businesses) and, subject to the effects of transitional arrangements, local businesses pay NNDR calculated by multiplying their rateable value by that amount. The income raised in Cherwell is distributed between Cherwell District Council, Oxfordshire County Council and Central Government in line with the distribution rules set out in Business Rates legislation.

NNDR income was £93.2m in 2022/23. The rateable value for the Council's area was £236.5 m at 31 March 2021 VOA valuation (2021/22: £234.9m).



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

Provision has been made within the accounts for un-collectable amounts based on guidelines. At the end of 2022/23 the accumulated provision for bad debts stood at £4.345m (£3.938m for 2021/22) made up as follows:

<b>31-Mar-22 £'000</b>	<b>Provision for Uncollectable Amounts</b>	<b>31-Mar-23 £'000</b>
1,781	Non-Domestic Rates	2,261
2,157	Council Tax	2,084
<b>3,938</b>	<b>Total Provision</b>	<b>4,345</b>

### Note 4. Council Tax Base

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

The figures for 2022/23 are:

<b>Band</b>	<b>Estimated equivalent no. of taxable properties after effect of discounts</b>	<b>Ratio</b>	<b>Band D Equivalent Dwellings</b>
<b>A</b>	3,962	6/9ths	2,641
<b>B</b>	12,431	7/9ths	9,669
<b>C</b>	15,965	8/9ths	14,191
<b>D</b>	10,760	9/9ths	10,760
<b>E</b>	8,081	11/9ths	9,877
<b>F</b>	3,979	13/9ths	5,747
<b>G</b>	2,622	15/9ths	4,371
<b>H</b>	232	18/9ths	464
<b>Totals</b>	<b>58,032</b>		<b>57,719</b>
	Adjustment for non- collection (-2.0 per cent)		(1,154)
	Contribution from MOD Properties		237
	<b>Council Tax Base 2022/23</b>		<b>56,802</b>

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

<b>Band</b>	<b>Multiplier</b>	<b>Cherwell Council</b>	<b>Oxfordshire County Council</b>	<b>Thames Valley Police and Crime Commissioner</b>	<b>Total £s</b>
<b>A</b>	6/9ths	163.30	1,101.07	160.85	1,425.22
<b>B</b>	7/9ths	190.52	1,284.59	187.66	1,662.77
<b>C</b>	8/9ths	217.73	1,468.10	214.47	1,900.30
<b>D</b>	9/9ths	244.95	1,651.61	241.28	2,137.84
<b>E</b>	11/9ths	299.38	2,018.63	294.90	2,612.91
<b>F</b>	13/9ths	353.82	2,385.66	348.52	3,088.00
<b>G</b>	15/9ths	408.25	2,752.68	402.13	3,563.06
<b>H</b>	18/9ths	489.90	3,303.22	482.56	4,275.68

# Group Accounts and Explanatory Notes

## Introduction

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

The Group Accounts include the following:

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

## Results of the Subsidiaries

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

During 2021/22 CSN Resources Ltd., which had previously been consolidated in the group accounts, entered voluntary liquidation. As a result, the company has not been consolidated in the 21/22 or 22/23 group accounts as the company's accounts made up to the liquidation date are not material to the group. As at the publication date, the company is still going through the liquidation process.

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

The company is a holding company, of which the council holds 100 per cent of the shares in the company. The council has dominant control of the company by virtue of guaranteed majority voting rights on the board. The board consists of Councillors and Officers who are appointed by the council. It is intended that the company will continue as a holding company for the foreseeable future. The company borrows from the Council and onward lends funds to its subsidiary company, Graven Hill Village Development Company Ltd.

For 2022/23, the company's results showed a loss of £0.027m (£0.026m loss in 2021/22), and net assets of £34.311m (2021/22: £34.338m). Loans outstanding owed to the group total £12.234m (2021/22: £12.234m).

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

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

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

For 2022/23, the company's results showed a surplus of £4.067m (2021/22: £2.944m), and net assets of £41.068m (2021/22: £36.999m). Loans outstanding from the group to the company total £58.851m (2021/22: £58.685m).

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

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

Graven Hill Village Management Company Ltd is a subsidiary of Graven Hill Village Development Company which manages the property retained within the group. There was no activity for the company in this financial year.

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

Graven Hill Village Management Company Block E is a subsidiary of Graven Hill Village Development Company which manages the property at the Block E apartments. The only activity for the company in this financial year relates to administrative expenses resulting in a loss for the year of £0.057m (2021/22: £0.047m) and net liability of £0.133m (2021/22: £0.076m).

### **Crown House Banbury Ltd**

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

For 2022/23, the company's results showed a loss of £0.370m (2021/22: £0.365m), and net liabilities of £4.256m (2021/22: £3.886m). The value of loans outstanding from the council calculated using the Effective Interest Rate method total £12.331m (2021/22: £11.744m).

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

### **Crown Apartments Banbury Ltd**

The company is a subsidiary of Crown House Banbury Ltd which manages the residential property. For 2022/23, the company's results showed a profit of £0.032m (2021/22 loss of £0.011m) and net liabilities of £0.004m (2021/22 £0.035m).

### **Summary of Group**

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

## Group Comprehensive Income and Expenditure Statement

Group Year Ending 31-Mar-22 £000		Group Year Ending 31-Mar-23 £000
8,602	Chief Executive	5,181
16,317	Communities	13,154
53,697	Resources	14,976
<b>78,616</b>	<b>Cost of Services</b>	<b>33,312</b>
6,362	Other Operating Expenditure	4,551
3,676	Financing and Investment Income and Expenditure	3,698
(50,747)	Taxation and Non-Specific Grant Income	(36,135)
<b>37,908</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>5,424</b>
(10,844)	Surplus or deficit on revaluation of property, Plant and Equipment	(1,436)
(21,388)	Remeasurement of the net defined benefit liability / asset	(58,146)
<b>(32,232)</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>(59,582)</b>
<b>5,676</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>(54,158)</b>

## Group Movement in Reserves Statement

22/23	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Receipts Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
<b>Opening Balance at 1 April 2022</b>	6,518	(32,139)	(100)	(7,948)	(33,669)	50,212	16,543
<b>Movement in Reserves during 2022/23</b>							
Surplus or deficit on the provision of services	5,424	0	0	0	5,424	0	5,424
Other Comprehensive Income / Expenditure	0	0	0	0	0	(59,582)	(59,582)
<b>Total Comprehensive Income and Expenditure</b>	<b>5,424</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,424</b>	<b>(59,582)</b>	<b>(54,158)</b>
Adjustments between accounting basis and funding basis under regulations	3,954	0	100	2,439	6,493	(6,493)	0
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>9,378</b>	<b>0</b>	<b>100</b>	<b>2,439</b>	<b>11,917</b>	<b>(66,075)</b>	<b>(54,158)</b>
Transfers to / from Earmarked Reserves	(8,468)	8,468	0	0	0	0	0
<b>(Increase) or Decrease in 2022/23</b>	<b>910</b>	<b>8,468</b>	<b>100</b>	<b>2,439</b>	<b>11,917</b>	<b>(66,075)</b>	<b>(54,158)</b>
<b>Closing Balance at 31 March 2023</b>	<b>7,428</b>	<b>(23,671)</b>	<b>0</b>	<b>(5,509)</b>	<b>(21,752)</b>	<b>(15,862)</b>	<b>(37,614)</b>

21/22	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Receipts Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Opening Balance at 1 April 2021</b>	7,270	(47,541)	(79)	(676)	(41,026)	51,893	10,867
<b>Movement in Reserves during 2021/22</b>							
Surplus or deficit on the provision of services	37,908	0	0	0	37,908	0	37,908
Other Comprehensive Income / Expenditure	0	0	0	0	0	(32,232)	(32,232)
<b>Total Comprehensive Income and Expenditure</b>	<b>37,908</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,908</b>	<b>(32,232)</b>	<b>5,676</b>
Adjustments between accounting basis and funding basis under regulations	(23,259)	0	(21)	(7,272)	(30,552)	30,552	0
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>14,649</b>	<b>0</b>	<b>(21)</b>	<b>(7,272)</b>	<b>7,356</b>	<b>(1,680)</b>	<b>5,676</b>
Transfers to / from Earmarked Reserves	(15,401)	15,401	0	0	0	0	0
<b>(Increase) or Decrease in 2021/22</b>	<b>(752)</b>	<b>15,401</b>	<b>(21)</b>	<b>(7,272)</b>	<b>7,356</b>	<b>(1,680)</b>	<b>5,676</b>
<b>Closing Balance at 31 March 2021</b>	<b>6,518</b>	<b>(32,139)</b>	<b>(100)</b>	<b>(7,948)</b>	<b>(33,669)</b>	<b>50,212</b>	<b>16,543</b>



## Group Balance Sheet

31 March 2022 £000		31 March 2023 £000
183,873	Property, Plant & Equipment	180,532
4,435	Investment Property	4,640
2,431	Intangible Assets	1,965
0	Assets held for sale	0
1,110	Long Term Investments	1,110
5,945	Long Term Debtors	6,473
<b>197,794</b>	<b>Long Term Assets</b>	<b>194,720</b>
46,254	Short Term Investments	35,101
71,872	Inventories	90,762
14,632	Short Term Debtors	12,733
32,833	Cash and Cash Equivalents	16,195
<b>165,591</b>	<b>Current Assets</b>	<b>154,791</b>
(87,605)	Short Term Borrowing	(22,901)
(47,902)	Short Term Creditors	(59,226)
(277)	Provisions	(75)
(19,606)	Grants Receipts in Advance - Revenue	(2,771)
(1,485)	Grants Receipts in Advance - Capital	(3,170)
(1,011)	Cash and Cash Equivalents	(511)
<b>(157,886)</b>	<b>Current Liabilities</b>	<b>(88,653)</b>
(8,409)	Provisions	(7,991)
(112,000)	Long Term Borrowing	(166,000)
(82,138)	Pension Liability	(31,309)
(1,599)	Long Term Creditors	(2,707)
(4,958)	Grants Receipts in Advance - Revenue	(5,386)
(12,941)	Grants Receipts in Advance - Capital	(9,853)
<b>(222,045)</b>	<b>Long Term Liabilities</b>	<b>(223,246)</b>
<b>(16,545)</b>	<b>Net Assets / (Liabilities)</b>	<b>37,614</b>
(33,667)	Useable Reserves	(21,753)
50,212	Unusable Reserves	(15,862)
<b>16,545</b>	<b>Total Reserves</b>	<b>(37,614)</b>

## Group Cash Flow Statement

2021/22 £'000		Note(s)	2022/23 £'000
<b>Cash Flows from Operating Activities</b>			
<b>35,610</b>	<b>Net (Surplus)/Deficit on Provision of Services</b>		<b>5,424</b>
(3,942)	Depreciation & Impairment	14	(4,789)
(44,137)	Changes in Market Value of Property, Plant & Equipment	14	(6,499)
(498)	Amortisation of Intangible Assets	16	(606)
202	Changes in Fair Value of Investment Properties	15	205
(558)	Disposal of Assets	14, 15 & 16	(679)
724	Changes in Inventory	18	18,890
(29,045)	Changes in Short Term Debtors (decrease)	19	(1,899)
17,410	Changes in Short Term Creditors (increase)	22	(11,324)
(4)	Changes in Provisions (increase)	23	620
13,516	Changes in Net Pension Liability (decrease)	37	50,829
(21,388)	Remeasurement of Net Defined Benefit Liability	37	(58,146)
(707)	Changes in Long Term Creditors (increase)	17	(1,108)
9,309	Changes in Long Term Debtors (decrease)	17	528
18,954	Capital Grants Recognised	31	4,293
1,338	Proceeds on Disposal of Property, Plant & Equipment	24	1,717
<b>(3,215)</b>	<b>Net Cash Flows from Operating Activities</b>		<b>(2,543)</b>
<b>Cash Flows from Investing Activities</b>			
15,107	Purchase of Property, Plant & Equipment	14	7,073
0	Purchase of Investment Property	15	0
647	Purchase of Intangible Assets	16	257
(1,338)	Proceeds from the Disposal of Property, Plant and Equipment	24	(1,717)
20,419	Net Changes in Short Term and Long Term Investments (decrease)	17	(11,153)
<b>34,835</b>	<b>Net Cash Flows from Investing Activities</b>		<b>(5,540)</b>
<b>Cash Flows from Financing Activities</b>			
(2,872)	Changes in Grants and Contributions	29	17,810
(5,192)	Issued share capital		0
(18,954)	Capital Grants and Contributions Recognised	29	(4,293)
(15,021)	Cash Receipts of Short Term and Long Term Borrowing	17	10,704
<b>(42,039)</b>	<b>Net Cash Flows from Financing Activities</b>		<b>24,221</b>
(10,419)	Net (Increase)/Decrease in Cash and Cash Equivalents in the Period		16,138
<b>21,404</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>		<b>31,823</b>
<b>31,823</b>	<b>Cash and Cash Equivalents at the End of the Period</b>		<b>15,685</b>

## Notes to the Group Accounts

### Note 1 Accounting Policies of for the Group

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Council has consolidated its interests in all the entities over which it exercises control or significant influence. Graven Hill Holding Company Ltd, Graven Hill Development Company Ltd and Crown House Banbury Ltd have been consolidated because together they are material to the Council's balance sheet.

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

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

## Note 2 Group Property Plant and Equipment

Movements to 31 March 2023							
	Land and Buildings Revised	Vehicles Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction Revised	Total Property, Plant and Equipment Revised
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Balance at 1 April 2022</b>	<b>165,425</b>	<b>18,269</b>	<b>5,556</b>	<b>99</b>	<b>15</b>	<b>11,162</b>	<b>200,528</b>
Additions	2,974	3,566	9	86	0	437	7,073
Acc Dep & Imp WO to GCA	(3,362)	0	0	0	0	0	(3,362)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,510	0	0	0	2	(75)	1,436
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,499)	0	0	0	0	0	(6,499)
Derecognition – disposals	(594)	(337)	0	0	0	0	(931)
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in cost or valuation	8,619	0	0	0	0	(8,619)	0
<b>Closing Balance at 31 March 2023</b>	<b>168,072</b>	<b>21,498</b>	<b>5,565</b>	<b>185</b>	<b>17</b>	<b>2,905</b>	<b>198,244</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>Balance brought forward</b>	<b>(2,890)</b>	<b>(10,664)</b>	<b>(3,101)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,655)</b>
Depreciation charge	(3,401)	(1,214)	(175)	0	0	0	(4,789)
Acc. Depreciation WO to GCA	3,362	0	0	0	0	0	3,362
Impairment losses/(Reversals) recognised in the Revaluation Res	0	0	0	0	0	0	0
Derecognition – disposals	33	337	0	0	0	0	370
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0
<b>Closing Balance at 31 March 2023</b>	<b>(2,895)</b>	<b>(11,541)</b>	<b>(3,276)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,712)</b>
<b>Net Book Value</b>							
<b>at 31 March 2023</b>	<b>165,178</b>	<b>9,957</b>	<b>2,289</b>	<b>185</b>	<b>17</b>	<b>2,905</b>	<b>180,533</b>
<b>at 31 March 2022</b>	<b>162,536</b>	<b>7,606</b>	<b>2,455</b>	<b>99</b>	<b>15</b>	<b>11,162</b>	<b>183,873</b>

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

### Note 3 Group Inventories

<b>31-Mar-22 £'000</b>	<b>Inventory</b>	<b>31-Mar-23 £'000</b>
<b>24,502</b>	Land	23,339
<b>47,117</b>	Development Costs	67,066
<b>253</b>	Stock	357
<b>71,872</b>	<b>Total Inventories</b>	<b>90,762</b>

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# Annual Governance Statement 2022/23

DRAFT

Shiraz Sheikh  
Monitoring Officer  
July 2023

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## SCOPE OF RESPONSIBILITY

Cherwell District Council is responsible for ensuring that:

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

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

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

## THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

## THE GOVERNANCE FRAMEWORK AT CHERWELL DISTRICT COUNCIL

The Council operates an executive based system of governance with a Leader. The Executive takes strategic key decisions with officers responsible for day to day decisions. The Executive is made up of a Leader and 9 other councillors. The leader then appoints individual councillors (portfolio holders) to other positions in the Executive. Their remit includes obtaining assurance that Annual Delivery Plan priorities, and the Budget and Policy Framework approved by Council each year, are delivered in their relevant areas.

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



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

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

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

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

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

The Council commissioned an independent review of the governance arrangements for Graven Hill, and recommendations arising from it were reported to the Shareholder Committee in July. .

## **ANNUAL DELIVERY PLAN PRIORTIES**

Before the start of each financial year the council agrees its priorities for the next 12 months through its Outcomes Framework. This sets out the key deliverables required for the year ahead to support the council in achieving its overarching priorities, set out in its Business Plan and are as follows: :

Housing that meets your needs

Supporting environment sustainability

An enterprising economy with strong and vibrant local centres

Healthy, resilient and engaged communities.

The framework also sets out the council's golden thread – how its annual priorities are cascaded down through the organisation to individual work plans . Progress towards these priorities is regularly reviewed by the Executive and Overview and Scrutiny

## **LOCAL GOVERNMENT ASSOCIATION (LGA) – CORPORATE PEER CHALLENGE**

This programme organised by the LGA, also known as “Peer Review” involves peer teams of councillors and officers from other councils spending time within a council to identify and address issues and challenge progress across various themes. The core review for all Councils includes local priorities and outcomes, organisational and place leadership, governance and culture, financial planning and management and capacity for improvement. In addition two additional themes are included, namely, Growth & Infrastructure and Decoupling of the Strategic Partnership with Oxfordshire County Council. In November 2022, the Council invited the LGA to undertake such a Peer Review of how effectively we work as a Council. The reviewers spoke to 145 people (members of staff, partners and councillors) about leadership and culture, place shaping, decision making and much more. A [formal report](#) was received by the Council and was reported to the [Council meeting](#) together with the Council’s action plan.

The overriding messages and observations from the Corporate Peer Challenge were:

- The council has ambitious plans and has a proven track record of delivery.
- There is a recognised need for a compelling vision for the council now that it is a standalone authority.
- The council needs to face the future financial challenges head-on.
- Transformation is fundamental to achieving the council's corporate priorities and the MTF5.
- Continue to work with your regional partners to meet the infrastructure gap.
- Be clear about your plans for regeneration and communicate this widely.
- You’ve stabilised the organisation following a tough decoupling exercise you now need to refocus your relationships.

## **FINANCE**

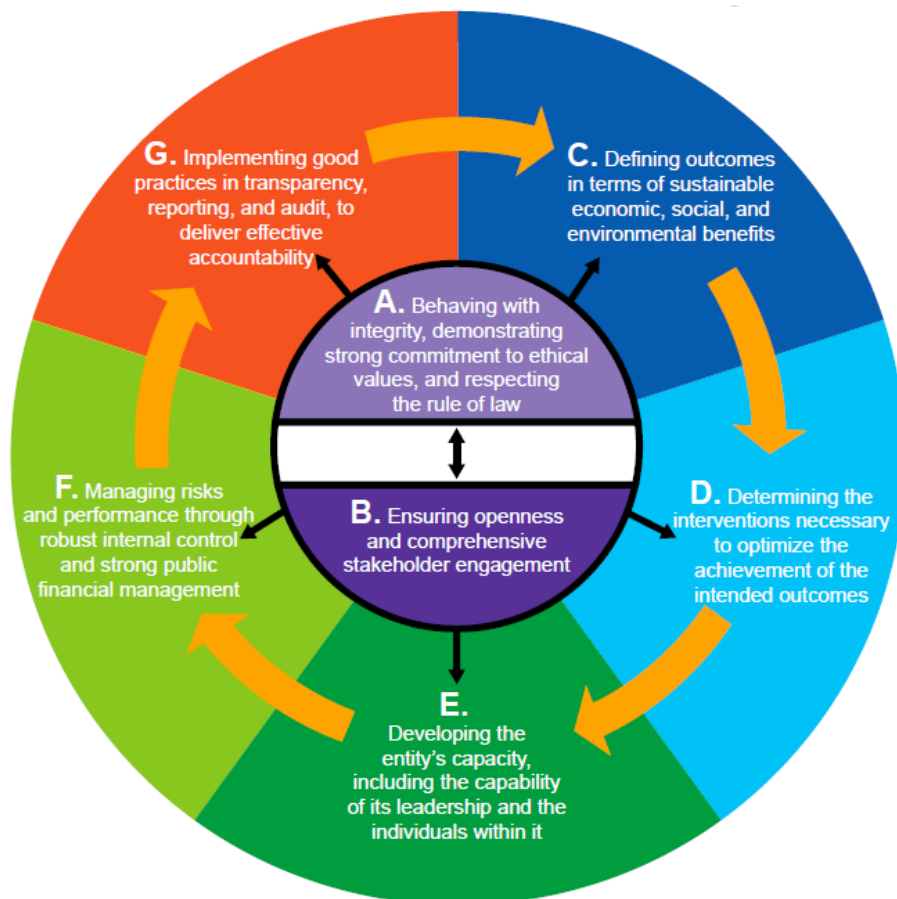
A new Medium-Term Financial Strategy was approved by Council in February 2023. to cover the five years 2023/24 – 2027/28. Councillors received updates throughout 2022/23 to advise on the continuing financial effects of the pandemic to council services. Income was still noted to be affected as some Council services struggled to return to levels of activity and income generation at pre-March 2020 levels. These ongoing impacts were addressed as part of the 2023/24 budget. The purpose of the Medium-Term Financial Strategy is to deliver a balanced and affordable 2023/24 budget and ensure that the Council’s finances are robust and sustainable over the medium term or act as an early warning system of a gap in future years between forecast expenditure and resources which the Council must address, and that in the longer term, the Council’s finances are not reliant on the unsustainable use of one-off reserves or funding.

The Council has a robust approach to the use of reserves with any changes in uses of reserves from budgeted levels requiring approval in line with the Council’s

reserves policy. The S151 Officer carries out a risk assessment of general balances as part of the budget setting process and issues an overall opinion on the level of reserves via their S25 statement.

## ARRANGEMENTS FOR GOVERNANCE

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



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

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

The Council has adopted codes of conduct for both Officers and Members which facilitates the promotion, communication and embedding of proper standards of

behaviour. The Council's Chief Finance Officer and Monitoring Officer have specific statutory responsibilities to ensure that decisions taken by the Council are lawful and in line with constitutional requirements.

The Council's Constitution explains existing policy making and delegation procedures and the matters which must be dealt with by the full Council. It documents the role and responsibilities of the Executive, portfolio holders, each committee and Members and officers. The Council has approved a protocol governing relationships between Members and Officers as part of its Constitution. Officers have job descriptions and there are clearly defined schemes of delegation, all of which are reviewed from time to time.

B. Ensuring openness and comprehensive stakeholder engagement;

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

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

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

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

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

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

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

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

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

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

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

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

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

## **REVIEW OF EFFECTIVENESS**

### Internal Audit

The Council uses several ways to review the effectiveness of governance arrangements. One of the key assurance statements is the annual report and opinion of the Chief Internal Auditor. The role of the Internal Audit Service is to provide assurance to management and those charged with governance about the quality and effectiveness of the governance framework and systems of internal control. The internal audit team have completed eight internal audits and five grant certifications, the outcomes have been reported to the Accounts, Audit & Risk Committee. (One report, from the eight, is not yet finalised but it should be by the end of May).

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

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

The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The self-assessment against the standards is completed on an annual basis and reported to the Accounts, Audit & Risk Committee. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. The next external assessment was due in 2022/23 however was delayed due to recruitment/staffing issues within the team. This is now booked for October 2023, the results will be reported to the January Accounts, Audit & Risk Committee.

The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2023, there is **satisfactory** assurance regarding Cherwell District Council's overall control environment and the arrangements for governance, risk management and control. Where weaknesses have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement.

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

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

The key objectives of the Counter-Fraud Strategy for 2022/23 were:

- Strategic: Continue to build the Counter Fraud team to support the Council to prevent and detect fraud and irregularity.
- Proactive: Undertake proactive counter fraud activities to reduce the risk of fraud in the Council.
- Reactive: Manage fraud referrals and investigations
- Data: Use data to detect and prevent fraud

For the period April 2022 – February 2023, 75 fraud cases were identified which relate . Of these, 23 cases were not prove, 18 resulted in changes to council tax support calculations, removals of single persons discounts, removal of small business rates reliefs and recovery of council housing and the remaining 34 cases were open.

#### Partnership decoupling

Following the decisions at the respective Cherwell District Council and Oxfordshire County Council Full Council meetings in February 2022 to terminate the s.113 Agreement between the councils, the Joint Shared Services and Personnel Committee (JSSP) concluded its work and accordingly, at its 4 July 2022 meeting, JSSP recommended to Council to agree to disband the Committee as from 31 August 2022. There are no longer shared Chief or Statutory Officers..

There are service level agreements in place, reviewed annually by the directors, for services that provided by Oxfordshire County Council post decoupling.

The Council continues to make steady progress towards establishing services/ teams including an in house operating model for services that had previously been provided on a joint basis including legal, procurement, property and information management teams.

#### Financial Management Code

A key goal of the Financial Management Code of Practice (launched by CIPFA in November 2019) (FM Code) is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Since April 2021 authorities have been expected to work towards full compliance of the FM Code. There are clear links between the FM Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes. As such, Annex 1 sets out the outcomes of the Council's latest self- assessment of compliance with the FM Code. The picture is positive, with the RAG (Red-Amber-Green) rating of compliance showing as Green for all of the 19 standards. A column showing 'Further Work' gives an indication of improvements that can be made over the current year.

#### Actions

Significant actions identified in the preceding years AGS have now been completed with the update on the decoupling as provided above. The Constitution has also been reviewed to the extent necessary to reflect termination of the joint arrangements with scheme of delegation and contract and financial procedures rules updated.

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

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

## GOVERNANCE SELF ASSESSMENT

Annual Assurance Statements from Assistant Directors have been received and have highlighted the following main issues:

- Recruitment and skills gap
- Officer understanding of their role in delivering the Strategic Priorities
- Arrangements for the Identification of risks
- Clarity on governance
- Consistent compliance with the Transparency Code on procurement matters

These reviews identified improvement which are contained in the action plan.

## ACTIONS FOR 2023/2024

	Responsible Person	Date
Ensure that the Council has sufficient and appropriately qualified staff to deliver its programme of work and projects.	Assistant Directors / Human Resources	In progress and ongoing
Increase awareness of all officers to Council's policies and procedures via training and workshops.	Assistant Director of Human Resources	In progress and ongoing
Implement Procurement Strategy for the Council with procurement strategy acting as a lever for cascading corporate priorities down to services and capital	Assistant Director of Law & Governance /	October 2023



projects delivered through commercial partners with alignment between the two.	Procurement Manager	
Ensure value is delivered through contract management and afforded time, technical expertise and people to discharge them.	Assistant Directors / Procurement Manager	December 2023
Ensure Procurement and Contracts guidance is in place and embed a culture of compliance.	Procurement Manager	September 2023
Ensure contracts and procurement are procured in accordance with the contract tailored procurement and contract strategies with strong internal control.	Assistant Directors	August 2023
Ensure Health and Safety processes and guidance are in place and understood.	Assistant Director of Human Resources	March 2024
Ensure Business Continuity Plans are reviewed and updated annually.	Corporate Director of Communities	December 2023
Develop and implement Asset Management Strategy which provides an overview of our land and property assets, ensuring focus is maintained on our main priorities for managing, maintaining and developing our assets over the next five years. The strategy should inform policies enabling us to develop action plans, agree priorities and make decisions to meet our longer-term objectives.	Corporate Director of Resources	December 2023

Other governance outcomes are shown below:

- Nil reports issued by the S151 Officer or the Monitoring Officer.

- The MO received eight complaints about member conduct in 2022/ 2023. Seven were dismissed at initial stage with one offered an informal resolution.
- The Local Government and Social Care Ombudsman upheld 1 complaint out of total 12 received.

## **STATEMENT OF OPINION**

It is our opinion that the Council's governance arrangements in 2022/23 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2023/24. It is our opinion that our ability to maintain sound governance during the past year, has been effective.

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Yvonne Rees  
Chief Executive

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Cllr  
Leader of the Council

Dated: 12/09/2023

## Annex 1 – Summary Financial Management Code Assessment

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
<b>1. Responsibilities of the CFO and Leadership Team</b>				
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	All services reviewed to ensure being delivered efficiently and appropriate savings identified. All tenders consider VfM by considering the quality of service and not just price.	Develop a statement of how proposals in Executive Reports will deliver value for money where appropriate	
B	The authority complies with the CIPFA “Statement of the Role of the CFO in Local Government”	The CFO is a qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of CLT (Corporate Leadership Team) and has an influential role with members of the Executive, Accounts, Audit & Risk Committee and lead opposition members.	Review annually the statement of roles and responsibilities of CFO, CLT and the Exec.	
<b>2. Governance and Financial Management Style</b>				
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	While operating in partnership with Oxfordshire County Council, a Corporate Governance and Assurance Group (CGAG) was set up to ensure good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Professional Lead Statements and engagement with Corporate Directors.	The AGS process previously led by CGAG will be incorporated into COKGG.	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
		Following decoupling from OCC this function will sit with Corporate Oversight and Knowledge Governance Group (COKGG) so that the AGS process will be owned by the most senior officers in the Council with a CDC-specific process.		
D	The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"	Annual Governance Statement includes audit opinion on effectiveness of internal control environment and systems of internal control.	Continue to enhance and develop the AGS through COKGG. Reporting to AARC has been enhanced to include regular reports on FOI, data subject access requests, EIR requests and RIPA approvals, to give visibility and assurance on regulatory compliance.	
E	The Financial Management style of the authority supports financial sustainability	The Council has adopted a Business Partnering model that supports managers to deliver financially sustainable services by providing strategic advice and support. This is underpinned by a Corporate Function that manages the strategic financing issues and provides the budget setting and accounting framework for the organisation.	Continue to develop the skills of managers to ensure that they have access to performance and financial information that enables them to deliver services that are financially sustainable.	
<b>3.</b>	<b>Long to Medium-Term Financial Management</b>			
F	The authority has carried out a credible and transparent financial resilience assessment	A Financial Resilience assessment is included within the Budget Documents. The assessment is consistent with the		

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
		Medium-Term Financial Strategy (MTFS) assumptions.		
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	MTFS far more transparent than in previous years clearly outlining the financial challenges facing CDC in the Budget and Business Planning Process 2022/23 – 2026/27 Report	Continue to update CLT and the Executive throughout year and within Budget/MTFS documents	
H	The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”	Capital Strategy is produced. Quarterly Treasury Management monitoring considered at the Accounts, Audit and Risk Committee. a profiled five-year capital programme was approved by Council in Feb 2022.	. Provide quarterly TM and Prudential Indicator updates as part of monitoring reports.	
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	CDC has an Integrated Business Planning and Budget Process with a five-year MTFS.	Continue to ensure services are aware of future savings plans committed to and savings are implemented. Encourage ‘early alert’ if future savings are at risk.	
<b>4. The Annual Budget</b>				
J	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces its annual balanced budget and supporting documentation.		
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	S25 report accompanies the suite of Budget documents. Enhanced by including an assessment of readiness for implementing the FM Code		
<b>5. Stakeholder Engagement and Business Plans</b>				

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	Significant consultation on the budget proposals as well as ensuring carry out the statutory business rate payers' consultation.	Continue with corporate and directorate consultation where appropriate.	
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	A business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits of progressing with the scheme. All tenders consider VfM by considering the quality of service and not just price – the appraisal process is documented. The Strategic Place Shaping Programme Board implemented a Gateway process for evaluation of projects which considers factors such as vfm, business need.	Agree consistent business case templates from outline through to full for both revenue and capital schemes for all strategic boards.	
<b>6. Monitoring Financial Performance</b>				
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The monthly Performance, Risk and Financial Monitoring Report to Executive enables CLT and Executive to respond to emerging risks – the effectiveness was evidenced during 2020/21 as the Council agreed an in-year budget to respond to the financial impact of COVID-19. Enhancements to capital reporting have been introduced to now include analysis of variances to the total cost of the scheme rather than comparison to in-year profiled budget.	The Capital Programme monitoring element requires enhancement to: <ul style="list-style-type: none"> <li>• better reflect performance and the delivery of outcomes linked to the completion of capital schemes.</li> <li>• Ensure all capital schemes are monitored by a strategic board or specific DLT where a strategic board doesn't</li> </ul>	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
			exist to that type of scheme.	
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	Reserves and balances are monitored monthly and changes in budgeted use require appropriate approvals before they can be assumed. Debtor monitoring takes place quarterly identifying aged debt of Council debt. Aged debt was recently reviewed en masse which resulted in significant debt being written off.	Continue to review aged debt to consider the collectability of this. Take proposed write-offs to Exec regularly.	
<b>7. External Financial Reporting</b>				
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom"	The annual accounts are produced in compliance with the CIPFA Code.		
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	CLT and Executive consider outturn report and year end variances enabling strategic financial decisions to be made as necessary.		

# Glossary of Terms

## **Accruals**

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

## **Actuarial Gain (Loss)**

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

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

## **Amortisation**

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

## **Assets**

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

## **Band D Equivalent**

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

## **Best Value**

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

## **Billing Authority**

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

## **Bond / Guarantee**

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

## **Bond Fund**

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

## **Budget**



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

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

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

### **Business Rate Retention Scheme**

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

### **Call Account**

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

### **Capital Adjustment Account**

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

### **Capital Financing Requirement**

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

### **Capital Programme**

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

### **Capital Receipt**

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

### **Capital Spending**

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

### **Cash Equivalent**

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

### **Cash-flow Statement**

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

### **CIPFA**

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

### **Collection Fund**

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

### **Counterparties**

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

### **Community Assets**

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

### **Component Depreciation**

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

### **Contingent Asset**

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

### **Contingent Liability**

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

### **Council Tax**

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

### **Council Tax Base**

An assessment by each billing authority of the number of properties, converted to Band D equivalents (the average band), on which a tax can be charged. The

calculation allows for new properties, exemptions and discounts and a provision for non-collection.

### **Cost of Carry**

The difference between the interest payable on borrowing on debt and the interest receivable from investing surplus cash.

### **Credit Rating**

A credit rating assesses the credit worthiness of an individual, corporation or country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the entity being able to pay back a loan.

### **Creditors**

People or organisations we owe money to for work, goods or services which have not yet been paid for by the end of the financial year.

### **Current Asset**

An asset which is expected to be used up during the next accounting period e.g. cash, inventories.

### **Current Liabilities**

Liabilities that are due to be settled in less than one year, such as bank overdrafts and money owed to suppliers.

### **Current Service Cost**

The current service cost is the increase in the value of the pension scheme's future pension liabilities arising from the employee's ongoing membership of the pension scheme.

### **Curtailment Costs**

Curtailment costs are the amounts of money that are paid to a new pension scheme when a defined group of staff transfer from one pension scheme to another. The costs represent the value of the pension rights accrued by the transferring staff.

### **Debtors**

Amounts owed to the Council for goods and services that has not yet been received.

### **Deferred Income**

Prepaid income credited to the Balance Sheet and amortised to the Comprehensive Income and Expenditure Statement to match the benefit of the receipts over the term of the contractual arrangement.

### **Depreciation**

The systematic write-off of the reduction in value of a tangible fixed asset due to wear and tear, passing of time and technological changes over its economic useful life.

### **Derecognition**

Removal of an asset or liability from the Balance Sheet.

### **Earmarked Reserves**

Money set aside for a specific purpose.

### **Equity instrument**

A contract such as an equity share in a company.

### **Expected Credit Loss**

The probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of a financial instrument.

### **Fair Value**

The price that could be received for an asset sold or a liability settled in an orderly transaction, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy or sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

### **Financial Asset**

Financial Assets are any assets that is: Cash, equity, a contractual right to receive cash or another financial asset from another entity (e.g. trade debtors), or a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Council.

### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Financial instruments include bank deposits, investments, debtors, long-term debtors, creditors, temporary loans and borrowings.

### **Financial liability**

An obligation to transfer economic benefits controlled by the District Council that is represented by a contractual obligation to deliver cash (or another financial asset) to another entity, or a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the District Council.

### **Financial Year**

The District Council's accounts cover the period from 1 April in one year to 31 March in the next year.

### **Fixed Asset**

A tangible asset that yields benefit to the District Council and the services it provides for a period of more than one year.

### **General Fund**

The account that records and finances Council revenue expenditure that is funded by taxpayers.

### **Government Grants**

Payments by the Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or to fund local services generally (non-specific grants).

**Heritage Asset**

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

**Impairment**

A reduction in the carrying value of an asset arising from physical damage, obsolescence or a significant decline in market value.

**Infrastructure Assets**

A class of assets whose life is of indefinite length and which are not usually capable of being sold, such as highways, drains and footpaths.

**Intangible Asset**

An asset that does not have physical substance but is identifiable and controlled by the organisation through custody or legal rights e.g. software licenses.

**Internal Borrowing**

Instead of taking external loans to fund activities such as Capital expenditure, a Local Authority may use income and grants received in advance, to fund these activities. Usually, surplus funds are invested to earn interest, however it is prudent to use these funds instead of loaning money as loans generally cost more than could be earned by investing the funds.

**International Financial Reporting Standards (IFRS)**

These are issued by the International Accounting Standards Board and provide standards for the preparation of financial statements.

**Inventories**

Raw materials and stores which the Council has bought and holds in stock for use as required.

**Investment Properties**

Land and/or buildings held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

**Lease**

An agreement where a rental charge is paid for use of an asset for a specified period of time.

**Lessee**

A party to a lease agreement who makes payment to use an asset.

**Lessor**

A party to a lease agreement who receives payment for the use of an asset.

**Liabilities**

Amounts owed by the Council which will be paid at some time in the future.

**Materiality**

Information is material if its omission or misstatement, individually or collectively, could influence the decisions that users make on the basis of financial information about a specific reporting entity.

### **Minimum Revenue Provision (MRP)**

The prudent minimum amount which the Council must set aside each year to repay loans and other long-term liabilities such as finance leases. This has the effect of reducing the Capital Financing Requirement.

### **Money Market Fund**

Funds are invested in short-dated assets including certificates of deposits, government securities and commercial papers making them highly liquid. Money Market Funds must be AAAMf rated, invest in high credit quality assets and maintain a weighted average maturity of 60 days or fewer. Investments have a stable net asset value and dividends are paid to investors on their investment.

### **Net Book Value (NBV)**

The balance sheet value of a non-current asset after depreciation and/or impairment.

### **Net Debt**

The District Council's borrowings and finance liabilities less cash and liquid resources.

### **Net Spending**

The cost of providing a service after allowing for specific grants and other income from fees and charges (i.e. not including council tax and money from the Government).

### **Non-current Asset**

A long-term asset that is not expected to be used up or realised within the next 12 months e.g. Property, Plant Equipment.

### **Non-Domestic Rate**

A levy on businesses based on a national rate in the pound set by the government multiplied by the 'rateable value' of the premises they occupy.

### **Operating Lease**

A type of lease, usually of computer equipment, vehicles, office equipment, etc., where the ownership of the goods and any risks and rewards remain with the lessor, therefore it is revenue expenditure and not capital expenditure.

### **Operational Asset**

An asset held partly, primarily or solely for the purpose of delivering against the council's corporate objectives and day-to-day services.

### **Past Service Costs**

The past service cost is the extra liability that arises when we grant extra retirement benefits that did not exist before, such as when we agree early retirement or extra years of service.

### **Petty Cash**

Small sums of cash kept by departments to pay minor expenses.

**Precept**

The demand levied by a non-billing authority (County Council, Police Authority, parish and town councils) on the Collection Fund managed by a billing authority (this Council) towards their annual spending.

**Property, Plant and Equipment**

A physical (tangible) asset that is expected to be held for operational purposes for several years, such as land, buildings, and vehicles.

**Provision**

An amount of money put aside in the accounts for anticipated liabilities which are of uncertain timing or amount.

**Public Works Loan Board (PWLB)**

A central government agency which provides long and shorter-term loans to local authorities at interest rates slightly higher than those at which the government itself can borrow. Local authorities are able to borrow a proportion of their requirement to finance capital spending from this source.

**Rateable Value (RV)**

A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Valuation Office Agency.

**Related-Party**

Two or more organisations are 'related parties' if, during the year, one of them has significant control over the other.

**Reserves**

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

**Revenue Expenditure**

The District Council's day-to-day expenditure on items which include wages, supplies and services, running costs for premises, and interest charges.

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

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

**Specific Grants**

Payments from the Government to cover local authority spending on a particular service or project. Specific grants are usually a fixed percentage of the costs of a service or project.

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<b>This report is public</b>	
<b>Financial Management Code – Forecast Self-Assessment Update 2024/25</b>	
<b>Committee</b>	Accounts, Audit and Risk Committee
<b>Date of Committee</b>	20 November 2024
<b>Portfolio Holder presenting the report</b>	Deputy Leader of the Council and Portfolio Holder for Finance, Property and Regeneration, Councillor Lesley McLean
<b>Date Portfolio Holder agreed report</b>	30 October 2024
<b>Report of</b>	Assistant Director of Finance (Section 151 officer), Michael Furness

## Purpose of report

To update the Committee that the results of the Council's forecast self-assessment position at February 2025 against the requirements of CIPFA's Financial Management Code show continued strong compliance, demonstrating a resilient and sustainable approach to managing the Council's funds.

### 1. Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the Council's forecast self-assessment position of strong compliance at February 2025 against the requirements of CIPFA's Financial Management Code.

### 2. Executive Summary

- 2.1 It is the opinion of the Chief Financial Officer (CFO) that the council is currently financially resilient, continues to strive in delivering value for money to its residents and businesses and aims to provide the capacity to deliver its strategic ambition within the challenging environment within which it operates. In its aim of striving for financial excellence, the council continues to identify areas for improvement as it seeks to deliver its ambitious corporate priorities and its core services during a period of volatility and financial constraints.

## Implications & Impact Assessments

Implications	Commentary
<b>Finance</b>	There are no financial implications arising directly from this report. Lynsey Parkinson, Strategic Finance Business Partner, 30 October 2024

<b>Legal</b>	By completing a self-assessment the council are ensuring compliance with the Financial Management Code. Alison Coles, Legal Services Operations Manager, 7 November 2024
<b>Risk Management</b>	There are no risk management implications to the council arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 30 October 2024
<b>Equalities Implications</b>	There are no equalities implications arising directly from this report. Celia Prado-Teeling, Performance Team Leader, 30 October 2024

## Supporting Information

### 3. Background

3.1 The Financial Management (FM) Code was introduced by the Chartered Institute of Public Finance and Accountancy in 2019 in the context of increasing concerns about the financial resilience and sustainability of local government. The FM Code clarifies how Chief Finance Officers should satisfy their responsibility for good financial administration as required in Section 151 of the Local Government Act 1972. The council has complied with the code since its inception and has continued to make improvements year on year.

3.2 The FM Code applies a principle-based approach. The Code is structured into seven sections for the purposes of self-assessment and the budget setting period provides a timely opportunity for assurance review. It requires that a local authority demonstrates that its processes satisfy the principles of good financial management, and these principles are:

- **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- **Financial management** is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- **Adherence to professional standards** is promoted by the leadership team and is evidenced.
- **Sources of assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- **The long-term sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

## **4. Details**

- 4.1 As part of setting the council's budget each year the CFO must prepare a Section 25 Statement to consider the robustness of the budget and the council's finances. The February 2024 S25 statement included an opinion of how the council complied with the FM Code; the conclusion was that the council was in a good position to continue to comply with all areas of the FM Code with planned additional enhancements.
- 4.2 Since the self-assessment was last updated in October 2023, the council's external auditors have yet to prepare their Value for Money assessment as part of the audit of the 2022/23 accounts. When complete in the coming months, this will significantly bolster Section 1A of the CIPFA self-assessment as the auditor's conclusion is expected to once again be that the council does provide value for money.
- 4.3 Section 2 of the self-assessment relates to Governance and Financial Management Style. The evidence for ongoing compliance with this section has relied upon the existence of the Corporate Oversight & Governance Group (COGG). COGG was formed to ensure continued good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and monitoring against the Action Plan.
- 4.5 Section 3 of the self-assessment relates to Long to Medium-Term Financial Management. Since the last self-assessment, the council has introduced additional Prudential Indicators to its quarterly Treasury Management reports. The council continues to maintain an up to date 5-year Medium Term Financial Strategy (MTFS) which is regularly reported to the Executive and reflects the financial challenges and opportunities that the council faces.
- 4.6 Section 6 of the self-assessment relates to Monitoring Financial Performance and actions have been taken since February 2024 to continue to enhance the capital reporting and regular reporting of aged debt leading to a council-wide greater understanding of the council's aged debt position and uncollectable debt being regularly reviewed and recommended for write-off.
- 4.7 The council considers that it will continue to fully comply with all aspects of the FM Code which will be reflected in the assessment when setting the budget in February 2025. The council seeks to continuously drive improvement. Some of these suggested future improvements are identified in the council's self-assessment at Appendix 1.

## **5 Conclusion and Reasons for Recommendations**

- 5.1 The council considers that it will continue to be fully compliant with all aspects of the FM Code when the budget is set in February 2025. This demonstrates to members, residents and other stakeholders that Cherwell continues to act in a resilient and sustainable manner.

## Decision Information

<b>Key Decision</b>	N/A
<b>Subject to Call in</b>	N/A
<b>If not, why not subject to call in</b>	N/A
<b>Ward(s) Affected</b>	All

## Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	FM Code Self-Assessment 2024-25
<b>Background Papers</b>	None
<b>Reference Papers</b>	None
<b>Report Author</b>	Joanne Kaye, Head of Finance (D151)
<b>Contact details</b>	<a href="mailto:joanne.kaye@cherwell-dc.gov.uk">joanne.kaye@cherwell-dc.gov.uk</a> 01295 221545
<b>Corporate Director Approval (unless Corporate Director or Statutory Officer report)</b>	Report of Statutory Officer, Section 151 Officer

## Appendix 1 – Summary Financial Management Code Assessment

### General Opinion

It is the opinion of the Chief Finance Officer (CFO) that the council is currently financially resilient, continues to strive in delivering value for money to its residents and businesses and aims to provide the capacity to deliver its strategic ambition within the challenging environment within which it operates. In its aim of striving for financial excellence, the council continues to identify areas for improvement as it seeks to deliver its ambitious corporate priorities and its core services during a period of volatility and financial constraints.

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
1.	<b>Responsibilities of the CFO and Leadership Team</b>			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	<p>The Constitution – updated Feb 2024, included revised refreshed financial procedure rules. There is a clear governance structure, with well-defined roles for Members, committees and all Chief and Statutory Officers. The collective responsibility for the achievement of Value for Money (VFM) is made within the constitution. This is reviewed and updated regularly. The constitution is reviewed regularly.</p> <p>Procurement and contract management regulations - The organisation ensures that all services tendered by the Council provide the best use of resources. Tenders are assessed against quality of service as well as price, with social value considered a key part of procurement.</p> <p>Contracts and third-party agreements require review and approval by finance, procurement</p>	<p>Develop a statement of how proposals in committee reports will deliver value for money where appropriate</p> <p>Review the use of service benchmarks to understand cost drivers and to identify where further cost improvement may be possible.</p> <p>Further benchmarking and cost review across other council services</p>	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
Page 314		<p>and service head/director which is a process to ensure procurements have been compliantly undertaken.</p> <p>The Gateway Process approach incorporates a robust gateway-based process for decision making. Business cases which are the key decision-making documents include details on options, benefits (nonfinancial and financial) and the cost for delivery and through an investment appraisal providing a clear view of the value for money before projects are finalised and approved.</p> <p>Benchmarking of some services has been carried out in specific areas of high demand and risk e.g., environmental services. Further benchmarking across other council services and cost review to be a focus in 2025/26 with a view of identifying opportunities to improve value for money whilst also focusing on demand management in the medium term.</p> <p>Overview and Scrutiny committee meets 6-7 times a year, examines policy and performance of services and can refer matters to Executive.</p> <p>External Audit review the council's arrangements for VFM and provide a VFM opinion as part of their external audit work on the accounts.</p>		

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
B	The authority complies with the CIPFA "Statement of the Role of the CFO in Local Government"	<p>The CFO is a qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of Corporate Leadership Team (CLT) and has an influential role with members of the Executive, Accounts, Audit &amp; Risk Committee and lead opposition members.</p> <p>The council's finance team is resourced at present to deliver the councils key core requirements. The finance function is staffed through permanent staff with good levels of knowledge and experience. The CFO promotes personal development; there are currently two members of the team studying for accounting qualifications.</p>	Review annually the statement of roles and responsibilities of CFO, CLT and the Executive.	
<b>Governance and Financial Management Style</b>				
Page 15	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	<p>The council's Constitution includes a copy of the code of conduct, which sets out the principles, behaviour and actions for members and officers of the council. The Code of Ethics and Standards requires all staff to abide by the Nolan Principles in public life. The council has an Accounts, Audit and Risk Committee which reviews the arrangements for assurance.</p> <p>The Head of Internal Audit and Counter Fraud Lead report regularly to this committee on the work of the internal audit and counter fraud teams and have independent direct links to the committee to raise any concerns they may have. The Head of Internal Audit is required to provide an independent opinion each year on</p>	Continue to enhance and develop the role of the Corporate Oversight & Governance Group (COGG).	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
		<p>the effectiveness of the system of internal control and also on progress on the delivery of actions recommended through specific internal audit reviews.</p> <p>The Corporate Oversight &amp; Governance Group (COGG) was set up to ensure good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Professional Lead Statements and engagement with Corporate Directors.</p>		
Page 316	The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"	<p>The AGS includes an Annual Internal Audit Opinion on the effectiveness of the internal control environment and the systems of internal control and confirms its continuing commitment to the CIPFA Framework.</p> <p>The effectiveness of the council's governance arrangements is reviewed and reported each year through the AGS. Directors and Assistant Directors are required to sign off annual assurance statements, this requires them to confirm whether they are aware of any significant weaknesses in internal control.</p> <p>Accounts, Audit and Risk Committee is responsible for considering the council's arrangements for corporate governance including strategic oversight of risk management processes. Executive retain responsibility for the management of risk.</p>	Continue to enhance and develop the AGS through CLT and respond to emerging best practice.	



Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
E	The Financial Management style of the authority supports financial sustainability	The Council has moved from a Budget Monitoring approach to Budget Management which is an active approach designed not just to report variances but to develop mitigations in order to manage the in-year variances corporately. A Budget Oversight Group has been established to challenge service areas projecting overspends to contain these within their annual budgets through mitigations.	Continue to challenge budget managers to explore options for mitigating budget variances to ensure financial sustainability.  Reporting could be enhanced with regular reports on FOI, data subject access requests, and EIR requests, to give visibility and assurance on regulatory compliance	
<b>3. Long to Medium-Term Financial Management</b>				
F	The authority has carried out a credible and transparent financial resilience assessment	A Financial Resilience assessment is included within the budget documents reported to Executive and Council. The assessment is consistent with the Medium-Term Financial Strategy (MTFS) assumptions.  As part of refreshing the medium-term financial forecast, a risk assessment is made of likely future pressures and demands, and an assessment is made for a suitable level of General Fund reserve required to mitigated risk. The council maintains a minimum level of general balances for unforeseen risks and circumstances.  A 'going concern' assessment is carried out each year as part of the annual audit process which involves a review of reserve levels and cashflow modelling.	Scenario planning and sensitivities continue to be considered as part of medium-term forecasting.	
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	The council reviews and identifies each year the risks (local/national, internal/external) facing the council that may have financial	Continue to update CLT and the Executive throughout the year and within Budget/MTFS documents.	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
Page 318		<p>implications and these are outlined in the budget report, Statement of Accounts and MTFS each year. The MTFS resource forecast is competed on a “realistic worst case” scenario with alternative scenarios modelled. A fundamental service review exercise has been undertaken in 2024/25 to identify options to address the “realistic worst case”.</p> <p>Executive and the Budget Planning Committee each received the Budget and Business Planning Process 2024/25 – 2028/29 Report in July 2023 in preparing for 2024/25 budget setting and updated in Sept 2024 for 2025/26 budget setting.</p>		
	The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”	A Capital Strategy is produced annually. Quarterly Treasury Management monitoring is considered at the Accounts, Audit and Risk Committee. A profiled five-year capital programme was approved by Council in Feb 2024 and is managed monthly and reported to the Executive. The Q2 and Q4 Treasury Management reports include prudential indicators and are also reported to Council.	The quarterly TM reports contain updates on Prudential Indicators but this could be expanded to further facilitate the interpretation of them for readers.	
1	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	The council has an Integrated Business Planning and Budget Process with a five-year MTFS which supports the delivery of the councils’ statutory duties and corporate plan priorities. The service business planning process in 2024/25 sought to ensure consistent business plans were in place for the delivery of the council’s Business Plan for all	Continue to ensure services are aware of future savings plans committed to and savings are implemented. Encourage ‘early alert’ if future savings are at risk so that mitigations can be put in place and potentially get savings back on track.	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
		directorates which included the financial resources required for delivery and hence sustainability.		
<b>4. The Annual Budget</b>				
J	The authority complies with its statutory obligations in respect of the budget setting process	<p>The Council produces its annual balanced budget and supporting documentation.</p> <p>The council's CFO is fully aware of the circumstances under which to issue a Section 114 and does not anticipate this being required in respect of budget setting at this time, though this is kept under review.</p>		
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	S25 statement accompanies the suite of budget documents reported to Executive and Council. Enhanced by including an assessment of compliance with the FM Code.		
<b>Stakeholder Engagement and Business Plans</b>				
	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	<p>Consultation on the budget proposals as well as ensuring we carry out the statutory business rate payers' consultation.</p> <p>The council's 2024/25 Business Plan was developed through key findings from working with and engaging with local residents, staff, businesses, partner agencies and organisations and seeks to deliver district-wide ambitions. This can be found on the council's website. This will be refreshed for 2025/26.</p> <p>The council continually reviews and refreshes its communication strategy / plans to improve the communication of the council's financial position, strategic plans and aims to key stakeholders in the community.</p>	Continue with corporate and directorate consultation where appropriate.	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	<p>A gateway process which includes a standardised business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits of progressing with the scheme. All tenders consider VfM by considering the quality of service and not just price – the appraisal process is documented. The Extended Leadership Team (ELT) are responsible for overseeing the Gateway process for evaluation of projects. The process considers factors such as VFM, business need and recommendations are made to CLT who in turn recommend to Members.</p> <p>The gateway process is being enhanced to ensure that benefits realisation plays a more significant role in the future.</p>	Continue to embed Gateway process and refine business case templates from outline through to full for both revenue and capital schemes for all strategic boards.	
<b>6. Monitoring Financial Performance</b>				
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The quarterly Performance, Risk and Finance Report to Executive enables CLT and Executive to respond to emerging issues. Enhancements to capital reporting have been introduced to now include analysis of variances to the total cost of the scheme rather than comparison to in-year profiled budget. All capital schemes are now monitored by either a strategic board (for place shaping or transformational schemes) or by the appropriate Directorate Leadership Team (for Business As Usual schemes).	The Capital Programme monitoring element requires enhancement to: <ul style="list-style-type: none"> <li>• better reflect performance and the delivery of outcomes linked to the completion of capital schemes.</li> <li>• Better understand the drivers of budget reprofiling</li> </ul>	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
		Monthly Budget Management reports are prepared to identify as quickly as possible challenges to the budget. As a result of this “early warning system” management has established the Budget Oversight Group to work closely with services that are overspending to identify options to come back on budget.		
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	Reserves and balances are monitored quarterly and reported to Executive. Changes in budgeted use require appropriate approvals before they can be assumed. Debtor monitoring takes place monthly, identifying and analysing aged debt. Regular review and management of aged debt has resulted in either recovery or unrecoverable debts being written off in a timelier manner. CLT receive a quarterly report on the top 20 debtors, this is also reported to the ELT and to DLTs.	Continue to enhance reporting of aged debt to enable budget managers to effectively manage their aged debt.	
<b>7.</b>	<b>External Financial Reporting</b>			
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom”	<p>The responsibilities of the CFO are set out in the constitution, financial regulations and are also included in employment contract/job description as well as in statute.</p> <p>The annual accounts are produced in compliance with the CIPFA Code by appropriately qualified and trained individuals and are approved by the CFO and the external auditors prior to approval by the Accounts, Audit and Risk Committee. The draft accounts for 2022/23 were published after the statutory deadline due to audit delays on the 2021/22</p>	Continue close working with the council’s external auditors to deliver a final audited set of accounts in a timelier manner.	

Ref	CIPFA Financial Management Standards	Current Status	Further Work	Status
		accounts. However, the draft 2023/24 accounts were published prior to the statutory deadline. For various reasons the publication of the final accounts has been delayed in recent years, however council officers and the auditors are progressing the completion of these audits, and it is envisaged the 2022/23 audit will be completed during 2024/25 with the 2023/24 audit and the publication of final accounts soon thereafter.		
Q Page 322	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	<p>CLT and Executive consider the outturn report and year end variances enabling strategic financial decisions to be made as necessary.</p> <p>The outturn position is then used to inform and update the in-year budget position, medium term financial planning projections and to inform the forward forecast and adequacy of reserves and balances.</p>	Feedback regularly sought to improve the quality of reporting.	

<b>This report is public</b>	
<b>Treasury Management Report – Mid-year review 2024/25 (September 2024)</b>	
<b>Committee</b>	Accounts, Audit and Risk Committee
<b>Date of Committee</b>	20 November 2024
<b>Portfolio Holder presenting the report</b>	Deputy Leader of the Council and Portfolio Holder for Finance, Property and Regeneration, Councillor Lesley McLean.
<b>Date Portfolio Holder agreed report</b>	Report agreed by Leader on behalf of Portfolio Holder, 12 November 2024
<b>Report of</b>	Assistant Director of Finance (S151), Michael Furness

## Purpose of report

To provide information on treasury management performance and compliance with treasury management strategy for 2024-25 as required by the Treasury Management Code of Practice.

To demonstrate that all treasury management activities undertaken during the reporting period complied with the CIPFA Code of Practice and the council's approved Treasury Management Strategy.

## 1. Recommendations

The Accounts, Audit and Risk Committee resolves:

- 1.1 To note the contents of this Treasury Management mid-year review and recommend it be received by Council.

## 2. Executive Summary

- 2.1 The council complies with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the council to approve Treasury Management semi-annual and annual reports.
- 2.2 The council's Treasury Management Strategy for 2024-25 was approved by Council on 26 February 2024. The Treasury indicators have been included in this report as per the 2021 CIPFA Treasury Management in the Public Services Code of Practice requirements.

## Implications & Impact Assessments

Implications	Commentary			
<b>Finance</b>	There are no financial implications arising directly from any outcome of this report. Joanne Kaye, Head of Finance (D151), 8 November 2024			
<b>Legal</b>	The presentation of the report is required by regulations issued under the Local Government Act 2003 - to review the treasury management activities, the actual prudential indicators and the treasury related indicators and confirm compliance with the Code. More information can be requested if this is needed to review the contents further. Alison Coles, Legal Services Operations Manager & Solicitor, 29 October 2024			
<b>Risk Management</b>	It is essential that this report is considered by the Audit Committee as it demonstrates that the risk of not complying with the council's Treasury Management Policy has been avoided. This and any other risks related to this report will be managed through the service operational risk and escalated to the leadership risk register as and when necessary. Celia Prado-Teeling, Performance Team Leader, 29 October 2024			
Impact Assessments	Positive	Neutral	Negative	Commentary
<b>Equality Impact</b>		X		Not applicable
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		Not applicable
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		Not applicable
<b>Climate &amp; Environmental Impact</b>				Not applicable
<b>ICT &amp; Digital Impact</b>				Not applicable



<b>Data Impact</b>				Not applicable
<b>Procurement &amp; subsidy</b>				Not applicable
<b>Council Priorities</b>	Not applicable			
<b>Human Resources</b>	Not applicable			
<b>Property</b>	Not applicable			
<b>Consultation &amp; Engagement</b>	Not applicable			

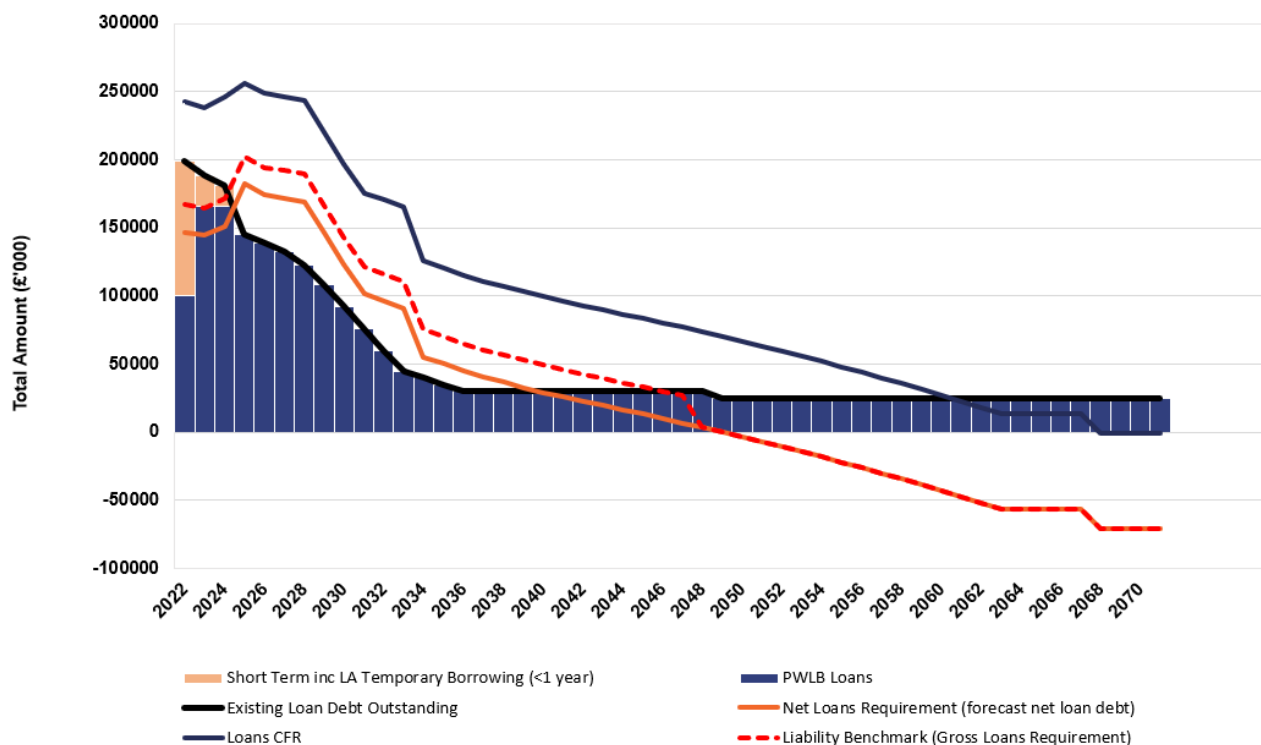
## Supporting Information

### 3. Background

- 3.1 The council continues to pursue its strategy of keeping borrowing and investments below its underlying levels, sometimes known as internal borrowing, in order to reduce risk and borrowing costs.
- 3.2 As at the end of September 2024 the council had borrowing of £181m and investments of £32m – a net borrowing position of £149m. This is a reduction from the net borrowing position of £151m at the end of quarter 1 (30/06/24.) This was expected due to the cashflow cycle of collecting taxes over 10 months while paying the associated precepts out over 12 months.
- 3.2 It is a statutory duty for the council to determine and keep under review its affordable borrowing limits. During the first half of 2024/25, the council has operated within the treasury and prudential indicators set out in the council’s Treasury Management Strategy Statement for 2024/25. The Assistant Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.
- 3.3 The Liability benchmark is a prudential indicator which shows the Capital Financing Requirement, loan requirements and committed loans in a 50-year forecast.

Table 1: Liability benchmark

## Liability Benchmark



- 3.4 The graph above demonstrates that the council is expecting its loans to decrease in line with the Capital Financing Requirement and that it will not be in an overborrowed position in the future. The shortfall between the Capital Financing Requirement and net loan requirement is made up of internal borrowing from reserves and working capital. This graph reflects the council's position on the basis that no new capital expenditure is funded from borrowing after the end of the current capital programme.

## 4. Details

### Borrowing performance 1 April to 30 September 2024

- 4.1 The council requires external borrowing to fund its capital programme and has a total debt of £181m at the date of this report. The increased cost of borrowing over the last two years has resulted in the council moving from an equal mix of short and long-term borrowing to predominantly medium to long term loans from the Public Works Loan Board (PWLB) to provide greater interest rate certainty. This move was made in July 2022 while rates were still comparatively low and has resulted in a forecast interest rate of just 2.68% for the 2024/25 financial year. It should be noted that as loans become due for renewal it is likely that short term borrowing will increase as interest rates are anticipated to fall in the coming years. It would not be good value for the council to take out longer term borrowing at current rates, but instead the council will take out short-term borrowing until rates return to average levels before considering longer term borrowing.
- 4.2 The council's main objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

Table 2: Borrowing Position for quarter ended 30 September 2024

	<b>Borrowing Amount £m</b>	<b>Average Interest Rate</b>	<b>Interest Paid Budget £m</b>	<b>Interest Paid Actual £m</b>	<b>Variance to Date £m</b>
April to Sept 24	181 (average)	2.45%	2.230	1.972	(0.258)
As at 30/09/24	181	2.45%	-	-	-

\* Interest payable relates to external loans only, excluding finance lease and other interest

4.3 As a comparison, the table below shows average borrowing rates.

Table 3: Average borrowing rates for the reporting period

**HIGH/LOW/AVERAGE PWLB RATES FOR 02.04.24 – 30.09.24**

	<b>1 Year</b>	<b>5 Year</b>	<b>10 Year</b>	<b>25 Year</b>	<b>50 Year</b>
<b>02/04/2024</b>	5.39%	4.72%	4.80%	5.28%	5.07%
<b>30/09/2024</b>	4.95%	4.55%	4.79%	5.33%	5.13%
<b>Low</b>	4.78%	4.31%	4.52%	5.08%	4.88%
<b>Low date</b>	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
<b>High</b>	5.61%	5.14%	5.18%	5.61%	5.40%
<b>High date</b>	29/05/2024	01/05/2024	01/05/2024	01/05/2024	01/05/2024
<b>Average</b>	5.21%	4.76%	4.88%	5.35%	5.14%
<b>Spread</b>	0.83%	0.83%	0.66%	0.53%	0.52%

4.4 Interest payable for the full year is forecast just below the budget. Loans to the value of £36m are maturing in 2024/25. These loans will be refinanced by short term loans at a forecast average rate of 5.05%. A full list of current borrowing is shown below:

Table 4: Borrowing

<b>Lender</b>	<b>Principal Borrowed £m</b>	<b>Maturity Date</b>
PWLB 7-year maturity	21	19/10/2024
West Midlands Combined Authority 1-year maturity	15	13/02/2025
PWLB 6-year maturity	6	25/09/2025
PWLB 7-year maturity	6	19/09/2026
PWLB 5-year maturity	10	26/07/2027
PWLB 10-year maturity	10	31/05/2028
PWLB 6-year maturity	5	26/07/2028
PWLB 7-year maturity	10	26/07/2029
PWLB 10-year maturity	6	25/09/2029
PWLB 8-year maturity	10	26/07/2030
PWLB 11-year maturity	6	19/09/2030
PWLB 9-year maturity	16	26/07/2031
PWLB 10-year maturity	15	26/07/2032
PWLB 15-year maturity	5	31/05/2033

PWLB 15-year maturity	5	25/09/2034
PWLB 16-year maturity	5	19/09/2035
PWLB 30-year maturity	5	31/05/2048
PWLB 50-year maturity	25	10/11/2071
<b>TOTAL</b>	<b>181</b>	

- 4.5 The council monitors its exposure to refinancing risk with the maturity structure of borrowing indicator. While it is important to have flexibility to navigate changing market conditions it is critical that loan repayments are spread appropriately. The lower limit has been considered but kept at zero to ensure that the council is not forced into taking borrowing in a particular category that would lock it into an unfavourable borrowing situation.

Table 5: Maturity structure of borrowing

Refinancing rate risk indicator	Upper limit	Lower limit	Actual structure
Under 12 months	50%	0%	30.85%
12 months and within 24 months	50%	0%	2.99%
24 months and within 5 years	60%	0%	20.40%
5 years and within 10 years	70%	0%	25.87%
10 years and above	80%	0%	19.90%

### Investment performance 1 April to 30 September 2024

- 4.6 Funds available for investment are available on a temporary basis because the council prioritises keeping borrowing to a minimum and only invests surplus funds retained to meet its commitments. The level of funds available is mainly dependent on the timing of precept payments, receipt of grants and funding of the Capital Programme.
- 4.7 The Bank of England has not cut interest rates as was forecast when the budget was set and as a result there is currently a positive variance of (£0.168m) on investment income. Table 4 below shows the investment position during and at the end of the reporting period.

Table 6: Investment Position

	Investment Amount £m	Average Interest Rate	Interest Earned Budget £m	Interest Earned Actual £m	Variance to Date £m
April to Sept 24	28 (average)	5.34%	(0.575)	(0.743)	(0.168)
As at 30/09/24	32	5.08%	-	-	-

- 4.8 As a comparison, Table 7 below shows average money-market rates keeping in mind that the council has an average investment period of 30 days.

Table 7: Average investment rates for the reporting period

	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.20	5.21	5.20	5.17	5.08
High Date	02/04/2024	03/05/2024	27/06/2024	17/04/2024	31/05/2024	30/05/2024
Low	5.00	4.95	4.90	4.79	4.58	4.17
Low Date	01/08/2024	01/08/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
Average	5.17	5.12	5.11	5.06	4.96	4.75
Spread	0.25	0.25	0.31	0.41	0.58	0.91

- 4.9 While the council is always looking for ways to invest sustainably (or green investments) this must be done within the criteria laid out in the approved Treasury Management Strategy with counterparties that meet the council's investment criteria. Security, liquidity and yield remain the primary investment considerations as required by the Treasury Management Code.

The council continues to invest in three Money Market funds that meet the criteria pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (Regulation EU/2019/2088). These are highlighted in green in the full list of current investments in Table 8 below.

- 4.10 A full list of current investments is shown in Table 8 below:

Table 8: Investments

Counterparty	Principal Deposited £m	Maturity Date / Notice period
<u>Fixed Term Deposits</u>		
East Hertfordshire District Council	5.00	14/10/24
Wrexham County Borough Council	3.00	17/10/24
Bedford Borough Council	5.00	18/10/24
SMBC Bank International Plc	3.00	06/12/24
Development Bank of Singapore	3.00	19/12/24
London Borough of Barking & Dagenham	3.00	20/01/25
Qatar National Bank	3.00	13/02/25
<u>Money Market Funds</u>		
Legal & General Investment Management	3.30	Same day
Federated Investors UK	4.00	Same day
Northern Trust Asset Managements	0.02	Same day
CCLA Investment Management Limited	0.02	Same day
Goldman Sachs Asset Management	0.02	Same day
<b>TOTAL</b>	<b>32.36</b>	

- 4.11 Compliance with investment limits are detailed in Table 9 below:

Table 9: Investment Limits

Counterparty	2024/25 Limit £m	Complied?
UK Central Government	Unlimited	Yes
Other Local Authorities	5 each	Yes
Any group of organisations under the same ownership	5 per group	Yes
Approved counterparties – Banks/Building Societies	3 each	Yes
Any group of pooled funds under the same management	5 per manager	Yes
Money Market Funds total	15 in total	Yes

## Non-treasury investment activity

- 4.12 The definition of investments in CIPFA's revised Treasury Management Code covers all the financial assets of the council. This is replicated in the government's Statutory Guidance on Local Government Investments, in which the definition of investments is further broadened to also include all such assets that provide a financial return.
- 4.13 As of 30 September 2024, the council holds £102.4m of investments that qualify under the code in the form of shares (£35.6m) and loans (£66.8m) to subsidiary companies and other organisations, primarily Graven Hill and Crown House.
- 4.14 The loan elements of these non-treasury investments generate a higher rate of return than that earned on treasury investments due to the commercial nature of the loans issued. Table 7 below shows the investment position for this reporting period.

Table 10: Non-treasury Investment Position

	Investment Amount £m	Average Interest Rate	Interest Earned Budget £m	Interest Earned Actual £m	Variance to Date £m
April to Sept 24	66.75 (average)	6.76%	(1.919)	(1.904)	0.015
As at 30/09/24	66.75	6.76%	-	-	-

## Overall performance

- 4.15 The overall performance for the mid-year review April to September 24, is:

Table 11: Overall Treasury Position for the Period

	Budget 24/25 £m	Actual 24/25 £m	Variance to date £m
Borrowing costs	2.230	1.972	(0.258)
Other interest payable	0.000	0.000	0.000
Treasury income	(0.575)	(0.743)	(0.168)

Non-treasury income	(1.919)	(1.904)	0.015
<b>Total cost/(income)</b>	<b>(0.264)</b>	<b>(0.675)</b>	<b>(0.411)</b>

- 4.16 The accounting transaction to account for the S106 interest (budgeted for under Other Interest) will only be done at year end. The full year forecast reflects a surplus due to the interest rates remaining higher than forecast.

Table 12: Overall Treasury Position Forecast to Year End

	<b>Full Year Budget £m</b>	<b>Full Year Actual £m</b>	<b>Full Year Variance £m</b>
Borrowing costs	4.711	4.702	(0.009)
Other interest payable	0.769	0.780	0.011
Treasury income	(1.151)	(1.245)	(0.094)
Non-treasury income	(4.487)	(4.510)	(0.023)
<b>Total cost/(income)</b>	<b>(0.158)</b>	<b>(0.273)</b>	<b>(0.115)</b>

## Interest rate forecast

- 4.17 The council has appointed Link Group as its treasury advisors and part of their service is to assist the council to formulate a view on interest rates. The latest forecast sets out a view that short, medium and long-dated interest rates will fall back over the next year or two.

Table 13: Link Forecast Rates published on the 28<sup>th</sup> May 2024

Link Group Interest Rate View	28.05.24									
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
<b>BANK RATE</b>	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

## 5. Alternative Options and Reasons for Rejection

- 5.1 The nature of this report is such that alternative options are not appropriate. It is an option to request further information on the performance reported.

## 6 Conclusion and Reasons for Recommendations

- 6.1 This report details the Treasury Performance for the council for the first half of 2024/25. It is submitted to the Accounts, Audit and Risk Committee for information as required by the Treasury Management Code of Practice.



## Decision Information

<b>Key Decision</b>	N/A
<b>Subject to Call in</b>	N/A
<b>If not, why not subject to call in</b>	N/A
<b>Ward(s) Affected</b>	All

## Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	Prudential Indicators
<b>Background Papers</b>	None
<b>Reference Papers</b>	<p>Treasury Management Report – Q1 2024/25 (June 2024)  <a href="https://modgov.cherwell.gov.uk/documents/s56552/Treasury%20Management%20Report%20Q1%202024%2025.pdf">https://modgov.cherwell.gov.uk/documents/s56552/Treasury%20Management%20Report%20Q1%202024%2025.pdf</a></p> <p>Treasury Management Report – Annual Performance Report 2023/24 with Capital Prudential indicators  <a href="https://modgov.cherwell.gov.uk/documents/s56500/Treasury%20Management%20Outturn%20Report%202023%2024.pdf">https://modgov.cherwell.gov.uk/documents/s56500/Treasury%20Management%20Outturn%20Report%202023%2024.pdf</a>  <a href="https://modgov.cherwell.gov.uk/documents/s56501/Appendix%201%20Prudential%20indicators%202023%2024%20Outturn%20report.pdf">https://modgov.cherwell.gov.uk/documents/s56501/Appendix%201%20Prudential%20indicators%202023%2024%20Outturn%20report.pdf</a></p> <p>Treasury Management Strategy 2024-25 approved 26 February 2024  <a href="https://modgov.cherwell.gov.uk/documents/s55393/Appendix%202021%20-%20Treasury%20Management%20Strategy%202024-25.pdf">https://modgov.cherwell.gov.uk/documents/s55393/Appendix%202021%20-%20Treasury%20Management%20Strategy%202024-25.pdf</a></p>
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<b>Corporate Director Approval</b>	Report of Statutory Officer, Section 151 Officer



## Appendix 1 – Capital Prudential Indicators

### 1. Introduction

This appendix is structured to update members on:

- The council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

### 2. Capital Expenditure

This provides a summary of the council's capital expenditure for 2024/25. It reflects the original estimate from the 2023/24 Treasury Management annual performance report, the current actual spent as well as the revised position for 2024/25.

Table A1: Capital Expenditure

	2024/25 Original Estimate £m	2024/25 Current Position £m	2024/25 Revised Estimate £m
Service Loans			
Capital Projects	26.8	2.4	18.6
New Finance Lease and PFI			
New Projects (not yet approved by Full Council)			
<b>Total Capital Expenditure</b>	<b>26.8</b>	<b>2.4</b>	<b>18.6</b>
Financed by:			
Capital Receipts (Asset Disposals)			
Capital Receipts (Loan Principal)			
Revenue Contributions			
Grants and other contributions (existing projects)	(10.8)	(0.7)	(4.5)
Grants and other contributions (new projects)			
Finance Lease and PFI liabilities			
<b>Total financing</b>	<b>(10.8)</b>	<b>(0.7)</b>	<b>(4.5)</b>
<b>Net financing need for year</b>	<b>16.0</b>	<b>1.7</b>	<b>14.1</b>

The current position and revised estimates have been taken from the mid-year forecasting. This indicator reflects that most of the capital expenditure is expected to take place in the 3<sup>rd</sup> and 4<sup>th</sup> quarter, however delays could lead to reprofiling spend to 2025/26.

### 3. Capital Financing Requirement

The Capital Financing Requirement (CFR) shows the difference between the council's capital expenditure and the revenue or capital resources set aside to finance that spend.

The CFR will increase when capital expenditure takes place and will reduce as the council makes Minimum Revenue Provision (MRP) or otherwise sets aside revenue or capital resources to finance expenditure.

Table A2: Capital Financing Requirement

	2024/25 Original Estimate £m	2024/25 Revised Estimate £m
Opening CFR	236.3	234.4
Capital Spend	26.8	18.6
Resources used	(10.8)	(4.5)
MRP	(4.1)	(3.9)
<b>Closing CFR</b>	<b>248.2</b>	<b>244.6</b>

This reflects the reduction in capital expenditure forecast for 2024/25.

### 4. Gross Debt and the Capital Financing Requirement

A council should only borrow to support a capital purpose, and borrowing should not be undertaken for revenue or speculative purposes.

The council should ensure that gross debt does not, except in the short-term, exceed the total of the CFR. If the level of gross borrowing is below the council's capital borrowing need – the CFR – it demonstrates compliance with the requirement of this Indicator.

Table A3: Gross Debt & Capital Financing Requirement

	24/25 Original Estimate £m	24/25 Revised Estimate £m
CFR	248.2	244.6
Gross borrowing	185.0	180.0
<b>Under / (over) borrowing</b>	<b>63.2</b>	<b>64.6</b>

This indicator shows that the council is under borrowed, and that debt is only being used to support capital expenditure. Under borrowing indicates that the council has been prudent and used internal borrowing to reduce the interest cost that is associated with external borrowing.

## 5. Operational Boundary and Authorised Limit

Estimated gross borrowing together with the level of other long-term liabilities are used to reveal the possible level of external debt. This clarifies the council's overall level of possible external debt in comparison to the council's Operational Boundary and Authorised Limit.

The Operational Boundary is the limit beyond which external debt is not normally expected to exceed.

Unlike the Authorised Limit, the Operational Boundary is not an absolute limit, but it reflects the council's expectations of the level at which external debt would not ordinarily be expected to exceed.

Table A4: Estimated Debt, Operational Boundary and Authorised Limit

	2024/25 Original Estimate £m	2024/25 Revised Estimate £m
Borrowings	185.0	180.0
Internal Borrowing	63.2	64.6
Other long-term liabilities	28.7	28.7
<b>2024/25 Debt Estimate</b>	<b>276.9</b>	<b>273.3</b>
<b>2024/25 Operational Boundary</b>	<b>290</b>	<b>290</b>
<b>2024/25 Authorised Limit</b>	<b>310</b>	<b>310</b>

The council continues to have debt below its operational boundary, indicating that the council is effectively managing its debt and cashflows.

## 6. Financing cost to Net Revenue Stream

This Indicator shows the trend in the cost of capital (borrowing and other long-term obligation costs) against the net revenue stream. Funding includes income such as Council tax and Business Rates, as well as new homes bonus and revenue support grant, but excludes income from investments and other government grants.

Table A5: Ratio of Financing costs to Net Revenue stream

	2024/25 Original Estimate £m	2024/25 Revised Estimate £m
Interest costs on existing borrowing	5.0	4.7
MRP	4.1	3.9
<b>Total Financing Costs</b>	<b>9.1</b>	<b>8.6</b>
Funding	27.0	27.0
Non-specific grant income	3.5	3.5
<b>Net Revenue Stream</b>	<b>30.5</b>	<b>30.5</b>
<b>Ratio of Financing costs</b>	<b>29.7%</b>	<b>28.2%</b>

This indicator shows that the ratio of financing costs to net revenue streams is high, however what this does not consider is that a large proportion of the council's financing costs are offset by the interest from on-lending to the council's subsidiaries, and income generated by the revenue generating assets acquired as part of the regeneration programme. See item 7 below for detail on this.

## 7. Net Income from Service Investment Income to Net Revenue Stream

The next indicator is the Net income from Commercial and Service investments Income to Net Revenue Stream. This Indicator shows the financial exposure of the council to the loss of its non-treasury investment income.

The council does not hold any commercial investments. All investments that are not treasury related are service investments, the majority relating to housing and regeneration.

Table A6: Ratio of Investment Income to Net Revenue stream

	2024/25 Original Estimate £m	2024/25 Revised Estimate £m
Income from long term investments	4.5	4.5
Income from assets	5.4	5.3
<b>Total Investment income</b>	<b>9.9</b>	<b>9.8</b>
Funding	27.0	27.0
Non-specific grant income	3.5	3.5
<b>Net Revenue Stream</b>	<b>30.5</b>	<b>30.5</b>
<b>Ratio of investment income</b>	<b>32.4%</b>	<b>32.1%</b>

The last two ratios dovetail, as much of the debt was incurred with the expectation of non-treasury investment income that would in part offset the financing costs. Deducting the Ratio of net income from Service Investments from the Ratio of Financing costs reveals the affordability ratio.

Table A7: Affordability Ratio

	2024/25 Original Estimate	2024/25 Revised Estimate
Ratio of Financing costs	29.7%	28.2%
Ratio of Investment income	32.4%	32.1%
<b>Affordability ratio</b>	<b>(2.7%)</b>	<b>(3.1%)</b>

The affordability ratio shows that the council has an overall net revenue income for capital financing.

There is no established Local Authority benchmark for this ratio as activities differ widely across the sector. Interest earned on Treasury investment is not taken into account in either of the calculations.

## Accounts, Audit and Risk Committee Work Programme 2024/25

Date	Agenda Items
<b>15-Jan-25</b>	Internal Audit Progress Update Counter Fraud Update External Audit update Capital and Investment Strategy and Draft Treasury Management Strategy 2024/25 AGS 2023/24 Actions Update Local Code of Corporate Governance Work Programme Update External Auditor - Private Session confirmed <i>TBC Chief Internal Auditor - Private Session</i>
<b>19-Mar-25</b>	Treasury Management Q3 Update Housing Benefit Risk Based Verification Policy Counter Fraud Work Programme 2025/26 Internal Audit Work Programme 2024/25 AGS 2024/25 Annual Report of AARC External Audit: Final Audit Results Report 2023/24, final letter of rep & final statement of accounts Accounting Policies 2024/25 Work Programme Update

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