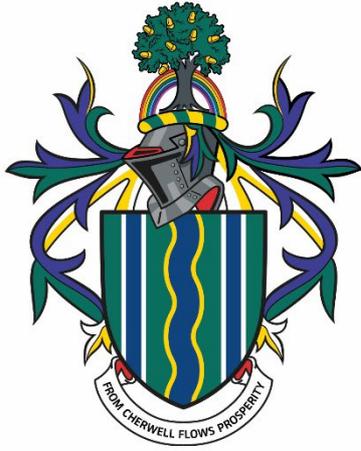


Appendix three



Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

DRAFT

Statement of Accounts

2021/22

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Introduction

Welcome to Cherwell District Council's Statement of Accounts for the year ending 31 March 2022.

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

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

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

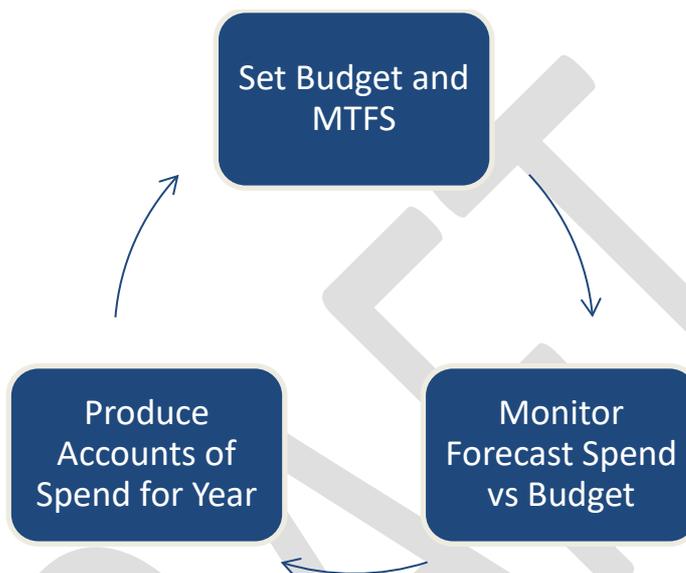
Yvonne Rees
Chief Executive
Cherwell District Council
PO Box 27
Banbury
Oxfordshire
OX15 4BH

Narrative Statement – Overview of 2021/22

Executive Member's Narrative

As Lead Member for Finance and Resources I would like to welcome you to the Cherwell District Council 2021/22 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 ambitious capital programme.

2021/22 proved to be a hugely challenging but successful year for Cherwell District Council delivering on its objectives and playing a vital role supporting residents and businesses through the COVID-19 pandemic.

- We delivered 452 Affordable homes and 1,104 housing completions during 2021/22
- 701 households with vulnerable residents were helped living independently through small works or adaptations to homes.
- Our housing team supported 69 rough sleeping individuals into suitable accommodation; secured 96 new placements in temporary accommodation, as well as 94 Households; opened 723 homelessness cases. Of those, 458 needed advice only and have been closed, another 165 have been prevented from becoming homeless. Also, 124 cases have been relieved, 16 statutory duty cases have been accepted and 18 had the full homeless duty discharged
- 321 reports of abandoned vehicles were dealt with; also, 128 reports of dog fouling and 79 reports of stray dogs were followed up.

- We collected a total of 27,950 tonnes of residual waste during 2021/22 of which 55.3 per cent of the waste collected was recycled or composted.
- During March 2022, we rolled out a new weekly food waste service which was the biggest change to bin rounds in 10 years. We are now emptying 69,000 caddies every month.
- West Northamptonshire's bin lorries contract was awarded to Cherwell, so we are to look after a fleet of 22 heavy goods vehicles, one road sweeper and 10 smaller vehicles, serving around 41,000 households and 600 businesses.
- Over 3,012 families and 7,912 individuals used our families active sporting together (FAST) programme, helping families in Banbury, Bicester and Kidlington to get active.
- We changed the focus of our Holiday Hubs, and delivered physical activities, at holiday periods, and lunch, for children eligible, both free of charge. 11,000 children accessed this provision, as part of the Holiday Activity Fund.
- Street Tag had the highest sign-up rate in the country, with 3,000 users and 39 out of 47 schools participating, in Cherwell, during 2021-22.
- £14.2m grants paid to businesses in 2021/22 to support them through the Covid-19 pandemic
- In 2021, we joined the Sunflower Scheme promoting awareness and acceptance of visible and invisible disabilities
- We are leading the way in cutting our carbon emissions by up to 25 per cent, in a boost to reach net zero by 2030. A £6m grant, awarded through the Public Sector Decarbonisation Scheme, will slash the environmental impact of our estate.

All of the above was achieved within budget. In addition, we have set a budget for 2022/23 which will:

- allow the Council to support Cherwell in its recovery from the COVID-19 pandemic
- ensure the Council has contingencies in place to support its services through the economic recovery in Cherwell
- help the Council prepare for the challenges we know we will face in the near future related to
 - the review of local authority funding as part of the Government's forthcoming fair funding review;
 - the changes we face with business rates reset; and 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 pandemic, the Council remains absolutely committed to deliver its priorities and ensure that Cherwell remains a place for all.

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

Councillor Adam Nell
Executive Member for Finance

DRAFT

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 2021/22.

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

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

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 from the Office for National Statistics released in June 2021 totalling 151.8k (mid-2020). The Oxfordshire Housing-led projection is that it will increase to 190.0k by 2030.

Since 2019, the population of Cherwell district increased by 1,343 to 151,846. (By comparison the total population in Oxfordshire is 696,900 of which Cherwell's population is 22 per cent).

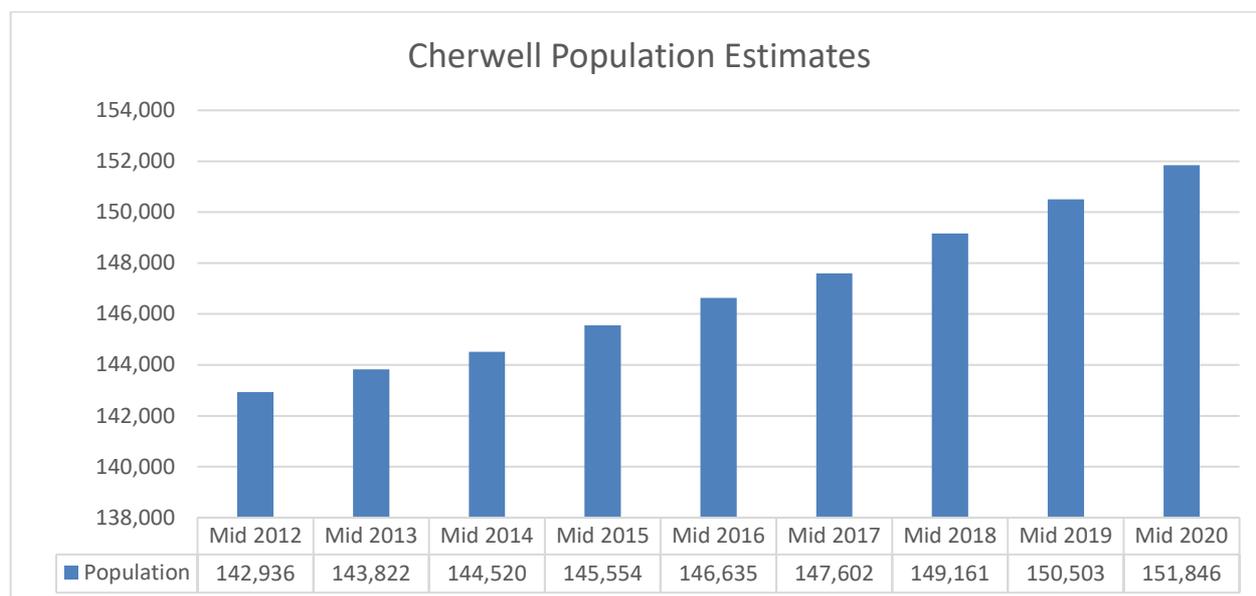


Figure 1- Time series bar chart showing the total population of Cherwell mid-2011 to mid-2020

There are currently 69,286 houses that are subject to council tax (December 2021).

Strategic priorities for Cherwell District Council

Cherwell District Council's ambition, as set out in our published Business Plan 2021/22, 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 2021/22 reflect the Council's commitment for the district to achieve:

Housing that meets your needs

- Deliver affordable housing;
- Raise standards in rented housing;
- Support our most vulnerable residents;
- Promote innovative housing schemes;
- Deliver the Local Plan;
- Support vulnerable people.

Leading on environmental sustainability

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

An enterprising economy with strong and vibrant local centres

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

Healthy, resilient and engaged communities

- Provide opportunities to support active lifestyles;
- Improve and develop the quality of local sport and leisure facilities;
- Promote health and wellbeing in our communities to help create a more inclusive 'Including Everyone' community and workplace;
- Support community and cultural development;
- Working with partners to address the cause of health inequality and deprivation;
- Working with partners to reduce crime and anti-social behaviour.



Themes

The themes on which we develop the organisation are:

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

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

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

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

Climate Action: Transform our organisation to deliver its carbon neutral commitments.

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 reports monthly on performance against 40 Business Plan Measures. The table below summarises the progress we have 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 | 34 | 85 |
| Amber | Slightly off target | 5 | 13 |
| Red | Off target | 1 | 2 |

Housing that meets your needs

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

- Homes improved through enforcement action
- Overall, there were a total of 139 homes improved through enforcement action in 2021/22, against a yearly target of 108.
- Average time taken to process Housing Benefit change events
- This is reporting Green at year end, which is an excellent 5.1 days average against a target of 8 days.

Leading in 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.

- Waste recycled and composted
55.3 per cent of the waste collected in the District has been recycled or/and composted during 2021/22, with 10,123 tonnes of dry recycling and 20,576 tonnes of Garden/Food waste collected.
- Tackling environmental crime
During 2021 -22 1,093 fly tips were reported but only those where evidence was found in their waste, which accounted for 686 cases, were investigated. Also, 321 reports of abandoned vehicles were dealt with, 128 reports of dog fouling, and 79 reports of stray dogs were followed up.

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.

- Secure investment in our town centres
Castle Quay Waterfront in Banbury enjoyed the opening of the new Lidl supermarket and 117 bedroom Premier Inn, as well as a new pedestrian footbridge over the Oxford Canal. This exciting revival of central Banbury's canal side area will be completed by The Light, an amazing 55,000 square foot entertainment space spanning three floors with a premium seven screen cinema, 10 lane bowling alley, indoor climbing walls, restaurant terrace and bar, together with three further waterfront restaurants including Nando's and Pizza Express
- Promote the district as a visitor destination;
The Council worked with Experience Oxfordshire, the county's official Destination Management Organisation, to support the district's visitor economy, which was severely challenged by the pandemic. A new digital Oxfordshire Hospitality Guide was launched in April 2021 and a new digital Oxfordshire Visitor Guide in February 2022.

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.
- Provide opportunities to support active lifestyles;
- Street Tag, a family-friendly game app that rewards primary school pupils, communities and schools for physical activity. With the highest sign-up rate in the country of 3,000 users, 39 out of 47 schools in Cherwell participating during 2021/22.
- Promote health and wellbeing in our communities to help create a more inclusive 'Including Everyone' community and workplace.

[Story Map](#), is a new tool created by digital specialists to help the council to know more about residents and target support to those who need it most. Cherwell is the first council to develop the system; this software provides information that enables a tailored approach to service provision with data that was already public and creates a rounded picture of life in specific locations. This technology was developed in partnership with Active Oxfordshire, Sport England and Public Health England.

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 (Yvonne Rees) 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 2022 the Council's staff complement stood at 476.64 FTE (full-time equivalent) posts, representing 513 employees. The FTE and headcount figures differ because the Council has a number of staff that work part time hours. Staff are structured into directorates, each responsible for a group of services and functions in support of the delivery of the [Council's Vision and Business Plan](#).

The Council has been working in partnership with Oxfordshire County Council since October 2018. The Council voted to end the partnership at its meeting on 8 February 2022. Work is now progressing to work through the “decoupling” of the two organisations and agree 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 2021/22 we continued to develop and strengthen our risk management activities. This helped us to ensure that we continue to identify and address any uncertainties relating to the achievement of our priorities.

The most significant risks facing the Council (Leadership Risks) are reported to the Executive in our monthly Performance, Finance and Risk Monitoring Reports. Leadership risks are those that could impact on the performance of the Council as a whole, and in particular on its ability to deliver its strategic priorities.

The Council has maintained a focus on its financial resilience and on the impact of COVID-19 in our communities and customers during the year; reporting these two as the highest risks facing the Council. Both are closely related to the effects of the pandemic, due to the pressures generated as a consequence of it on our finances and community resilience.

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 Senior Management 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.

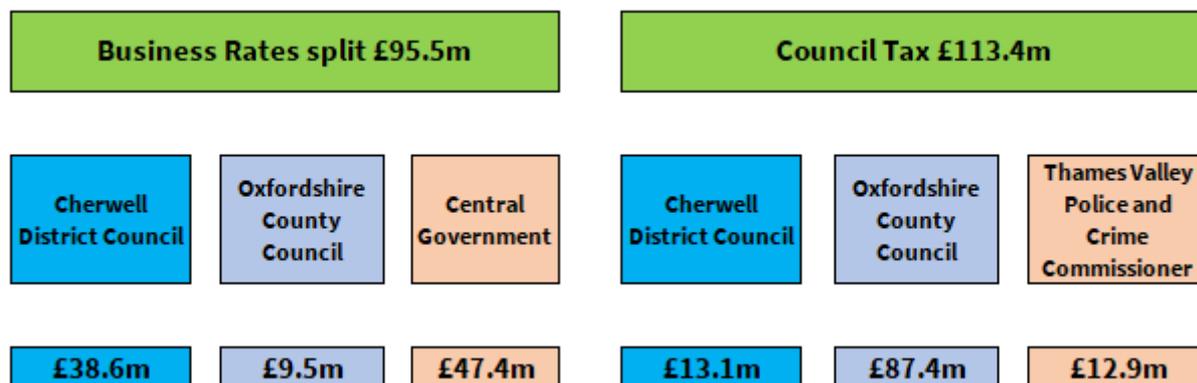
As the COVID-19 pandemic was ongoing when the Council set its 2021/22 budget, significant contingencies were built into the budget to address potential ongoing impacts and financial uncertainties. Including these contingencies allowed the Council to set a balanced budget whilst providing the security 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 £95.5m and Council Tax of £113.4m was budgeted and distributed in 2021/22 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 2022, the Council expected to retain a net £10.5m of business rates related income after all the allocations are taken into consideration.

Normally the Council would expect to collect business rates and council tax in line with its budget assumptions with relatively small variances. However, due to the Covid-19 pandemic, the Government provided up to 100 per cent business rates relief to those businesses identified as being most severely impacted by the pandemic. This meant that the actual business rates income to be collected in 2021/22 was far lower than expected when the budget was set.

In response, the Government compensated authorities for the loss of business rates as a result of COVID-19 related reliefs, allowing the Council to meet its budgetary commitments to the County and Central Government, pay its tariff and retain resources to support services. The Council collected £75.0m Business Rates compared to the £95.5m it budgeted to collect and distribute.

Pension Liabilities

The amounts payable by the Council in future years are partly offset by the value of the assets invested in the pension fund. The value of the pension fund net liability at 31 March 2022 is £76.8m; this reflects an improvement of £18.8m from the 31 March 2021 net liability position of £95.6m.

Contingencies

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

On 1 April 2021 the total provision for business rate appeals was £21.056m of which the Council's 40 per cent share was £8.423m. During the financial year £4.994m was charged to the provision for successful appeals in 2021/22 which have been previously provided for.

After reflecting the amounts charged to the provision in 2021/22, 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 2021/22 overall provision for business rates appeals increased to £21.060m of which the Council's 40 per cent share is £8.424m.

- Appeals provision 2020/21: £8.423m
- Appeals provision 2021/22: £8.424m

Council Funding 2021/22

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).

| 2021/22 Revenue Budget Funding | Budget £m | Actual £m | Variance £m |
|---------------------------------------|------------------|------------------|--------------------|
| Government Grants | (0.000) | (0.120) | (0.120) |
| Council Tax | (7.682) | (7.704) | (0.022) |
| Business Rates related income | (10.152) | (10.171) | (0.019) |
| New Homes Bonus | (4.539) | (4.423) | 0.116 |
| Total Funding | (22.373) | (22.418) | (0.045) |

Revenue Financial Outturn Position

Cherwell District Council set a balanced budget in February 2021 for the 2021/22 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.

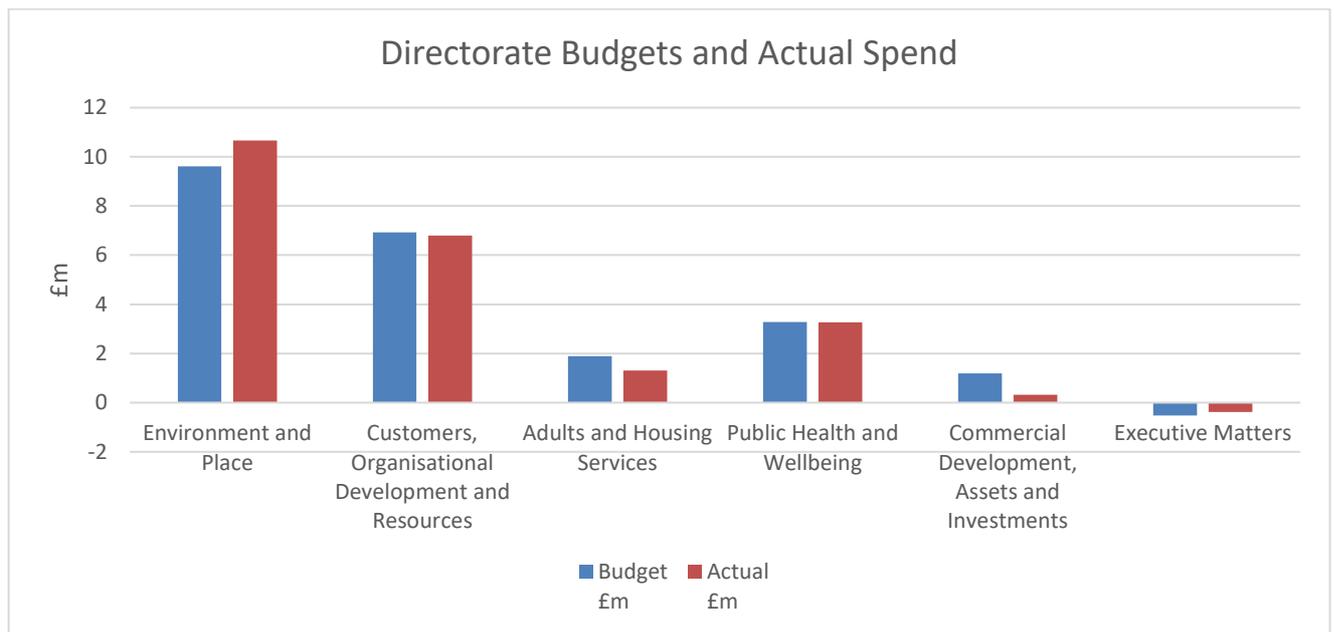
During 2021/22 the coronavirus COVID-19 pandemic continued to impact on the Council and measures were left in place to record the related additional spending and loss of income across Cherwell District Council's activities. The total financial impact of the pandemic has been calculated to be £1.888m during 2021/22 with some additional government funding provided to local authorities to help manage those additional costs and losses of income.

Regular monitoring reports were considered by the Council's Executive and the Council expected to deliver the balanced budget by the 2022 year end. At the year end an overall underspend of (£0.430m) against the budget was delivered after taking into account the variances on both the Cost of Services (underspend of £0.385m) and Total Income (under budget by £0.045m).

The table below summarises the 2021/22 financial outturn position across the Council:

| Financial Outturn | Budget £m | Actual £m | Variance £m |
|---|---------------|----------------|----------------|
| Adults and Housing Services | 1.898 | 1.312 | (0.586) |
| Commercial Development Assets and Investments | 1.190 | 0.320 | (0.870) |
| Customers, Organisational Development and Resources | 6.922 | 6.797 | (0.125) |
| Environment and Place | 9.608 | 10.667 | 1.059 |
| Public Health and Wellbeing | 3.281 | 3.273 | (0.008) |
| Total Directorates | 22.899 | 22.369 | (0.530) |
| Executive Matters | (0.526) | (0.381) | 0.145 |
| Total Cost of Services | 22.373 | 21.988 | (0.385) |
| Income | (22.373) | (22.418) | (0.045) |
| Total Net Cost of Services | 0.000 | (0.430) | (0.430) |

In summary, the Council saw an overall underspend of (£0.530m) (2.3 per cent) across it's directorates, against a budget of £22.899m.



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

COVID-19 Impact

Whilst COVID-19 had a major impact on the Council's services and financial situation throughout 2020/21, it has continued to have an impact on services throughout 2021/22.

The Council has continued to suffer major losses of anticipated income, in particular from car parks and from its commercial properties. The Council has not experienced significant additional costs to the services it provides in the same way that it did in 2020/21.

Due to the Council setting aside contingencies within its budget for 2021/22 in anticipation of challenges related to COVID-19, resource was available to mitigate the impacts of the lost income on the Council.

Overall the cost of COVID-19 to the Council has been £2.721m in 2021/22. This was offset by £0.833m support from the Government. No support was provided for losses in commercial income. Overall the net cost of COVID-19 to the Council was £1.888m.

The Council has also faced the continuing challenge of paying out significant levels of grant support to businesses and individuals.

Business Grants

Overall the Council has paid out £14.2m of grants to businesses in 2021/22 to support them through the pandemic. £9.7m grant payments have been made in line with national requirements where the Council has acted as agent, on behalf of the Government.

A further £4.5m have been paid using local, discretionary policies, where the Council has received funding from the Government and determined the most appropriate way in which it can be allocated to local businesses.

The table below provides a breakdown of the Grant payments made to businesses in 2021/22:

| COVID-19 Business Grant Payments in 2021/22 | £m |
|--|--------------|
| National Schemes | |
| Local Restrictions Support: | |
| Closed Addendum Lockdown 2 | 0.14 |
| Closed Addendum (Tier 4) | 0.07 |
| Closed Addendum (05/01/21 onwards) | 0.72 |
| Closed Business Lockdown (CBLP) | 0.64 |
| Restart | 7.07 |
| Omicron Hospitality & Leisure | 1.03 |
| Subtotal National Schemes | 9.67 |
| Local Discretionary Schemes: | |
| Local Restrictions Support Open (Tier 2) | 0.01 |
| Additional Restrictions | 4.52 |
| Subtotal Local Discretionary Schemes | 4.53 |
| Total Business Grant Payments | 14.20 |

Individual Funding

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

The Council has also made payments to those who have been required to isolate and have suffered financial hardship throughout 2021/22 as shown in the table below.

Test and Trace Grant Payments

| Scheme | Number of payments | £m |
|----------------------|--------------------|-------|
| Statutory Scheme | 767 | 0.383 |
| Discretionary Scheme | 508 | 0.254 |

Financial Position

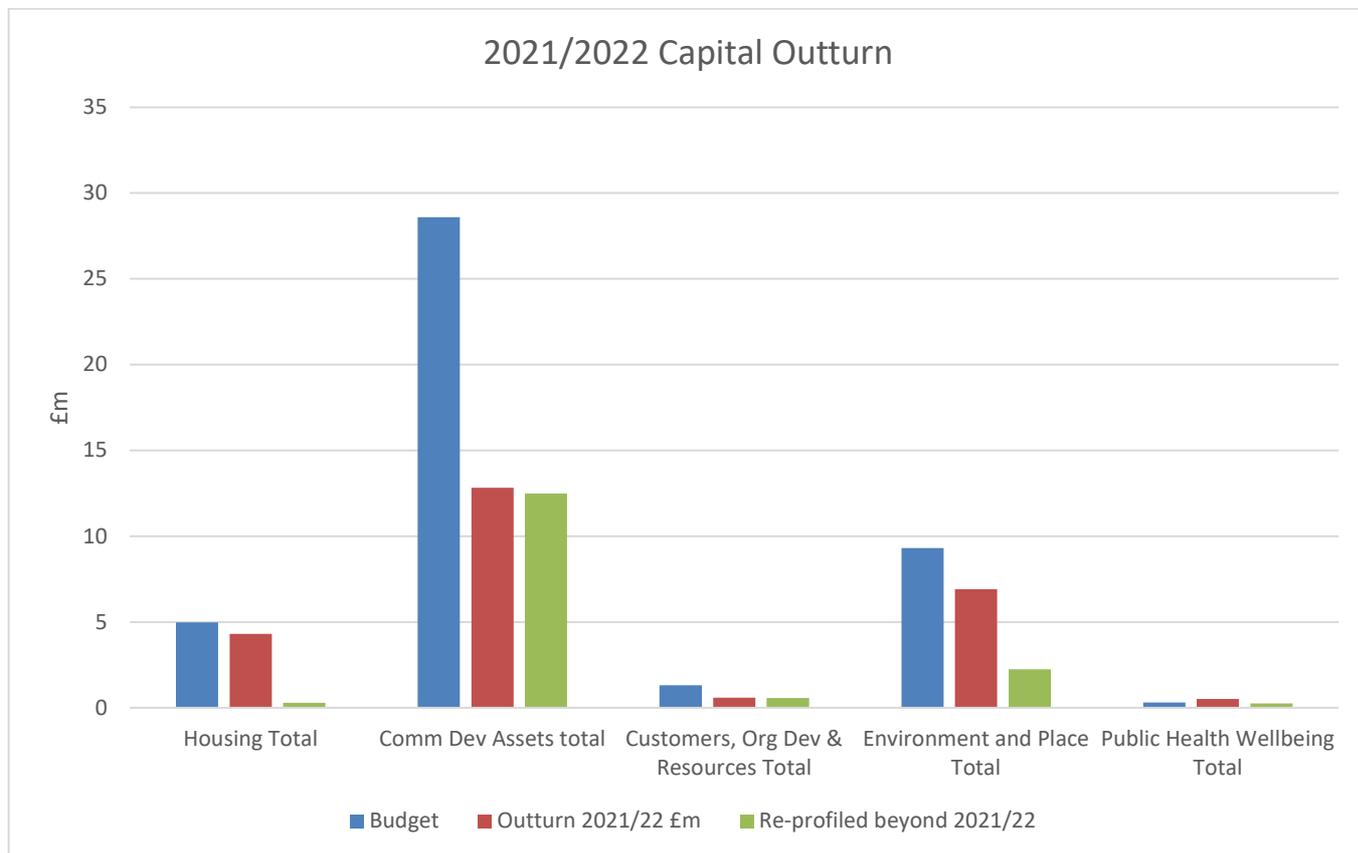
The Council maintains a sound financial position in the current financial climate.

| 31st March 2021 | | | 31st March 2022 | | |
|---|---|--------------------------------|---|---|--------------------------------|
| 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 |
| £303m | | £59m | £292m | | £54m |
| + | | = | + | | = |
| Net current assets (debtors, creditors and (£65m) | (£233m) | + | Net current assets (debtors, creditors and cash) (£71m) | (£217m) | + |
| | | Unusable Reserves (£54m) | | | Unusable Reserves (£50m) |
| Net assets £5m | | | Net liabilities (£-4m) | | |

The resultant net liability 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 2021/22

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, which is due to be fully operational in June 2022.

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 will be opening a 55,000 square foot entertainment space over three floors, which will include 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 will anchor Waterfront's leisure offer. The Waterfront will also include three further restaurants including a Nando's and Pizza Express, which are set to open by early Summer 2022.

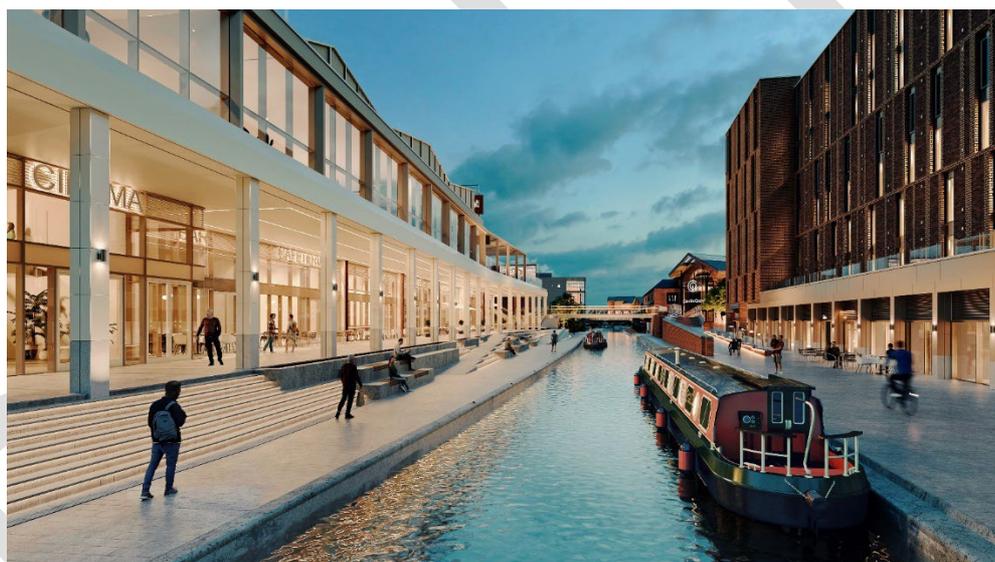
The tenants within Castle Quay are a mixture of well-known high-street names and independent stores including Boots, Tiger, Clarks, WHSmith, JD Sports, HMV, Pandora and New Look. New award-winning toilets, baby changing facilities and [Changing Places](#) toilets were also opened at the centre at the 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: CGI of 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 2021/22 are set out on pages 25 to 126.

The accounts bring together all the Council's financial statements for the year 2021/22 and show its financial position as at 31 March 2022. 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 2022 and of its income and expenditure for the 2021/22 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 2022 for the 2022/23 financial year. In setting the 2022/23 budget, the Council considered the future financial impacts of the COVID-19 pandemic that will feed into the economic recovery of Cherwell and the Council. A policy contingency budget of £3.6m has been developed which includes contingencies of £1.1m for potential increased commercial risk.

The level of business rates income and council tax base were reviewed resulting in losses of income against original plans due to forecast increases in council tax support claimants and a reduction in the number of businesses eligible to pay business rates. The Council continues to hold a £1.6m COVID-19 reserve to provide further contingency against the impacts of the pandemic. General Balances have also been increased to £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 Resource and 75 per cent business rates retention would not be implemented in 2022/23. Planning assumptions within the 2022/23 Medium-Term Financial Strategy now assume that there will be a business rates reset in 2023/24. A three-year Spending Review was announced in October 2021, However, the following Local Government Finance Settlement only announced a funding allocation for 2022/23. There is no indication of detailed local government funding levels for 2023/24 and beyond.

The Council agreed to end its Section 113 Partnership Arrangement with Oxfordshire County Council in February 2022. The process of agreeing how services will be provided in the future by the two Councils is ongoing with an aim to complete the separation within 6 months of the notice period beginning – i.e. by 31 August 2022, though both Councils have acknowledged that there may be services which have not fully decoupled by this point. An overarching principle is to ensure value for the Council Tax Payer throughout the decoupling. It is not envisaged that the costs of the Council will be any greater as an individual Council, but a separation contingency of £0.4m has been identified to mitigate any one-off costs that are required.

The Financial Statements

The Statement of Accounts sets out the Councils income levels and spending for the year and its financial position at 31 March 2022. The accounts include core and supplementary statements along with notes providing additional insight.

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

The Core Statements can be described as:

| | |
|--|--|
| <p>Comprehensive Income and Expenditure Statement</p> | <p>Shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.</p> |
| <p>Movement in Reserves Statement</p> | <p>Shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'useable reserves' (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>Balance Sheet</p> | <p>The balance sheet shows the values as at 31 March 2022 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>Cash Flow Statement</p> | <p>This summarises the changes in cash and cash equivalents during 2021/22. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.</p> |

The Supplementary Financial Statements are:

- **Notes to the Accounts** – these provide additional insight into the accounting policies and accounting transactions during the year
- **Collection Fund 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 companies and Crown House Banbury Limited. The Council also significantly funds Banbury Museum Trust which is not part of the group
- **The Annual Governance Statement** – this provides an overview of the governance arrangements and assessment of internal controls the Council has in place

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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 Council 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 2022.

Michael Furness

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

Chairman of Accounts, Audit and Risk Committee Certificate:

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

Councillor Donna Ford

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 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 21 | | | | Year Ending 31 Mar 22 | | |
|--|---------------|---|--|--|---------------|---|
| Net Expenditure Chargeable to the General Fund Balance | Adjustments | Net Expenditure in the Comprehensive Income and Expenditure Statement | Services | Net Expenditure Chargeable to the General Fund Balance | Adjustments | Net Expenditure in the Comprehensive Income and Expenditure Statement |
| £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 |
| 1,255 | 1,559 | 2,814 | Adults and Housing Services | 1,312 | 2,370 | 3,682 |
| 3,843 | 4,863 | 8,706 | Comm Dev Assets and Invests | 3,814 | 24,883 | 28,697 |
| 5,232 | 1,209 | 6,441 | Cust and Org Dev & Resources | 5,954 | 2,075 | 8,029 |
| 6,034 | 17,717 | 23,751 | Environment & Place | 10,621 | 11,198 | 21,819 |
| 3,272 | (1,402) | 1,870 | Public Health and Wellbeing | 3,273 | (366) | 2,907 |
| 19,636 | 23,946 | 43,582 | Net Cost of Services | 24,974 | 40,160 | 65,134 |
| (49,641) | 25,007 | (24,634) | Other Income and Expenditure | (12,428) | (20,433) | (32,861) |
| (30,006) | 48,953 | 18,948 | (Surplus) or Deficit on Provision of Services | 12,545 | 19,727 | 32,273 |
| (28,399) | | Opening Combined General Fund Balance | | (58,405) | | |
| 0 | | Adjustment to opening balance | | 0 | | |
| (30,006) | | Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis) | | 12,546 | | |
| (58,405) | | Closing Combined General Fund Balance | | (45,859) | | |

Comprehensive (Income) and Expenditure Statement

| Year Ending 31 Mar 21 | | | Directorates | | Year Ending 31 Mar 22 | | | |
|-----------------------|------------------|---------------|--------------|--|-----------------------|------------------|-----------------|-------|
| Expenditure | Income | Net | | | Expenditure | Income | Net | |
| £'000 | £'000 | £'000 | Notes | | | £'000 | £'000 | £'000 |
| 4,838 | (2,024) | 2,814 | | Adults and Housing Services | 5,668 | (1,986) | 3,682 | |
| 9,811 | (1,105) | 8,706 | | Comm Dev Assets and Invests | 30,906 | (2,209) | 28,697 | |
| 36,014 | (29,573) | 6,441 | | Cust and Org Dev & Resources | 34,945 | (26,916) | 8,029 | |
| 37,440 | (13,689) | 23,751 | | Environment & Place | 32,598 | (10,779) | 21,819 | |
| 4,060 | (2,190) | 1,870 | | Public Health and Wellbeing | 6,341 | (3,434) | 2,907 | |
| 92,163 | (48,581) | 43,582 | | Cost of Services | 110,458 | (45,324) | 65,134 | |
| 5,713 | 0 | 5,713 | 10 | Other Operating Expenditure | 5,451 | (834) | 4,617 | |
| 24,705 | (11,294) | 13,411 | 11 | Financing and Investment (Income) and Expenditure | 24,608 | (10,645) | 13,963 | |
| 0 | (43,758) | (43,758) | 12 | Taxation and Non-Specific Grant (Income) | 0 | (51,441) | (51,441) | |
| 122,581 | (103,633) | 18,948 | | (Surplus) or Deficit on Provision of Services | 140,517 | (108,244) | 32,273 | |
| | | 2,963 | 14 | (Surplus) or deficit on revaluation of Property, Plant and Equipment | | | (4,311) | |
| | | 23,517 | 35 | Remeasurement of the net defined benefit liability / (asset) | | | (26,718) | |
| | | 26,480 | | Other Comprehensive (Income) and Expenditure | | | (31,029) | |
| | | 45,428 | | Total Comprehensive (Income) and Expenditure | | | 1,244 | |

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 |
| Opening Balance at 31 March 2021 | (5,520) | (52,885) | (79) | (676) | (59,160) | 54,262 | (4,896) |
| Movement in reserves during 2021/22 | | | | | | | |
| (Surplus) or deficit on the provision of services | 32,273 | 0 | 0 | 0 | 32,273 | 0 | 32,273 |
| Other Comprehensive (Income) / Expenditure | 0 | 0 | 0 | 0 | 0 | (31,029) | (31,029) |
| Total Comprehensive (Income) and Expenditure | 32,273 | 0 | 0 | 0 | 32,273 | (31,029) | 1,244 |
| Adjustments between accounting basis and funding basis under regulations - Note 08 | (19,726) | 0 | (21) | (7,272) | (27,019) | 27,019 | 0 |
| Net (Increase) or Decrease before Transfers to Earmarked Reserves | 12,547 | 0 | (21) | (7,272) | 5,254 | (4,010) | 1,244 |
| Transfers (to) / from Earmarked Reserves - Note 09 | (12,978) | 12,978 | 0 | 0 | 0 | 0 | 0 |
| (Increase) or Decrease in 2021/22 | (431) | 12,978 | (21) | (7,272) | 5,254 | (4,010) | 1,244 |
| Closing Balance at 31 March 2022 | (5,951) | (39,907) | (100) | (7,948) | (53,906) | 50,252 | (3,652) |
| | 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 |
| Opening Balance at 31 March 2020 (restated) | (2,018) | (26,381) | (0) | (165) | (28,564) | (21,761) | (50,325) |
| Movement in reserves during 2020/21 | | | | | | | |
| (Surplus) or deficit on the provision of services | 18,948 | 0 | 0 | 0 | 18,948 | 0 | 18,948 |
| Other Comprehensive (Income) / Expenditure | 0 | 0 | 0 | 0 | 0 | 26,480 | 26,480 |
| Total Comprehensive (Income) and Expenditure | 18,948 | 0 | 0 | 0 | 18,948 | 26,480 | 45,428 |
| Adjustments between accounting basis and funding basis under regulations - Note 08 | (48,954) | 0 | (79) | (511) | (49,544) | 49,544 | 0 |
| Net (Increase) or Decrease before Transfers to Earmarked Reserves | (30,006) | 0 | (79) | (511) | (30,596) | 76,024 | 45,428 |
| Transfers (to) / from Earmarked Reserves - Note 09 | 26,504 | (26,504) | 0 | 0 | 0 | 0 | 0 |
| (Increase) or Decrease in 20/21 | (3,502) | (26,504) | (79) | (511) | (30,596) | 76,024 | 45,428 |
| Closing Balance at 31 March 2021 (restated) | (5,520) | (52,885) | (79) | (676) | (59,160) | 54,262 | (4,896) |

Balance Sheet

| 31-Mar-21 | | | 31-Mar-22 |
|------------------|-------|--------------------------------------|------------------|
| £'000 | Notes | | £'000 |
| 161,557 | 14 | Property, Plant and Equipment | 123,490 |
| 45,306 | 15 | Investment Property | 60,353 |
| 2,282 | 16 | Intangible Assets | 2,431 |
| 33,053 | 17 | Long Term Investments | 35,649 |
| 60,326 | 17 | Long Term Debtors | 69,635 |
| 302,525 | | Long Term Assets | 291,558 |
| 31,028 | 17 | Short-term Investments | 46,254 |
| 224 | 18 | Inventories | 253 |
| 42,516 | 19 | Short Term Debtors | 23,062 |
| 7,750 | 20 | Cash and Cash Equivalents | 4,905 |
| 81,518 | | Current Assets | 74,475 |
| (82,584) | 17 | Short-Term Borrowing | (87,605) |
| (52,503) | 22 | Short-Term Creditors | (36,694) |
| (1,469) | 23 | Provisions | (314) |
| (8,612) | 29 | Grants Receipts in Advance - Revenue | (19,606) |
| (777) | 29 | Grants Receipts in Advance - Capital | (1,485) |
| (145,945) | | Current Liabilities | (145,704) |
| (7,250) | 23 | Provisions | (8,409) |
| (102,000) | 17 | Long Term Borrowing | (112,000) |
| (95,654) | 35 | Pension Liabilities | (76,808) |
| (1,570) | 17 | Long Term Creditors | (1,562) |
| (4,174) | 29 | Grants Receipts in Advance - Revenue | (4,958) |
| (22,555) | 29 | Grants Receipts in Advance - Capital | (12,941) |
| (233,202) | | Long Term Liabilities | (216,678) |
| 4,896 | | Net Assets | 3,651 |
| (59,160) | 24 | Usable Reserves | (53,905) |
| 54,264 | 25 | Unusable Reserves | 50,254 |
| (4,896) | | Total Reserves | (3,651) |

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2022 and its income and expenditure for the year to 31 March 2022.

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-21 £'000 | Cash Flows from Operating Activities | Note | 31-Mar-22 £'000 |
|--------------------|--|-----------|--------------------|
| 18,948 | Net (Surplus)/Deficit on Provision of Services | | 32,273 |
| (3,096) | Depreciation & Impairment | 14 | (3,381) |
| (4,721) | Changes in Market Value of Property, Plant, Equipment | 14 | (20,718) |
| (367) | Amortisation of Intangible Assets | 16 | (498) |
| (17,787) | Changes in Fair Value of Investment Properties | 15 | (17,782) |
| (2,042) | Disposal of Assets | 14 | (558) |
| 37 | Changes in Inventory | 18 | 29 |
| 22,196 | Changes in Short term Debtors | 19 | (19,454) |
| (28,318) | Changes in Short term Creditors | 22 | 15,809 |
| (1,677) | Changes in Provisions | 23 | (4) |
| (22,884) | Changes in Net Pension Liability | 25 | 18,846 |
| 23,517 | Remeasurement of Net Defined Benefit Liability | 35 | (26,718) |
| 6 | Changes in long term creditors | 17 | 8 |
| 5,703 | Changes in long term debtors | 17 | 9,309 |
| 13,056 | Capital Grants Recognised | 29 | 18,954 |
| 1,883 | Proceeds on Disposal of Property, Plant & Equipment | 24 | 1,338 |
| 4,455 | Net Cash Flows from Operating Activities | | 7,452 |
| | Cash Flows from Investing Activities | | |
| 40,764 | Purchase of Property, Plant & Equipment | 14 | 14,895 |
| 1,999 | Purchase and Enhancement of Investment Property | 15 | 212 |
| 1,146 | Purchase of Intangible Assets | 16 | 647 |
| (1,883) | Proceeds from the Disposal of Property, Plant and Equipment | 24 | (1,338) |
| 17,980 | Net Changes in Short-term and Long-term Investments | 17 | 17,822 |
| 60,005 | Net Cash Flows from Investing Activities | | 32,239 |
| | Cash Flows from Financing Activities | | |
| (11,266) | Changes in Grants and Contributions | 29 | (2,872) |
| (13,056) | Capital Grants and Contributions Recognised | 29 | (18,954) |
| (43,077) | Cash Receipts of Short-term and Long-term Borrowing | 17 | (15,021) |
| 0 | Any other items for which the cash effects are investing or financing cash flows | | 0 |
| 0 | Changes in Council Tax and Business Rates Collected for Third Parties | 10 | 0 |
| (67,399) | Net Cash Flows from Financing Activities | | (36,847) |
| (2,939) | Net (Increase)/Decrease in Cash and Cash Equivalents in the Period | | 2,845 |
| 4,811 | Cash and Cash Equivalents at the Beginning of the Period | | 7,750 |
| 7,750 | Cash and Cash Equivalents at the End of the Period | 20 | 4,905 |
| | Items included in net cash flow from operating activities include: | | |
| (4,374) | Interest Receivable and similar income | 17 | (4,395) |
| 2,531 | Interest Payable (including Finance lease interest) | 17 | 2,227 |
| (1,843) | | | (2,168) |

Notes

Note 1 – Accounting Policies

General principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22 and the Service Reporting Code of Practice 2021/22, 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 and other economic pressures 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 2022 the Council had £10.1m 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 2022/23 Budget and Medium-Term Financial Strategy up to 2026/27 approved by Council in February 2022, the Council has set aside a contingency to cover potential COVID-19 costs and losses of income of £1.1m. In addition, £1.6m has been set aside in an earmarked COVID-19 reserve to meet unidentified costs associated with the pandemic. 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 Section 113 Partnership Arrangement with Oxfordshire County Council. This began a 6-month period to agree how the Councils would separate and/or which services would continue to be provided in a joint arrangement. The Council recognised that there may be some additional costs associated with this and set aside a contingency budget of £0.4m. It is envisaged that planned savings will still be deliverable, but to the extent that ongoing costs are identified as part of the separation, these will be addressed as part of the 2023/24 budget process.

The Council's Medium-Term Financial Strategy identifies that the Council needs to identify savings of £5.5m in 2023/24. This is primarily due to a forecast loss of resources from an anticipated business rates reset and phasing out of the New Homes Bonus Grant.

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

- Continue its partnering arrangements in the future including:
 - a) joint contracting and commissioning arrangements
 - b) continuing the journey to transform the way in which the Council delivers with other partners
- Overarching review of the Council's resources and priorities in order to maximise delivery against these. This will require savings proposals to be identified that focus on those areas that are of a lower priority to the Council.
- Begin targeted strategic delivery reviews across the council, taking into account the changing needs of the residents of Cherwell and the financial resources available to the Council. This, in combination with the review of priorities will ensure future service provision is focussed on the delivery of the Council's priorities.
- Considering further approaches to maximise the levels of income the Council can generate to support frontline services.
- "Growing our way" out of trouble by identifying opportunities with the right business cases
- Continuing to lobby policy makers, highlighting where we have been delivering growth and driving benefits to others

Whilst identifying £5.5m savings in 2023/24 will be a challenge, the Council has demonstrated that it is capable of identifying and delivering significant savings in recent years, following the revised budget introduced in 2020/21, the £4.3m savings identified in the 2021/22 budget and the £2.9m savings identified in the 2022/23 budget. Executive will receive monthly updates on the financial position throughout 2022/23, including progress against savings delivery. Progress against savings delivery is managed by the Budget Oversight Group and senior management.

In setting the 2022/23 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 2023 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 £201m in the period and includes

flexibility for additional borrowing of up to £109m 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 per cent share) Cherwell District Council (40 per cent share) and Oxfordshire County Council (10 per cent 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 2021/22.

1.2 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave - e.g., time off in lieu, flex-leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to the service account, but then reversed out through the Movement in Reserves Statement so that holiday benefits accrual has no impact on Council Tax and holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefit

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

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

Post-Employment Benefits

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

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

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

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

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

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

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

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

Service cost comprising:

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

Re-measurements comprising:

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

valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

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

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

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

Discretionary Benefits

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

Events after the Reporting Period

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

Two types of events can be identified:

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

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

Financial Instruments

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

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for

interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

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

The fair values of loans are estimated as the price the lender would receive to sell the loans to another market participant on 31 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).

Foreign Currency Translation

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

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

Government Grants and Contributions

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

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

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

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

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

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

Heritage Assets—measurement and valuation

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

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

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

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g., software 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, associates and joint ventures and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses in 2021/22:

- Graven Hill Village Holding Company Limited
- Graven Hill Village Development 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 2021/22, using uniform accounting policies for like transactions and other events in similar circumstances.

Inventories and Long-Term Contracts

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

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

Investment Property

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

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

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

Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

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

As of the 1 April 2021, the council shared CSN Resources Ltd and CSN Associates with West Northamptonshire Council but did not have overall control; it was therefore party to a joint operation. However, on 19 November 2021 CSN Resources went into voluntary liquidation and ceased trading. CSN Associates was dissolved on 30 November 2021 having never traded. As a result, neither company will be consolidated into the Council's Group Accounts in 2021/22.

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 and 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, 6 or 7 years
- Computer equipment and 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 per cent 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 per cent 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 per cent for dwellings and 50 per cent 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 2022/23 (the Code) the Council is required to disclose and set out the impact of accounting code changes required by new accounting standards that have been issued but not yet adopted by the code.

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

- IFRS 16 Leases will require Local Authorities that are lessees to recognise most leases on their balance sheet as right-of use-assets with corresponding lease liabilities. CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2024.
- Annual Improvements to IFRS Standards 2018–2020 Cycle
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

The above amendments are not expected to have a material impact on the information provided in local authority financial statements in 2021/22.

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 use the extra resource capacity to respond to the on-going Covid-19 emergency. Thus, with respect to leases, the accounts have been completed on the same basis as previous years.

Provision for Outstanding Business Rates Appeals

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

- In relation to Business Rates Retention, the council has estimated a provision for NDR appeals. We have analysed information from the valuation office and consulted with other Oxfordshire Authorities and used information from the valuation office agency (VOA) revaluation to arrive at the figure in the accounts. The top-up and tariff equalisation mechanism in the business rates retention scheme 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 per centage 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 2021/22 no DRC assets were scheduled to be valued but on review, the Council's DRC assets were calculated to be £4.5m understated due to significant increases to the indices. The book values of these assets were therefore adjusted upwards in line with the indices and locational factors supplied by the valuers.</p> |

Depreciation of property, plant and equipment

| Uncertainties | Effect if Actual Results Differ from Assumptions |
|--|---|
| <p>The Council assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets.</p> <p>Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.</p> | <p>Where the Council determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in the Council's accounts when the change in estimate is determined.</p> <p>The carrying value of depreciable assets in the balance sheet is £118m. This amount comprises of Land & Buildings, Plant, Vehicles & Equipment, Infrastructure Assets and Intangible Assets.</p> |

Impairment of Property, Plant & Equipment & Intangible Assets

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

Fair Value Measurements

| Uncertainties | Effect if Actual Results Differ from Assumptions |
|--|---|
| <p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for 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 £21.060m was made for potential future appeal refunds. Cherwell's 40 per cent share of this provision is £8.424m.</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"> • the life expectancy of the Officers; • the length of service; • the rate of salary progression; • the rate of return earned on assets in the future; • the rate used to discount future pension liabilities; and • future inflation rates. | <p>The assumptions used by the Council are set out in note 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 disclosed in note 35.</p> |

Note 5 - Material Items of Income and Expense

Pensions

The actuary carried out a valuation as at 31 March 2022. This has resulted in pension assets increasing from £130m at 31 March 2021 to £141m at 31 March 2022.

Liabilities have decreased from £226m at 31 March 2021 to £218m at 31 March 2022, which resulted in a decrease in net liability of £19m.

Prior Year Adjustments

1. Investment property operational income and expenditure

During the period it was identified that the operational income and expenditure in relation to investment properties had incorrectly been included within the 'Other Investment Income and Expenditure' line in the Financing and Investment Income and Expenditure note (note 11), when it should have been included in the 'Income and Expenditure in relation to investment properties and changes in their fair value' line.

As the net operational income was material in 2020-21, with a value of £4.994m, this has been treated as a prior year adjustment. The Financing and Investment Income and Expenditure note has been restated to correct this error. As this is a classification change between two lines of the note, this does not impact any of the primary statements or any other notes.

The effect of the restatement on the 2020-21 balances for the Financing and Investment Income and Expenditure note are detailed in the following table:

| Finance and Investment Income and Expenditure | Balances as Previously Stated £'000 | Changes due to restatement £'000 | Balances as Restated £'000 |
|---|--|---|---------------------------------------|
| Interest payable and similar charges | 2,530 | 0 | 2,530 |
| Net interest on the net deined benefit liability (asset) | 1,704 | 0 | 1,704 |
| Interest receivable and similar income | (4,373) | 0 | (4,373) |
| Income and expenditure in relation to investment properties and changes in their fair value | 17,784 | (4,994) | 12,790 |
| Other investment income and expenditure | (4,234) | 4,994 | 760 |
| Total | 13,411 | 0 | 13,411 |

2. Short term Creditors

During the preparation of the statement of accounts it was identified that the prior year breakdown of short term creditors into Trade Payables and Other Payable amounts was incorrect. £6,789k had been classified as Trade Payables, however should have been classified as Other Payable Amounts. The effect of the restatement on the 2020-21 short term creditors note are shown in the table below.

| Short term Creditors 2020/21 | Balances as Previously Stated £'000 | Changes due to restatement £'000 | Balances as Restated £'000 |
|-------------------------------------|--|---|---------------------------------------|
| Trade Payables | (11,674) | 6,789 | (4,885) |
| Other Payable Amounts | (40,829) | (6,789) | (47,618) |
| Total | (52,503) | 0 | (52,503) |

As a result the trade payables in the Financial Instruments – Liabilities table in Note 17 was also restated to reflect the change in trade payables outlined above.

3. Financial Instruments

During the preparation of the statement of accounts it was identified that the prior year fair value tables had been incorrectly disclosed.

The first issue identified was that provisions were being disclosed in the Financial Instruments – Fair Value – Liabilities table. Provisions fall outside of the scope of IFRS 9 and as such are not included in the amended note.

The second issue was that in the fair value tables the figures disclosed included non-financial debtors and creditors.

The impact on the financial instrument fair value tables is shown below.

| Financial Instruments – Fair value - Liabilities | Balances as Previously Stated £'000 | Changes due to restatement£'000 | Balances as Restated £'000 |
|---|--|--|-----------------------------------|
| Long-term loans | (102,000) | 0 | (102,000) |
| Short-term Loans | (82,584) | 0 | (82,584) |
| Lease payables and PFI liabilities | (1,570) | 0 | (1,570) |
| TOTAL | (186,154) | 0 | (186,154) |
| Liabilities for which fair value is not disclosed | (61,378) | 56,493 | (4,885) |
| Total Financial Liabilities | (247,532) | 56,493 | (191,039) |
| Recorded on balance sheet as: | | | |
| Short-term creditors | (52,349) | 47,464 | (4,885) |
| Short-term borrowing | (82,584) | 0 | (82,584) |
| Short-term provisions | (5,206) | 5,206 | Row removed |
| Long-term creditors | (1,570) | 0 | (1,570) |
| Long-term borrowing | (102,000) | 0 | (102,000) |
| Long-term provisions | (3,823) | 3,823 | Row removed |
| Total Financial Liabilities | (247,532) | 56,493 | (191,039) |

| Financial Instruments – Fair value - Assets | Balances as Previously Stated £'000 | Changes due to restatement £'000 | Balances as Restated £'000 |
|--|--|---|---------------------------------------|
| Financial assets held at fair value: | | | |
| Money market funds | 7,511 | 0 | 7,511 |
| Shares in unlisted companies | 33,053 | 0 | 33,053 |
| Financial assets held at amortised cost: | | | |
| Bank deposits & repos | 31,267 | 0 | 31,267 |
| Loans to companies | 60,094 | 0 | 60,094 |
| Total | 131,925 | 0 | 131,925 |
| Assets for which fair value is not disclosed | 42,161 | (36,494) | 5,667 |
| Total Financial Assets | 174,086 | (36,494) | 137,592 |
| Recorded on balance sheet as: | | | |
| Long-term debtors | 60,326 | (232) | 60,094 |
| Long-term investments | 33,053 | 0 | 33,053 |
| Short-term debtors | 41,929 | (36,262) | 5,667 |
| Short-term investments | 31,028 | 0 | 31,028 |
| Cash and cash equivalents | 7,750 | 0 | 7,750 |
| Total Financial Assets | 174,086 | (36,494) | 137,592 |

Note 6 – Events after the Balance Sheet Date

Note 6 Events After the Reporting Period

There are none.

Note 7a – Note to the Expenditure and Funding Analysis

| 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 | |
| Adults and Housing Services | 1,822 | 548 | 0 | 0 | 2,370 | |
| Comm Dev Assets and Invests | 24,206 | 677 | 0 | 0 | 24,883 | |
| Cust, Org Dev & Res | 552 | 1,460 | 63 | 0 | 2,075 | |
| Environment & Place | 8,166 | 3,032 | 0 | 0 | 11,198 | |
| Public Health and Wellbeing | (760) | 394 | 0 | 0 | (366) | |
| Non-Distributed Services | 0 | 0 | 0 | 0 | 0 | |
| Net Cost of Services | 33,986 | 6,111 | 63 | 0 | 40,160 | |
| Other Income and Expenditure | (6,605) | 1,761 | (15,589) | 0 | (20,433) | |
| Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement | 27,381 | 7,872 | (15,526) | 0 | 19,727 | |
| Year Ending 31 Mar 21 | | | | | | |
| | Net Capital Statutory Adjustments £'000 | Net Pensions Statutory Adjustments £'000 | Other Statutory Adjustments £'000 | Other Differences £'000 | Total Adjustments £'000 | |
| Adults and Housing Services | 1,290 | 269 | 0 | 0 | 1,559 | |
| Comm Dev Assets and Invests | 4,514 | 349 | 0 | 0 | 4,863 | |
| Cust and Org Dev & Resources | 428 | 781 | 0 | 0 | 1,209 | |
| Place and Growth | 16,310 | 1,407 | 0 | 0 | 17,717 | |
| Public Health and Wellbeing | (1,578) | 176 | 0 | 0 | (1,402) | |
| Non-Distributed Services | 0 | 0 | 0 | 0 | 0 | |
| Net Cost of Services | 20,964 | 2,982 | 0 | 0 | 23,946 | |
| Other Income and Expenditure | 5,101 | (3,615) | 23,521 | 0 | 25,007 | |
| Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement | 26,065 | (633) | 23,521 | 0 | 48,953 | |

Net Capital Statutory Adjustments

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

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

Net Pensions Statutory Adjustments

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

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

Other Statutory Adjustments

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

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

Other Non-statutory Adjustments

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

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

Note 7b – Segmental Analysis of Income and Expenditure

| 31-Mar-22 | Revenues from External Customers £'000 | Revenues from Other Segments £'000 | Interest Revenue £'000 | Interest Expense £'000 | Depreciation and Amortisation £'000 |
|----------------------------------|---|---------------------------------------|---------------------------|---------------------------|--|
| Adults and Housing Services | (441) | (1,545) | 0 | 0 | 12 |
| Cust and Org Dev & Resources | (2,925) | (23,991) | 0 | 0 | 552 |
| Public Health and Wellbeing | (1,210) | (2,224) | 0 | 0 | 1,112 |
| Environment & Place | (8,108) | (3,277) | 0 | 0 | 1,676 |
| Comm Dev Assets and Invests | (1,895) | (314) | 0 | 0 | 527 |
| Non-Distributed Services | (6,251) | (37,882) | (4,395) | 2,227 | 0 |
| Total Managed by Segments | (20,830) | (69,173) | (4,395) | 2,227 | 3,879 |

| 31-Mar-21 | Revenues from External Customers £'000 | Revenues from Other Segments £'000 | Interest Revenue £'000 | Interest Expense £'000 | Depreciation and Amortisation £'000 |
|----------------------------------|---|---------------------------------------|---------------------------|---------------------------|--|
| Adults and Housing Services | (287) | (1,737) | 0 | 0 | 72 |
| Cust and Org Dev & Resources | (2,008) | (27,565) | 0 | 0 | 428 |
| Public Health and Wellbeing | (285) | (1,905) | 0 | 0 | 1,073 |
| Environment & Place | (6,291) | (7,985) | 0 | 0 | 1,541 |
| Comm Dev Assets and Invests | (965) | (140) | 0 | 0 | 349 |
| Non-Distributed Services | (6,920) | (30,862) | (4,372) | 2,531 | 0 |
| Total Managed by Segments | (16,756) | (70,194) | (4,372) | 2,531 | 3,463 |

Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations 2021/22

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Note 8 Continued

| 31-Mar-22 | General Fund Balance £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Movement in Unusable Reserves £'000 |
|---|-------------------------------------|---|---|---|
| Adjustments to the Revenue Resources | | | | |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements: | | | | |
| Pension cost (transferred to or (from) the Pensions Reserve) | (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) | (52,326) | 0 | 0 | 52,326 |
| Total Adjustments to Revenue Resources | (44,795) | 0 | 0 | 44,795 |
| Adjustments between Revenue and Capital Resources | | | | |
| 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) | 1,723 | 0 | 0 | (1,723) |
| Revenue contribution to Capital | 3,000 | 0 | 0 | (3,000) |
| Total Adjustments between Revenue and Capital Resources | 6,115 | (1,338) | 0 | (4,777) |
| Adjustments to Capital Resources | | | | |
| Use of the Capital Receipts Reserve to finance capital expenditure | 0 | 1,317 | 0 | (1,317) |
| Application of capital grants to finance capital expenditure | 18,954 | 0 | (7,272) | (11,682) |
| Total Adjustments to Capital Resources | 18,954 | 1,317 | (7,272) | (12,999) |
| Total Adjustments | (19,726) | (21) | (7,272) | 27,019 |

Note 8 Continued...

| 31-Mar-21 | General Fund Balance £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied | Movement in Unusable Reserves |
|---|-------------------------------|-----------------------------------|--------------------------|-------------------------------|
| Adjustments to the Revenue Resources | | | | |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements: | | | | |
| Pension cost (transferred to or (from) the Pensions Reserve) | 633 | 0 | 0 | (633) |
| Council tax and NDR (transfers to or (from) the Collection Fund Adjustment Account) | (25,465) | 0 | 0 | 25,465 |
| Holiday pay (transferred to the Accumulated Absences reserve) | (3) | 0 | 0 | 3 |
| Reversal of entries included in the (Surplus) or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) | (40,878) | 0 | 0 | 40,878 |
| Total Adjustments to Revenue Resources | (65,713) | 0 | 0 | 65,713 |
| Adjustments between Revenue and Capital Resources | | | | |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve | 1,883 | (1,883) | 0 | 0 |
| Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account) | 1,820 | 0 | 0 | (1,820) |
| Revenue contribution to Capital | 0 | 0 | 0 | 0 |
| Total Adjustments between Revenue and Capital Resources | 3,703 | (1,883) | 0 | (1,820) |
| Adjustments to Capital Resources | | | | |
| Use of the Capital Receipts Reserve to finance capital expenditure | 0 | 1,804 | 0 | (1,804) |
| Application of capital grants to finance capital expenditure | 13,056 | 0 | (511) | (12,545) |
| Total Adjustments to Capital Resources | 13,056 | 1,804 | (511) | (14,348) |
| Total Adjustments | (48,954) | (79) | (511) | 49,544 |

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 2020 | Net transfers (to)/from Earmarked Reserves in 2020/21 | Balance at 31 March 2021 | Net transfers (to)/from Earmarked Reserves in 2021/22 | Balance at 31 March 2022 |
|---|--------------------------|---|--------------------------|---|--------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| General Earmarked Reserves | | | | | |
| Pensions Deficit | (3,489) | 3,435 | (54) | (1,675) | (1,729) |
| Transformation and projects reserve | (5,116) | 1,192 | (3,925) | 129 | (3,796) |
| Capital Reserve | 0 | (3,000) | (3,000) | (277) | (3,277) |
| Projects | 0 | (2,000) | (1,906) | (1,279) | (3,185) |
| Redundancy Reserve | 0 | (1,000) | (1,000) | 172 | (828) |
| Commerical Risk Reserve | 0 | (4,404) | (4,404) | 0 | (4,404) |
| Growth Deal | 0 | (1,297) | (1,297) | 742 | (555) |
| Environmental Warranties | (802) | 802 | 0 | 0 | 0 |
| NHB - Affordable Housing | (2,337) | 2,337 | 0 | 0 | 0 |
| NHB - Economic Development | (3,872) | 3,872 | 0 | 0 | 0 |
| NHB - Superfast broadband | (727) | 727 | 0 | 0 | 0 |
| Business Rates and Risk reserve | (1,592) | 1,592 | 0 | 0 | 0 |
| VAT De Minimus | (500) | 500 | 0 | 0 | 0 |
| Other General Earmarked reserve | (3,242) | (2,500) | (5,742) | (176) | (5,917) |
| Revenue Grant Earmarked Reserves | | | | | |
| S31 Reserve | (2,346) | (21,551) | (23,897) | 13,310 | (10,587) |
| Covid-19 Reserve | (67) | 67 | 0 | (1,616) | (1,616) |
| COMF - General Allocation | 0 | (4) | (4) | (679) | (683) |
| Covid-19 ARG Grant | 0 | (2,935) | (2,935) | 2,935 | 0 |
| Homelessness Prevention | (355) | (374) | (729) | (203) | (932) |
| Bicester Garden Town | (782) | (745) | (1,527) | 238 | (1,290) |
| Garden Town (Phase 2) | (657) | 657 | 0 | 0 | 0 |
| Other Revenue Grant Earmarked reserves | (495) | (1,968) | (2,463) | 1,355 | (1,108) |
| Total Earmarked Reserves | (26,380) | (26,504) | (52,884) | 12,978 | (39,906) |

Note 10 - Other Operating Expenditure

| 31-Mar-21 £'000 | Other Operating Expenditure | 31-Mar-22 £'000 |
|--------------------|--|--------------------|
| 5,555 | Precepts to other authorities and charging bodies | 5,451 |
| 158 | (Gains)/losses on the Disposal of Non-Current Assets | (834) |
| 5,713 | Total Other Operating Expenditure | 4,617 |

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-21 (restated) £'000 | Financing and Investment Income & Expenditure | 31-Mar-22 £'000 |
|----------------------------------|---|--------------------|
| 2,530 | Interest payable and similar charges | 2,227 |
| 1,704 | Net interest on the net defined benefit liability (asset) | 1,970 |
| (4,373) | Interest receivable and similar income | (4,395) |
| 12,790 | Income and expenditure in relation to investment properties and changes in their fair value | 14,290 |
| 760 | Other investment income and expenditure | (129) |
| 13,411 | Total | 13,963 |

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-21 £'000 | Taxation and Non-Specific Grant Income | 31-Mar-22 £'000 |
|--------------------|--|--------------------|
| (12,895) | Council tax income | (13,619) |
| (17,807) | Non-ringfenced government grants | (18,869) |
| (13,056) | Capital grants and contributions | (18,954) |
| (43,758) | Total | (51,442) |

Note 13 – Expenditure and Income Analysed by Nature

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

| 31-Mar-21 £'000 | Nature of Expenditure or Income | 31-Mar-22 £'000 |
|----------------------------|--|----------------------------|
| | Expenditure | |
| 24,330 | Employee benefits expenses | 28,864 |
| 86,544 | Other expenditure | 100,098 |
| 2,531 | Interest payments | 2,227 |
| 5,555 | Precepts and levies | 5,451 |
| 3,463 | Depreciation and amortisation | 3,879 |
| 158 | Gain or loss on disposal of non-current assets | 0 |
| 122,581 | Total Expenditure | 140,519 |
| | Income | |
| (16,749) | Fees, charges and other service income | (21,612) |
| (4,374) | Interest and investment income | (4,395) |
| (12,895) | Income from local taxation | (13,619) |
| (69,615) | Government grants and contributions | (67,787) |
| 0 | Gain or loss on disposal of non-current assets | (834) |
| (103,633) | Total Income | (108,246) |
| 18,948 | Surplus or Deficit for Year | 32,273 |

Note 14 – Property, Plant and Equipment

| Movements to 31-Mar-22 | | | | | | | |
|--|---------------------------|---------------------------------------|-----------------------|------------------|----------------|----------------------------------|-----------------|
| | Land and Buildings | Vehicles Plant & Equipment | Infrastructure | Community | Surplus | Assets Under Construction | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or Valuation | | | | | | | |
| Balance brought forward | 101,911 | 14,498 | 5,556 | 38 | 15 | 57,091 | 179,110 |
| Additions | 442 | 4,287 | 0 | 61 | 0 | 10,105 | 14,895 |
| Acc Dep & Imp WO to GCA | (3,774) | 0 | 0 | 0 | 0 | 0 | (3,774) |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 2,152 | 0 | 0 | 0 | 0 | 2,160 | 4,311 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | 3,071 | 0 | 0 | 0 | 0 | (23,789) | (20,718) |
| Derecognition - Disposals | (556) | (573) | 0 | 0 | 0 | 0 | (1,129) |
| Assets reclassified (to)/from Investment Property | 1,203 | 0 | 0 | 0 | 0 | (33,819) | (32,616) |
| Other movements in Cost or Valuation | 585 | 0 | 0 | 0 | 0 | (585) | 0 |
| At 31 March 2022 | 105,034 | 18,212 | 5,556 | 99 | 15 | 11,162 | 140,079 |
| Accumulated Depreciation & Impairment | | | | | | | |
| Balance Brought Forward | (4,388) | (10,429) | (2,915) | 0 | 0 | 0 | (17,552) |
| Depreciation Charge for 2020/21 | (2,282) | (913) | (186) | 0 | 0 | 0 | (3,381) |
| Acc. Depreciation WO to GCA | 2,850 | 0 | 0 | 0 | 0 | 0 | 2,850 |
| 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 |
| At 31 March 2022 | (2,878) | (10,609) | (3,101) | 0 | 0 | 0 | (16,588) |
| Net Book Value | | | | | | | |
| At 31 March 2022 | 102,156 | 7,603 | 2,455 | 99 | 15 | 11,162 | 123,491 |
| At 31 March 2021 | 97,523 | 4,249 | 2,641 | 38 | 15 | 57,091 | 161,558 |
| Movements to 31-Mar-21 | | | | | | | |

| | Land and Buildings | Vehicles Plant & Equipment | Infrastructure | Community | Surplus | Assets Under Construction | Total |
|--|--------------------|----------------------------|----------------|-----------|-----------|---------------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or Valuation | | | | | | | |
| -As previously reported | 102,052 | 14,008 | 5,556 | 38 | 10 | 20,978 | 142,643 |
| -Prior year adjustment | 5,373 | | | | | | 5,373 |
| Brought forward as restated | 107,425 | 14,008 | 5,556 | 38 | 10 | 20,978 | 148,016 |
| Additions | | | | | | | |
| Additions | 347 | 797 | 0 | 0 | 0 | 39,619 | 40,764 |
| Acc Dep & Imp WO to GCA | (583) | 0 | 0 | 0 | 0 | 0 | (583) |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | (2,043) | 0 | 0 | 0 | 5 | 0 | (2,038) |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | (4,721) | 0 | 0 | 0 | 0 | 0 | (4,721) |
| Derecognition - Disposals | (1,818) | (308) | 0 | 0 | 0 | (203) | (2,328) |
| Assets reclassified (to)/from Investment Property | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements in Cost or Valuation | 3,303 | 0 | 0 | 0 | 0 | (3,303) | 0 |
| At 31 March 2021 | 101,911 | 14,498 | 5,556 | 38 | 15 | 57,091 | 179,110 |
| Accumulated Depreciation & Impairment | | | | | | | |
| Brought forward | (1,961) | (9,628) | (2,838) | 0 | 0 | 0 | (14,427) |
| Depreciation Charge for 2019/20 | | | | | | | |
| Depreciation Charge for 2019/20 | (2,090) | (928) | (78) | 0 | 0 | 0 | (3,096) |
| Acc. Depreciation WO to GCA | 583 | 0 | 0 | 0 | 0 | 0 | 583 |
| Impairment (Losses)/Reversals recognised in the Revaluation Reserve | (925) | 0 | 0 | 0 | 0 | 0 | (925) |
| Derecognition - Disposals | 5 | 308 | 0 | 0 | 0 | 0 | 313 |
| 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 |
| At 31 March 2021 | (4,388) | (10,249) | (2,915) | 0 | 0 | 0 | (17,552) |
| Net Book Value | | | | | | | |
| At 31 March 2021 | 97,523 | 4,249 | 2,641 | 38 | 15 | 57,091 | 161,558 |
| At 31 March 2020 | 105,464 | 4,380 | 2,719 | 38 | 10 | 20,978 | 133,589 |

Property, Plant and Equipment Revaluations

| 31-Mar-22 | Other Land and Buildings £'000 | Vehicles, Plant, Furniture Equipment £'000 | Infrastructure Assets £'000 | Community Assets £'000 | Surplus Assets £'000 | Assets Under Construction £'000 | Total £'000 |
|--------------------------------|-----------------------------------|--|--------------------------------|---------------------------|-------------------------|------------------------------------|----------------|
| Carried at historical cost | 13,429 | 18,212 | 5,556 | 99 | 0 | 212 | 37,509 |
| Valued at current value as at: | | | | | | | |
| 31/03/2022 | 75,361 | 0 | 0 | 0 | 15 | 10,950 | 86,326 |
| 31/03/2021 | 5,224 | 0 | 0 | 0 | 0 | 0 | 5,224 |
| 31/03/2020 | 10,390 | 0 | 0 | 0 | 0 | 0 | 10,390 |
| 31/03/2019 | 628 | 0 | 0 | 0 | 0 | 0 | 628 |
| Total Cost or Valuation | 105,033 | 18,212 | 5,556 | 99 | 15 | 11,162 | 140,078 |

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-21 £'000 | Investment Property Income and Expenditure | 31-Mar-22 £'000 |
|--------------------|--|--------------------|
| (6,817) | Rental income from investment property | (6,141) |
| 1,823 | Direct operating expenses from investment property | 2,650 |
| (4,994) | Net (gain)/loss | (3,491) |

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-21 non-current £'000 | Investment Property Movements in Year | 31-Mar-22 non-current £'000 |
|-----------------------------------|---|-----------------------------------|
| 61,121 | Opening Balance | 45,306 |
| 0 | Additions: Purchases | 0 |
| 1,999 | Enhancements | 212 |
| (26) | Disposals | 0 |
| (17,787) | Net gains/(losses) from fair value adjustments | (17,782) |
| 0 | Transfers to/(from) Property, Plant and Equipment | 32,616 |
| 45,306 | Closing Balance | 60,352 |

Fair value hierarchy

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 |
|--|--|---|---|--------------------------------------|
| Investment Properties | 0 | 60,353 | 0 | 60,353 |
| Surplus Assets | 0 | 15 | 0 | 15 |
| Sub-total | 0 | 60,368 | 0 | 60,368 |
| Residential (market rental) properties | | | | |
| Office Units | 0 | 1,300 | 0 | 1,300 |
| Commercial Units | 0 | 59,068 | 0 | 59,068 |
| Totals | 0 | 60,368 | 0 | 60,368 |

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

| Recurring fair value measuring usage | Quoted Prices in active markets for identical assets (Level 1) £'000 | Other significant observable inputs (Level 2) £'000 | Significant unobservable inputs (Level 3) £'000 | Fair value as at 31 March 2021 £'000 |
|--|--|---|---|--------------------------------------|
| Investment Properties | 0 | 45,306 | 0 | 45,306 |
| Surplus Assets | 0 | 15 | 0 | 15 |
| Sub-total | 0 | 45,321 | 0 | 45,321 |
| Residential (market rental) properties | 0 | 0 | 0 | 0 |
| Office Units | 0 | 1,197 | 0 | 1,197 |
| Commercial Units | 0 | 44,124 | 0 | 44,124 |
| Totals | 0 | 45,321 | 0 | 45,321 |

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.

Tramway Industrial Estate

Tramway Industrial Estate is home to ten industrial/warehouse units all of which were fully occupied as at the 31 March 2022. The estate received a valuation of £10.7m, which represents an increase of £1.4m when compared to the previous year (2021: £9.3m).

Castle Quay Shopping Centre

In 2021/22, Castle Quay Shopping Centre was valued at £15.4m (2021: £21.6m). This represents a decrease of £6.2m on the previous year. The main factor behind the reduction in value of this property is the COVID-19 pandemic and the measures taken to combat it. Throughout this period, as a result of very difficult trading conditions, many retailers have been forced to close stores or seek to restructure lease commitments. This has led to a significant acceleration in the decline of the high street right across the country. Nationally, this sector has seen a dramatic increase in the number of vacant units and both rental and capital values fall.

Castle Quay was bought to ensure a key town centre asset was protected for our community and to help regenerate the local economy. The decision to purchase ensured the adjacent site was developed into a leisure destination, a scheme that was stalled by the previous owners. Since the Hotel, supermarket and more recently the Cinema have opened, the Shopping Centre has experienced an increase in footfall and the opening of Lock 29 has further strengthened the night-time economy and variety of casual dining offering within Banbury.

A strategic review of the asset is currently being undertaken to ensure our plans for the centre remain aligned to the rapidly changing retail environment. As part of this process, we are exploring options to seek alternative uses for some of the vacant retail space and at the same time looking to continue to diversify the retail offering and the visitor experience as a whole. By undertaking this review, we will ensure the centre remains a vibrant and attractive place for the town centre while also seeking to enhance the asset value of the Shopping Centre in the future.

The council is not selling the shopping centre and therefore, at this stage, the valuation of the asset, whilst important, does not currently have a direct financial impact on the council.

Castle Quay Waterfront Development

2021/22 saw the completion and opening of the Hotel and Supermarket. These assets have been transferred from Assets Under Construction to Investment Property and are now operational, income generating assets for the Council.

The Castle Quay Waterfront building, home to the Cinema, Bowling and Food and Beverage outlets, had not received full practical completion as of 31 March 2022 and therefore remained as an Asset Under Construction.

The total value of the Castle Quay Waterfront Development as at 31 March 2022 was £32m. This represents a downward movement of £34.4m when compared to the historical costs incurred in the acquisition and construction of the assets prior to the valuation (£66.4m). It should be noted that the Council is not anticipating selling the complex and therefore, at this stage, the valuation of the asset, whilst important, does not currently have a direct financial impact on the Council.

The new Castle Quay Waterfront site is anticipated to attract visitors and improve the night-time economy of Banbury. The site will generate rental income and this development will create greater value for the whole site in the medium to long term, although, it was always realised there would likely be some short-term impact on the value of the existing site whilst that work was carried out.

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-21 | Intangible Assets | 31-Mar-22 |
|--------------|---|--------------|
| £000 | Opening Balance | £000 |
| 6,453 | Gross Carrying Amount | 7,599 |
| (4,949) | Accumulated Amortisation & Impairment | (5,317) |
| 1,504 | Net Carrying Amount | 2,282 |
| 1,146 | Additions | 647 |
| (367) | Amortisation for the Period | (498) |
| 2,282 | Net Carrying Amount at End of Year | 2,431 |
| | Comprising: | |
| 7,599 | Gross Carrying Amount | 8,246 |
| (5,317) | Accumulated Amortisation & Impairment | (5,815) |
| 2,282 | Closing Balance | 2,431 |

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

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

Note 17 – Financial Instruments

Balance Sheet items

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

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

Financial Instruments – Liabilities

| 31-Mar-21 Short term | 31-Mar-21 Long-term | Financial Instruments - Liabilities | 31-Mar-22 Short-term | 31-Mar-22 Long-term |
|-------------------------|------------------------|--|-------------------------|------------------------|
| £'000 | £'000 | Financial Liabilities | £'000 | £'000 |
| | | Loans at amortised cost: | | |
| (82,000) | (102,000) | - Principal sum borrowed | (87,000) | (112,000) |
| (584) | 0 | - Accrued interest | (605) | 0 |
| (82,584) | (102,000) | Total Borrowing | (87,605) | (112,000) |
| | | Liabilities at amortised cost: | | |
| 0 | (1,570) | - Finance leases | (8) | (1,562) |
| 0 | (1,570) | Total Other Long-term Liabilities | (8) | (1,562) |
| | | Liabilities at amortised cost: | | |
| (4,885) | 0 | - Trade payables | (5,909) | 0 |
| (4,885) | 0 | Included in Creditors | (5,909) | 0 |
| (87,469) | (103,570) | Total Financial Liabilities | (93,521) | (113,562) |

The total short-term borrowing includes £499k (2021: £400k) accrued interest due within 12 months on long-term borrowing.

The creditors lines on the Balance Sheet include £30,785k (2021: £47,618k) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

Financial Instruments – Assets

| 31-Mar-21 | | Financial Instruments - Assets | 31-Mar-22 | |
|---------------|---------------|--|---------------|----------------|
| Short Term | Long Term | | Short Term | Long Term |
| £'000 | £'000 | Financial Assets | £'000 | £'000 |
| | | At amortised cost: | | |
| 31,000 | 0 | - Principal | 46,240 | 0 |
| 28 | 0 | - Accrued interest | 14 | 0 |
| | | At fair value through profit & loss: | | |
| 0 | 33,053 | - Fair value | 0 | 35,649 |
| 31,028 | 33,053 | Total Investments | 46,254 | 35,649 |
| | | At amortised cost: | | |
| 239 | 0 | - Principal | 454 | 0 |
| | | At fair value through profit & loss: | | |
| 7,511 | 0 | - Fair value | 5,913 | 0 |
| 0 | 0 | - Accrued interest | 3 | 0 |
| 7,750 | 0 | Total Cash and Cash Equivalents | 6,370 | 0 |
| | | At amortised cost: | | |
| 5,667 | 0 | - Trade receivables | 4,192 | |
| 0 | 61,100 | - Loans made for service purposes | 6,409 | 65,472 |
| 0 | 105 | - Accrued interest | 3 | 156 |
| 0 | (1,111) | - Loss allowance | 0 | (987) |
| 5,667 | 60,094 | Included in Debtors | 10,604 | 64,641 |
| 44,445 | 93,147 | Total Financial Assets | 63,228 | 100,291 |

The debtors lines on the Balance Sheet include £12,461k (2021: £36,849k) short-term and £4,994k (2021: £232k) long-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions.

Offsetting Financial Assets and Liabilities

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

| 31-Mar-21 £'000 | Offsetting Financial Assets & Liabilities | 31-Mar-22 £'000 |
|--------------------|---|--------------------|
| 243 | Bank accounts in credit | 1,914 |
| (51) | Bank overdrafts | (1,460) |
| 192 | Net position of offset accounts | 454 |
| 47 | Other bank accounts | 0 |
| 239 | Net position on balance sheet | 454 |

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 | | 2021/22 Total | 2020/21 Total |
|--|-----------------------|--|-------------------|--|------------------|------------------|
| | Amortised Cost | Fair Value through Profit & Loss | Amortised Cost | Fair Value through Profit & Loss | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Interest expense | 2,146 | | | | 2,146 | 2,429 |
| Fees paid | 82 | | | | 82 | 102 |
| Interest payable and similar charges | 2,227 | | | | 2,227 | 2,531 |
| Interest income | | | (4,389) | (6) | (4,395) | (4,374) |
| Fees | | | | | 0 | 0 |
| Interest and investment income | 0 | | | | (4,395) | (4,374) |
| Net impact on (surplus)/deficit on provision of services | 2,227 | | (4,389) | (6) | (2,167) | (1,843) |
| Net (Gain)/Loss for the Year | 2,227 | | (4,389) | (6) | (2,167) | (1,843) |

Financial Instruments - Fair Value – Liabilities

| Balance Sheet | Fair Value | | | Balance Sheet | Fair Value |
|---|------------------|---|------------------|------------------|------------------|
| 31-Mar-21 | 31-Mar-21 | | | 31-Mar-22 | 31-Mar-22 |
| £'000 | £'000 | | Fair value Level | £'000 | £'000 |
| Financial liabilities held at amortised cost: | | | | | |
| (102,000) | (103,712) | Long-term loans | 2 | (112,000) | (104,656) |
| (82,584) | (82,362) | Short-term loans | 2 | (87,605) | (86,868) |
| (1,570) | (4,253) | Lease payables and PFI liabilities | 2 | (1,570) | (4,419) |
| (186,154) | (190,327) | Total | | (201,175) | (195,943) |
| (4,885) | | Liabilities for which fair value is not disclosed | | (5,909) | |
| (191,039) | | Total Financial Liabilities | | (207,084) | |
| Recorded on balance sheet as: | | | | | |
| (4,885) | | Short-term creditors | | (5,917) | |
| (82,584) | | Short-term borrowing | | (87,605) | |
| (1,570) | | Long-term creditors | | (1,562) | |
| (102,000) | | Long-term borrowing | | (112,000) | |
| (191,039) | | Total Financial Liabilities | | (207,084) | |

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-21 | 31-Mar-21 | | | 31-Mar-22 | 31-Mar-22 |
| £'000 | £'000 | | Fair Value Level | £'000 | £'000 |
| Financial assets held at fair value: | | | | | |
| 7,511 | 7,511 | Money market funds | 1 | 5,916 | 5,916 |
| 33,053 | 33,053 | Shares in unlisted companies | 3 | 35,649 | 35,649 |
| Financial assets held at amortised cost: | | | | | |
| 31,267 | 31,274 | Bank deposits & repos | 2 | 46,708 | 46,708 |
| 60,094 | 60,094 | Loans to companies | 3 | 71,053 | 71,053 |
| 131,925 | 131,932 | Total | | 159,327 | 159,327 |
| 5,667 | | Assets for which fair value is not disclosed | | 4,192 | |
| 137,592 | | Total Financial Assets | | 163,519 | |
| Recorded on balance sheet as: | | | | | |
| 60,094 | | Long-term debtors | | 64,641 | |
| 33,053 | | Long-term investments | | 35,649 | |
| 5,667 | | Short-term debtors | | 10,604 | |
| 31,028 | | Short-term investments | | 46,254 | |
| 7,750 | | Cash and cash equivalents | | 6,370 | |
| 137,592 | | Total Financial Assets | | 163,519 | |

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

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

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

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

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

Credit Risk: Investments

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

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

| Long Term Credit Rating | | |
|-------------------------|---------|--------------------|
| 31-Mar-21 £'000 | (Fitch) | 31-Mar-22 £'000 |
| 0 | AA | |
| 31,028 | AA- | 46,254 |
| 0 | A+ | |
| 31,028 | | 46,254 |

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-21 £'000 | Credit Risk: Debtors Duration outstanding | 31-Mar-22 £'000 |
|--------------------|--|--------------------|
| 2,901 | One months | 2,927 |
| 60 | Two months | 154 |
| 130 | Three months | 83 |
| 2,576 | More than three months | 1,328 |
| 5,667 | | 4,491 |

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 2022 |
|--|----------------|-----------------------|
| 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-21 | Liquidity Risk | 31-Mar-22 |
|------------------|------------------|------------------|
| £'000 | Time to maturity | £'000 |
| (82,184) | Less than 1 year | (87,093) |
| (27,063) | 1 – 2 years | (12,013) |
| (27,174) | 2 – 5 years | (33,176) |
| (28,077) | 5-10 years | (22,074) |
| (15,044) | 10-20 years | (15,044) |
| (5,042) | 20-30 years | (30,205) |
| (184,584) | | (199,605) |

Market Risk: Interest Rates

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

As interest rates continue to be relatively low, the Council will only be able to obtain low percentages of return on its investments at fixed rates in any new investments placed.

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

Although the council is currently able to borrow at relatively low interest rates, 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-21 £'000 | Inventories | 31-Mar-22 £'000 |
|----------------------------|--------------------------------------|----------------------------|
| 187 | Opening Balance | 224 |
| 673 | Purchases | 780 |
| (636) | Recognised as an expense in the year | (751) |
| 224 | Closing Balance | 253 |

Note 19a – Short Term Debtors

An analysis of the debtor's balance is shown below

| 31-Mar-21 £'000 | Short Term Debtors | 31-Mar-22 £'000 |
|----------------------------|---------------------------|----------------------------|
| 5,667 | Trade Receivables | 4,192 |
| 472 | Pre-Payments | 264 |
| 36,377 | Other Receivable Amounts | 18,606 |
| 42,516 | Total Debtors | 23,062 |

Note 19b Short Term Debtors for Local Taxation

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

| 31-Mar-21 £'000 | Short Term Debtors for Local Taxation | 31-Mar-22 £'000 |
|---------------------------|--|---------------------------|
| 0 | Less than three months | 0 |
| 0 | Three to six months | 0 |
| 743 | Six months to one year | 475 |
| 803 | More than one year | 521 |
| 1,546 | Total Debtors | 996 |

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:

| 31-Mar-21 £'000 | Cash and Cash Equivalents | 31-Mar-22 £'000 |
|---------------------------|--|---------------------------|
| 239 | Bank Balances/(Overdraft) | (1,011) |
| 7,511 | Short Term Investments | 5,916 |
| 7,750 | Total Cash and Cash Equivalents | 4,905 |

Note 21– Assets Held for Sale

| 31-Mar-21 £'000 | Assets held for Sale | 31-Mar-22 £'000 |
|---------------------------|------------------------------|---------------------------|
| 0 | Balance at start of year | 0 |
| | Assets Sold: | |
| 0 | Property Plant and Equipment | 0 |
| 0 | Balance at year end | 0 |

Note 22 – Short Term Creditors

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

| 31-Mar-21 (Restated) £'000 | Short Term Creditors | 31-Mar-22 £'000 |
|---|-----------------------------|----------------------------------|
| (4,885) | Trade Payables | (5,909) |
| (47,618) | Other Payable Amounts | (30,785) |
| (52,503) | Total Creditors | (36,694) |

Note 23 – Provisions

The main provisions during 2020/21 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-22 | Health Walks Training Provision £'000 | Graven Hill Deposit Guarantee £'000 | NNDR Appeals Provision £'000 | Total £'000 |
|-----------------------------------|--|--|---|------------------------|
| Opening Balance | (4) | (37) | (1,427) | (1,469) |
| Increase in provision during year | 0 | 0 | 0 | 0 |
| Utilised during the year | 0 | 0 | 1,155 | 1,155 |
| Closing Balance | (4) | (37) | (272) | (314) |
| 31-Mar-21 £'000 | Health Walks Training Provision £'000 | Graven Hill Deposit Guarantee £'000 | NNDR Appeals Provision £'000 | Total £'000 |
| Opening Balance | (4) | 0 | (1,428) | (1,432) |
| Increase in provision during year | 0 | (37) | (1,110) | (1,147) |
| Utilised during the year | 0 | 0 | 1,111 | 1,111 |
| Closing Balance | (4) | (37) | (1,427) | (1,469) |

Long Term Provisions

| 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) |
| 31-Mar-21 | 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 | (5,360) | (102) | (18) | (47) | (83) | (5,610) |
| Increase in provision during year | (1,636) | 0 | 0 | 0 | (10) | (1,646) |
| Utilised during year | 0 | 6 | 0 | 0 | 0 | 6 |
| Closing Balance | (6,996) | (96) | (18) | (47) | (93) | (7,250) |

Total Provisions

| 31-Mar-21 £'000 | Provisions Summary | 31-Mar-22 £'000 |
|--------------------|-----------------------------------|--------------------|
| (7,041) | Opening Balance | (8,718) |
| (2,793) | Increase in provision during year | (2,009) |
| 1,117 | Utilised during year | 2,005 |
| (8,718) | Closing Balance | (8,723) |

Note 24 – Usable Reserves

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

| 31-Mar-21 £'000 | Useable Reserves Summary | 31-Mar-22 £'000 |
|----------------------------|----------------------------------|----------------------------|
| (5,520) | General Fund | (5,951) |
| (52,883) | Earmarked Reserves | (39,906) |
| (80) | Capital Receipts Reserve | (100) |
| (676) | Capital Grants Unapplied Reserve | (7,949) |
| (59,160) | Total | (53,906) |

General Fund Reserve

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

| 31-Mar-21 £'000 | General Fund Reserve | 31-Mar-22 £'000 |
|----------------------------|---------------------------------|----------------------------|
| (2,018) | Opening Balance | (5,520) |
| (3,502) | Transfers to general reserves | (431) |
| 0 | Use of general reserves in year | 0 |
| (5,520) | Closing Balance | (5,951) |

Earmarked Reserves

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

The large increase in 2020/21 and decrease in 2021/22 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.

| 31-Mar-21 £'000 | Earmarked Reserves | 31-Mar-22 £'000 |
|----------------------------|---------------------------|----------------------------|
| (26,380) | Opening Balance | (52,883) |
| (35,797) | Transfers to reserves | (16,846) |
| 9,294 | Use of reserves in year | 29,824 |
| (52,883) | Closing Balance | (39,906) |

Capital Receipts Reserve

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

| 31-Mar-21 £'000 | Capital Receipts Reserve | 31-Mar-22 £'000 |
|----------------------------|-------------------------------------|----------------------------|
| 0 | Opening Balance | (80) |
| (1,883) | Capital Receipts in year | (1,338) |
| 1,803 | Capital Receipts used for financing | 1,317 |
| (80) | Closing Balance | (100) |

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-21 £'000 | Capital Grants Unapplied | 31-Mar-22 £'000 |
|----------------------------|--|----------------------------|
| (165) | Opening Balance | (676) |
| (511) | Capital grants recognised in year | (7,432) |
| 0 | Capital grants and contributions applied | 160 |
| (676) | Closing Balance | (7,949) |

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-21 £'000 | Unusable Reserves Summary | 31-Mar-22 £'000 |
|----------------------------|------------------------------------|----------------------------|
| (33,461) | Revaluation Reserve | (36,525) |
| (31,081) | Capital Adjustment Account | 2,276 |
| 95,654 | Pension Reserve | 76,808 |
| (475) | Deferred Capital Receipts Reserve | (529) |
| 23,420 | Collection Fund Adjustment Account | 7,955 |
| 207 | Accumulated Absences Account | 269 |
| 54,264 | Total | 50,254 |

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-21 £'000 | Revaluation Reserve | 31-Mar-22 £'000 |
|--------------------|---|--------------------|
| | Opening Balance | |
| (35,496) | As previously stated | (33,461) |
| (2,104) | Prior year adjustment | 0 |
| (37,599) | Opening balance as restated | (33,461) |
| | | |
| (2,455) | Upward revaluation of assets | (6,635) |
| 5,418 | Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services | 2,324 |
| 2,963 | Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services | (4,311) |
| 705 | Difference between fair value depreciation and historical cost depreciation | 814 |
| 470 | Accumulated gains on assets sold or scrapped | 215 |
| 0 | Accumulated gains on Property transferred to Investment Property | 218 |
| 1,175 | Amount written off to the Capital Adjustment Account | 1,247 |
| | | |
| (33,461) | Closing Balance | (36,525) |

Capital Adjustment Account

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

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

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

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

Note 13 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

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

| 31-Mar-21 | Capital Adjustment Account | 31-Mar-22 |
|------------------|--|------------------|
| £'000 | | £'000 |
| | Opening balance | |
| (51,082) | As previously stated | (31,081) |
| (3,270) | Prior year adjustment | 0 |
| (54,352) | Opening balance as restated | (31,081) |
| 3,096 | Charges for depreciation and impairment of non-current assets | 3,381 |
| 4,721 | Revaluation losses on non-current assets | 20,718 |
| 367 | Amortisation of intangible assets | 498 |
| 12,865 | Revenue expenditure funded from capital under statute | 9,390 |
| 2,042 | 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 | 558 |
| 23,091 | Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement | 34,545 |
| (1,175) | Adjusting Amounts written out of the Revaluation Reserve | (1,247) |
| 21,916 | Net written out amount of the cost of non-current assets consumed in the year | 33,298 |
| (2,068) | Use of Capital Receipts Reserve to finance new capital expenditure | (1,317) |
| (12,545) | Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | (11,682) |
| (2,153) | Statutory provision for the financing of capital investment charged against the General Fund | (1,600) |
| 333 | Increase in expected credit losses provision for long-term loans receivable | (124) |
| 0 | Direct Revenue contributions | (3,000) |
| (16,433) | Capital financing applied in year: | (17,723) |
| 17,787 | Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement | 17,782 |
| (31,081) | Closing Balance | 2,276 |

Pension Reserve

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

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

| 31-Mar-21 £'000 | Pension Reserve | 31-Mar-22 £'000 |
|----------------------------|--|----------------------------|
| 72,770 | Opening Balance | 95,654 |
| 23,517 | Remeasurements of the net defined benefit (liability)/asset | (26,718) |
| 7,178 | 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 | 10,725 |
| (7,811) | Employer's pensions contributions and direct payments to pensioners payable in the year | (2,853) |
| 95,654 | Closing Balance | 76,808 |

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-21 £'000 | Deferred Capital Receipts reserve | 31-Mar-22 £'000 |
|--------------------|--|--------------------|
| (725) | Opening Balance | (475) |
| 0 | Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure statement | (304) |
| 250 | Transfer to the capital receipts reserve upon receipt of cash | 250 |
| (475) | Closing Balance | (529) |

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-21 £'000 | Collection Fund Adjustment Account | Business Rates £'000 | Council Tax £'000 | 31-Mar-22 £'000 |
|--------------------|--|-------------------------|----------------------|--------------------|
| (2,045) | Opening Balance | 23,562 | (142) | 23,420 |
| 25,465 | Amount by which income credited to the CIES is different from income calculated for the year in accordance with statutory requirements | (15,012) | (453) | (15,465) |
| 23,420 | Closing Balance | 8,550 | (595) | 7,955 |

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-21 £'000 | Accumulated Absences Account | 31-Mar-22 £'000 |
|--------------------|---|--------------------|
| 204 | Opening Balance | 207 |
| (204) | Settlement or cancellation of the accrual made at the end of the preceding year | (207) |
| 207 | Amounts accrued at the end of the year | 269 |
| 207 | Closing Balance | 269 |

Note 26 - Members' Allowances

The total of Members' Allowances paid in the year 2021/22 amounted to £330k. This compares to £316k in 2020/21. 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 2021/22 were as follows:

| 31-Mar-21 £'000 | | 31-Mar-22 £'000 |
|--------------------|----------------------------------|--------------------|
| 315 | Allowances | 328 |
| 1 | Expenses | 2 |
| 316 | Total Members' Allowances | 330 |

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. Senior staff employed by Oxfordshire County Council are not included in the table below;

| 31-Mar-21 (Restated) | Officers' Remuneration | 31-Mar-22 |
|---------------------------------|-------------------------------|----------------------------|
| Number of employees | Remuneration Band | Number of employees |
| 16 | £50,001 to £55,000 | 15 |
| 6 | £55,001 to £60,000 | 5 |
| 0 | £60,001 to £65,000 | 1 |
| 22 | | 21 |

Note 27 Continued... The Remuneration paid to senior employees in Cherwell District Council 2021/22 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 2021/22 |
|---|--------------------------------------|---|--------------------------------------|---|----------------------|---|--|-------------------------------------|------------------------------|
| Chief Executive** | 113,974 | 0 | 0 | 113,974 | 16,706 | 130,680 | 0 | 130,680 | Joint CDC/OCC until Feb 2022 |
| Corporate Director of Customers, Organisation Development and Resources** | 41,238 | 43 | 0 | 41,280 | 6,502 | 47,782 | 0 | 47,782 | |
| Director of Customers and Cultural Services** | 11,141 | 232 | 0 | 11,373 | 1,766 | 13,139 | 0 | 13,139 | |
| Director of Human Resources** | 21,878 | 284 | 0 | 22,162 | 3,469 | 25,631 | 0 | 25,631 | |
| Assistant Director of Environmental Services | 84,270 | 424 | 0 | 84,694 | 13,275 | 97,969 | 0 | 97,969 | |
| Assistant Director of Planning and Development | 81,511 | 389 | 0 | 81,900 | 12,911 | 94,811 | 0 | 94,811 | |
| Assistant Director of Growth and Economy | 81,201 | 0 | 0 | 81,201 | 12,911 | 94,111 | 0 | 94,111 | |
| Assistant Director of Finance (Section 151) | 81,141 | 766 | 0 | 81,907 | 12,825 | 94,732 | 0 | 94,732 | S151 Officer from Feb 2022 |
| Assistant Director of Wellbeing | 74,002 | 303 | 0 | 74,305 | 11,638 | 85,943 | 0 | 85,943 | |
| Assistant Director of Property Management and Contract Management** | 39,907 | 140 | 0 | 40,047 | 6,007 | 46,054 | 0 | 46,054 | Until Dec 2021 |
| Assistant Director of Housing and Social Care Commissioning** | 13,518 | 109 | 0 | 13,628 | 2,121 | 15,748 | 0 | 15,748 | Until July 2021 |

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 |
|---|--------------------------------------|---|--------------------------------------|---|----------------------|---|--|-----------------------------------|-------------------------------------|
| Programme Director of Growth And Commercial | 22,018 | 0 | 0 | 22,018 | 3,368 | 25,386 | 0 | 25,386 | Until Sept 2021 |
| Corporate Director of Public Health & Wellbeing* | 0 | 0 | 0 | 0 | 0 | 0 | 17,116 | 17,116 | |
| Corporate Director of Adults and Housing Services* | 0 | 0 | 0 | 0 | 0 | 0 | 15,610 | 15,610 | |
| Corporate Director of Commercial Development, Assets and Investment Monitoring* | 0 | 0 | 0 | 0 | 0 | 0 | 61,520 | 61,520 | |
| Corporate Director of Environment and Place* | 0 | 0 | 0 | 0 | 0 | 0 | 61,325 | 61,325 | |
| Director of Digital and IT Services* | 0 | 0 | 0 | 0 | 0 | 0 | 14,731 | 14,731 | |
| Director of Law and Governance and Monitoring Officer* | 0 | 0 | 0 | 0 | 0 | 0 | 33,962 | 33,962 | Joint CDC/OCC until Feb 2022 |
| Director of Finance Section 151* | 0 | 0 | 0 | 0 | 0 | 0 | 45,389 | 45,389 | Joint CDC/OCC & S151 until Feb 2022 |
| Director of Communications, Strategy and Insight* | 0 | 0 | 0 | 0 | 0 | 0 | 21,399 | 21,399 | |

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 |
|--|--------------------------------------|---|--------------------------------------|---|----------------------|---|--|-----------------------------------|----------------------|
| Director of Property Investment and Facilities Management* | 0 | 0 | 0 | 0 | 0 | 0 | 20,127 | 20,127 | From Aug 2021 |
| Assistant Director of Regulatory Services* | 0 | 0 | 0 | 0 | 0 | 0 | 67,520 | 67,520 | |
| Assistant Director Housing and Social Care Commissioning* | 0 | 0 | 0 | 0 | 0 | 0 | 65,649 | 65,649 | From July 2021 |
| Head of Legal Services and Deputy Monitoring Officer | 0 | 0 | 0 | 0 | 0 | 0 | 35,808 | 35,808 | |
| Assistant Director of Healthy Place Shaping* | 0 | 0 | 0 | 0 | 0 | 0 | 28,882 | 28,882 | |
| Head of Procurement and Contract Management * | 0 | 0 | 0 | 0 | 0 | 0 | 24,483 | 24,483 | |
| Assistant Director of Property Management and Contract Management* | 0 | 0 | 0 | 0 | 0 | 0 | 18,219 | 18,219 | From Jan 2022 |
| Licensing Manager* | 0 | 0 | 0 | 0 | 0 | 0 | 20,000 | 20,000 | |
| Total | 665,798.56 | £,690.11 | 0.00 | 668,488.67 | 103,497.71 | 771,986.38 | 260,561.00 | 1,323,726.38 | |

Note 27 Continued...

The remuneration paid to senior employees in Cherwell District Council for 2020/21 is as follows:

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

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 2020/21 |
|--|--------------------------------------|---|--------------------------------------|---|----------------------|---|--|-----------------------------------|----------------------|
| Assistant Director: Finance | 58,597 | | | 58,597 | 9,317 | 67,915 | | 67,915 | From Jun 2020 |
| Corporate Director - Commercial Development, Assets and Investments* | | | | | | | 53,922 | 53,922 | |
| Corporate Director - Adult Social Care & Housing* | | | | | | | 16,043 | 16,043 | |
| Corporate Director of Public Health* | | | | | | | 14,366 | 14,366 | |
| Director of Finance* | | | | | | | 47,147 | 47,147 | |
| Head of Legal and Deputy Monitoring Officer* | | | | | | | 25,414 | 25,414 | From Jun 2020 |
| Director - IT, Digital and Transformation* | | | | | | | 23,448 | 23,448 | |
| Director of Law and Governance (new post)* | | | | | | | 7,029 | 7,029 | From Jan 2021 |
| Head of Procurement & Contract Management* | | | | | | | 28,932 | 28,932 | |
| Assistant Director of Healthy Place Shaping* | | | | | | | 9,936 | 9,936 | |
| Licensing Manager* | | | | | | | 7,893 | 7,893 | 6 months |
| Director of Strategy Insight and Communications* | | | | | | | 24,075 | 24,075 | |
| Assistant Director of Regulatory Services* | | | | | | | 68,258 | 68,258 | |
| Total | 753,088 | 10,339 | 0 | 763,427 | 116,528 | 879,956 | 326,463 | 1,206,418 | |

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

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

**Denotes Staff employed by Cherwell District Council and a charge is made to Oxfordshire County Council for a share of the salary costs. 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 fee payable in 2021-22 is still subject to approval by the PSAA.

| 31-Mar-21 £'000s | Fees | 31-Mar-22 £'000s |
|-----------------------------|--|-----------------------------|
| 141 | Fees payable with regard to external audit services carried out by the appointed auditor | 127 |
| 29 | Fees payable for the certification of grant claims and returns | 24 |
| 170 | Total | 151 |

Note 29 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22;

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

| 31-Mar-21 £'000 | Grant Income Credited to Taxation | 31-Mar-22 £'000 |
|--------------------|---|--------------------|
| | Revenue Grants and Contributions | |
| (116) | Revenue Support Grant | (117) |
| (7,353) | Non-Domestic Rates (incl. Section 31 grant) | (11,874) |
| (5,836) | New Homes Bonus | (4,423) |
| (3,679) | Covid-19 grants | (1,204) |
| 0 | Lower Tier Services Grant | (897) |
| (79) | Other Revenue Grants and Contributions | (353) |
| | Capital Grants and Contributions | |
| (1,240) | Disabled Facilities Grant | (1,270) |
| 0 | Decarbonisation Grant | (5,183) |
| (9,809) | Growth Deal Funding | (2,269) |
| (1,610) | Garden Town Capital Grant | (4,550) |
| 0 | NW Bicester Bridge | (4,250) |
| (397) | Other Capital Grants and Contributions | (1,431) |
| (30,119) | Total | (37,822) |

Grant Income Credited to Services

| 31-Mar-21 £'000 | Grant Income Credited to Services | 31-Mar-22 £'000 |
|--------------------|--|--------------------|
| (24,560) | Rent Allowances Subsidy Grant | (22,207) |
| (304) | Housing Benefit Administration Subsidy Grant | (291) |
| (232) | NDR Cost of Collection Grant | (235) |
| (629) | Flexible Homeless Support Grant | (624) |
| (228) | Rough Sleeper Initiative | (340) |
| (607) | Section 106 Developer contributions | (304) |
| (303) | New Burdens | (60) |
| (329) | Discretionary Housing Payments | (250) |
| (832) | Other Grants & Contributions | (633) |
| (2,753) | Contributions from other Local Authorities | (2,504) |
| (433) | Home Office – Refugees | (251) |
| (7,541) | Covid-19 related grants | (2,265) |
| (38,752) | Total | (29,964) |

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

Grants Receipts in Advance (Revenue Grants) - Current Liabilities

| 31-Mar-21 £'000 | | 31-Mar-22 £'000 |
|--------------------|---|--------------------|
| (134) | Section 106 developer contributions | (290) |
| (3,314) | COVID-19 Grant - Closed Business Lockdown Payment Grant | (2,747) |
| (25) | COVID-19 Grant - Christmas Support | 0 |
| (958) | COVID-19 Grant - LRSG Closed | 0 |
| (3,865) | COVID-19 Grant - LRSG Closed Addendum | (3,891) |
| 0 | COVID-19 Grant - LRSG Open | (124) |
| (106) | COVID-19 Grant - Test & Trace | 0 |
| (10) | COVID-19 Grant - Small Business Grant | (10) |
| 0 | COVID-19 Grant – Covid Additional Relief Fund | (3,988) |
| 0 | COVID-19 Grant – Omicron HL Grant | (387) |
| 0 | Council Tax Rebate Grant | (7,923) |
| (201) | Other Grants and contributions | (245) |
| (8,612) | Total | (19,606) |

Grants Receipts in Advance (Capital Grants) - Current Liabilities

| 31-Mar-21 £'000 | | 31-Mar-22 £'000 |
|----------------------------------|-------------------------------------|----------------------------------|
| (777) | Section 106 developer contributions | (681) |
| 0 | Decarbonisation Grant | (803) |
| (777) | Total | (1,485) |

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

| 31-Mar-21 £'000 | | 31-Mar-22 £'000 |
|----------------------------------|---|----------------------------------|
| (4,169) | Section 106 Developer Contributions - Capital | (4,952) |
| (5) | Community Build Banbury | (5) |
| (4,174) | Total | (4,958) |

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

| 31-Mar-21 £'000 | | 31-Mar-22 £'000 |
|----------------------------------|---|----------------------------------|
| (8,086) | Section 106 Developer Contributions - Capital | (8,753) |
| (6,312) | Other Contributions | (283) |
| (4,250) | NW Bicester Bridge | 0 |
| (3,906) | Eco Town Grant | (3,906) |
| (22,555) | Total | (12,941) |

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 secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

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

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

Local Government

Oxfordshire County Council

Shared Resource

Cherwell District Council shares a number of officers with Oxfordshire County Council under a joint working relationship. The senior officers working in a shared capacity as at 31 March 2022 were:

| Shared Post | Officer Employed by |
|--|----------------------------|
| Assistant Director Housing and Social Care Commissioning | Oxfordshire County Council |
| Assistant Director Regulatory Services | Oxfordshire County Council |
| Chief Fire Officer | Oxfordshire County Council |
| Corporate Director Customers, Organisational Development and Resources | Cherwell District Council |
| Corporate Director Commercial Development, Assets and Investments | Oxfordshire County Council |
| Corporate Director Environment and Place | Oxfordshire County Council |
| Corporate Director Public Health and Wellbeing | Oxfordshire County Council |
| Director Communications, Strategy and Insight | Oxfordshire County Council |
| Director Customers and Cultural Services | Cherwell District Council |
| Director Digital and IT | Oxfordshire County Council |
| Director of Human Resources | Oxfordshire County Council |
| Director of Law and Governance | Oxfordshire County Council |
| Director Property, Investment and Facilities Management | Oxfordshire County Council |
| Head of Legal | Oxfordshire County Council |
| Head of Procurement and Contract Management | Oxfordshire County Council |
| Lead of Healthy Place Shaping | Oxfordshire County Council |

Other Public Bodies

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

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

Related Party Transaction Summary

| Declarations Made By | Details of Related Party | Transaction Values 2021 £m | Transaction Values 2022 £m |
|--|--|-------------------------------|-------------------------------|
| 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 | 1.102 | 0.350 |
| CDC Asst Directors x2 Councillors 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 include intercompany loans | 0.431 | 0.539 |
| Councillors x 2 | Graven Hill Village Holdings Ltd - a wholly owned council subsidiary for the purpose of Eco developments in the district - details of appointed directors are listed below - transactions include intercompany loans and capital investments | 5.797 | 12.327 |
| 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 | 0 | 0.015 |
| CDC Executive x1 | Active Oxfordshire is a registered charity dedicated to promoting healthy activity for all ages across Oxfordshire. Transactions include invoices and modest grant funding | 0 | (0.025) |
| 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 invoice for supply | 0 | <0.001 |

Officers

- During 2021/22 Senior Officers of the Council made disclosures of £889k (2020/21 £7.33million) relating to their directorships of the Council's wholly owned and Joint owned companies as listed below. All transactions are fully compliant with the CIPFA Code and documented in the Group Accounts.
- There is also a disclosure of £25k received for invoices issued to a local charity
- There were no other material disclosures other than being a shared resource as noted above.

Members

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

- During 2021/22 payments for works and services to the value of £13.231million (2020/21 £7.79million) were made to parties where Members had declared an interest.
- The £13.231m is split with £13.216m transactions relating to their directorships with the Council's wholly owned and Joint owned companies as listed below. These transactions are fully documented in the Group Accounts. The remaining £15k relates to other transactions which have been fully investigated and appropriately recorded.
- Contracts were entered into in full compliance with the Council's Standing Orders.

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

Subsidiaries and Joint Operations

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

Graven Hill Village Holdings Ltd

Councillor Ian Corkin – appointed December 2018

Councillor Dan Sames – appointed December 2018

Graven Hill Village Development Company Ltd

Councillor Ian Corkin – appointed September 2015

Councillor Dan Sames – appointed July 2014

Crown House Banbury Ltd

Councillor Simon Holland – appointed October 2017

CDC Official Nicola Riley – appointed August 2021

CDC Official Gillian Douglas – resigned July 2021

Crown Apartments Banbury Limited

Councillor Simon Holland – appointed June 2018
CDC Official Nicola Riley – appointed August 2021
CDC Official Gillian Douglas – resigned July 2021

CSN Resources Ltd (Entered voluntary liquidation on 26 November 2021)

Councillor Jason Slaymaker – resigned April 2021
Councillor Hugo Brown – Appointed June 2019
CDC Official Claire Taylor – Appointed April 2017

CSN Associates Ltd: (Dissolved on 30 November 2021)

Councillor Jason Slaymaker – resigned April 2021
Councillor Hugo Brown – appointed June 2018
CDC Official Claire Taylor – appointed April 2017

Entities Controlled or Significantly Influenced by the Authority

During 2021/22 grant funding payments of £0.387m (2020/21 £0.369m) were made to the Banbury Museum Trust. This represents a significant part of the funding for this organisation.

Note 31 – Capital Expenditure and Capital Financing

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

Capital Expenditure and Capital Financing

| Capital Expenditure and Capital Financing | | |
|---|--|--------------------|
| 31-Mar-21 £'000 | | 31-Mar-22 £'000 |
| 178,745 | Opening Capital Financing Requirement | 228,639 |
| Capital Investment: | | |
| 40,764 | Property Plant and Equipment | 14,895 |
| 1,999 | Investment Property | 212 |
| 1,146 | Intangible Assets | 647 |
| 12,865 | Revenue Expenditure Funded from Capital Under Statute | 9,390 |
| 4,000 | Long Term Investments | 2,596 |
| 5,703 | Long Term Debtors | 4,449 |
| 66,476 | Total Capital Spending | 32,189 |
| Sources of Finance: | | |
| (1,883) | Capital receipts | (20) |
| (12,545) | Government Grants and other contributions | (18,954) |
| Sums set aside from revenue: | | |
| 0 | - Direct revenue contributions | (3,000) |
| Debt Repayment: | | |
| (2,153) | Minimum revenue Provision | (1,723) |
| (16,581) | Total Sources of Finance | (23,697) |
| 228,639 | Closing Capital Financing Requirement | 237,131 |
| Explanation of movements in year | | |
| 31-Mar-21 £'000 | | 31-Mar-22 £'000 |
| 52,049 | Increase in underlying need to borrow (unsupported by government financial assistance) | 10,215 |
| | Assets acquired under finance leases | |
| (2,153) | Statutory provision for repayment of debt (minimum Revenue Provision) | (1,723) |
| 49,895 | Increase/(decrease) in Capital Financing Requirement | 8,492 |

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-21 £'000 | | 31-Mar-22 £'000 |
|--------------------|---|--------------------|
| 3,619 | Other Land and Buildings | 2,256 |
| 0 | Vehicles, Plant, Furniture, Equipment and Other | 0 |
| 3,619 | Total | 2,256 |

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

| 31-Mar-21 £'000 | | 31-Mar-22 £'000 |
|---|---------------------------------------|--------------------|
| Finance lease liabilities (net present value of minimum lease payments): | | |
| 7 | - current | 8 |
| 1,570 | - non-current | 1,562 |
| 0 | Finance costs payable in future years | 0 |
| 1,577 | Minimum lease payments | 1,570 |

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

| Minimum Lease payments | | Finance Lease Liabilities | | |
|------------------------|--------------------|---|--------------------|--------------|
| 31-Mar-21 £'000 | 31-Mar-22 £'000 | 31-Mar-21 £'000 | 31-Mar-22 £'000 | |
| 7 | 8 | Not later than one year | 206 | 211 |
| 36 | 40 | Later than one year and not later than five years | 822 | 843 |
| 1,534 | 1,522 | Later than five years | 5,222 | 5,352 |
| 1,577 | 1,570 | Total | 6,250 | 6,405 |

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-21 £'000 | | 31-Mar-22 £'000 |
|---------------------------|---|---------------------------|
| 32 | Not later than one year | 31 |
| 103 | Later than one year and not later than five years | 81 |
| 43 | Later than five years | 34 |
| 178 | Total | 146 |

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

| 31-Mar-21 £'000 | | 31-Mar-22 £'000 |
|---------------------------|------------------------|---------------------------|
| 61 | Minimum lease payments | 41 |
| 61 | Total | 41 |

32.3 Authority as Lessor - Finance Leases

| 31-Mar-21 £'000 | | 31-Mar-22 £'000 |
|---------------------------|---|---------------------------|
| | Finance lease debtor (net present value of minimum lease payments): | |
| 250 | - current | 225 |
| 225 | - non-current | 0 |
| 0 | Unearned finance income | 0 |
| 0 | Unguaranteed residual value of property | 0 |
| 475 | Gross investment in the lease | 225 |

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-21 £'000 | 31-Mar-22 £'000 | 31-Mar-21 £'000 | 31-Mar-22 £'000 |
| 0 | 225 | 250 | 225 |
| 0 | 0 | 225 | 0 |
| 475 | 0 | 0 | 0 |
| 475 | 225 | 475 | 225 |

32.4 Authority as Lessor - Operating Leases

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

| 31-Mar-21 £'000 | | 31-Mar-22 £'000 |
|--------------------|---|--------------------|
| 4,276 | Not later than one year | 5,234 |
| 12,287 | Later than one year and not later than five years | 16,030 |
| 37,121 | Later than five years | 63,214 |
| 53,684 | Total | 84,479 |

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 2021/22.

Note 34 - Termination Benefits

The authority terminated the contracts of eight employees which resulted in termination benefits of £220k in 2021/22. The Figure in the financial year of 2020/21 was £11k.

| [a] Exit package cost band (including special payments) | [b] Number of compulsory redundancies | | [c] Number of other departures agreed | | [d] total number of exit packages by cost band [(b) + (c)] | | [e] Total cost of exit packages in each band | |
|--|--|----------|--|----------|---|----------|---|----------------|
| | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 |
| £0-£20,000 | 5 | 3 | 0 | 2 | 5 | 5 | £23,055 | £10,859 |
| £20,001-£100,000 | 2 | 0 | 1 | 0 | 3 | 0 | £196,497 | £0 |
| £100,001-£140,000 | 0 | 0 | 0 | 0 | 0 | 0 | £0 | £0 |
| Total | 7 | 3 | 1 | 2 | 8 | 5 | £219,552 | £10,859 |

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-21 | | 31-Mar-22 |
|---|---|------------------|
| £'000 | Comprehensive (Income) and Expenditure Statement | £'000 |
| Cost of Services: | | |
| 5,397 | Current Service Cost | 8,557 |
| 0 | Past Service Cost/(Gain) – Including Curtailments | 120 |
| 77 | Administration Expense | 78 |
| Financing and Investment (Income) and Expenditure: | | |
| 1,704 | Net Interest Expense | 1,970 |
| 7,178 | Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services | 10,725 |
| Other Comprehensive (Income) and Expenditure: | | |
| (22,366) | Return on Plan Assets (excluding amounts included in net interest expense) | (10,869) |
| 2,386 | Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions | (1,059) |
| 45,266 | Actuarial (Gains) & Losses Arising on Changes in Financial Assumptions | (15,239) |
| (1,769) | Experience (Gain)/loss on defined benefit obligation | 449 |
| 0 | Other actuarial (Gains) & Losses on assets | 0 |
| 23,517 | Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | (26,718) |
| Movement in Reserves Statement | | |
| (7,178) | Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in accordance with the Code | (10,725) |
| 7,811 | Employer's Contributions Payable to the Pension Scheme | 2,853 |
| 633 | Total | (7,872) |

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-21 £'000 | Pension Assets and Liabilities Recognised in the Balance Sheet | 31-Mar-22 £'000 |
|----------------------------|---|----------------------------|
| (222,096) | Present value of the defined benefit obligation | (218,485) |
| 129,944 | Fair value of plan assets | 141,677 |
| (92,152) | Sub-total | (76,808) |
| (3,502) | Other movements in the liability | 0 |
| (95,654) | Net liability arising from defined benefit obligation | (76,808) |

35.4 Assets and Liabilities in relation to Retirement Benefits

| 31-Mar-21 £'000 | Reconciliation of Present Value of Scheme Liabilities | 31-Mar-22 £'000 |
|--|--|----------------------------|
| (174,661) | Liabilities as of the Beginning of the Period | (225,598) |
| (5,474) | Current Service Cost | (8,635) |
| (4,026) | Interest Cost | (4,550) |
| (1,060) | Contributions by Scheme Participants | (1,066) |
| (45,266) | Change in financial assumptions | 15,239 |
| (2,386) | Change in demographic assumptions | 1,059 |
| 1,769 | Experience (Losses)/Gains on defined benefit obligation | (449) |
| 0 | Losses on Curtailments | 0 |
| 5,506 | Benefits Paid | 5,635 |
| 0 | Past Service Costs | (120) |
| (225,598) | Liabilities as of the End of the Period | (218,485) |
| Reconciliation of Fair Value of Scheme Assets | | |
| 101,891 | Assets as of the Beginning of the Period | 129,944 |
| 2,322 | Interest on Assets | 2,580 |
| 22,366 | Return on assets less interest | 10,869 |
| 7,811 | Employer Contributions | 2,853 |
| 1,060 | Contributions by Scheme Participants | 1,066 |
| (5,506) | Benefits Paid | (5,635) |
| 129,944 | Assets as of the End of the Period | 141,677 |

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 £218m 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 £77m (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 2023 is £2.478m.

The weighted average time until payment of all expected future cashflows is 21 years.

Sensitivity Analysis

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

Measurement of Pension Liability

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

The estimated effects of the changes in the key individual assumptions in determining the net pension liability would increase the Council's pension liability as of 31 March 2022 as follows:

| 31-Mar-21 £'000 | Sensitivity analysis | 31-Mar-22 £'000 |
|--------------------|--|--------------------|
| 22,127 | 0.5 per cent decrease in the real discount rate | 20,850 |
| 1,832 | 0.5 per cent increase in the salary increase rate | 1,680 |
| 19,868 | 0.5 per cent increase in the pension increase rate | 19,030 |
| 9,024 | 1-year increase in member life expectancy | 8,740 |

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 2019.

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

| 31-Mar-21 per cent | Principal Assumptions | 31-Mar-22 per cent |
|-----------------------|--|-----------------------|
| 3.3 | Rate of inflation: RPI | 3.65 |
| 2.85 | Rate of inflation: CPI | 3.20 |
| 2.85 | Rate of increase in salaries | 3.20 |
| 2.85 | Rate of increase in pensions | 3.20 |
| 2.0 | Rate of discounting scheme liabilities | 2.70 |

These assumptions are set with reference to market conditions as at 31 March 2022. The estimated duration of Employer's pension liabilities to employees is 21 years.

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

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

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

| 31-Mar-21 | | 31-Mar-22 |
|-----------|--|-----------|
| Years | Mortality Assumptions | Years |
| | Longevity at 65 for current pensioners | |
| 22.4 | Men | 22.2 |
| 24.7 | Women | 24.5 |
| | Longevity at 65 for future pensioners | |
| 23.4 | Men | 23.1 |
| 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-21 per cent | Estimated Asset Allocation | 31-Mar-22 per cent |
|-----------------------|----------------------------------|-----------------------|
| 0 | Equity Securities | 0 |
| 11 | Debt Securities | 3 |
| 4 | Private Equity | 5 |
| 0 | Real Estate | 0 |
| 81 | Investment Funds and Unit Trusts | 90 |
| 0 | Derivatives | 0 |
| 4 | Cash & Cash Equivalents | 2 |
| 100 | Total | 100 |

35.6 Other factors arising from recent court cases

Guaranteed Minimum Pension (GMP) Indexation

The 2019 formal funding valuation included an allowance for full GMP equalisation / indexation within the LGPS. The rolled forward position to 31 March 2022 therefore includes this allowance.

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

McCloud - An allowance was added to the 2019 valuation results, so the impact is continued to be included within the balance sheet at 31 March 2022

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

VAT Share

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

Collection Fund Accounts

| 31-Mar-21 | | | 31-Mar-22 | | | |
|--|------------------|------------------|--|-----------------|------------------|------------------|
| Business Rates | Council Tax | Total | Collection Fund | Business Rates | Council Tax | Total |
| £'000 | £'000 | £'000 | Income: | £'000 | £'000 | £'000 |
| | (110,800) | (110,800) | Council Tax Receivable | | (117,468) | (117,468) |
| (42,898) | | (42,898) | Business Rates Receivable | (75,829) | | (75,829) |
| (376) | 0 | (376) | Transitional Protection Payments Receivable | (188) | 0 | (188) |
| (43,275) | (110,800) | (154,075) | Total Income | (76,017) | (117,468) | (193,485) |
| Expenditure: | | | | | | |
| Contribution to Previous Year's estimated Surplus/Deficit: | | | | | | |
| 2,513 | | 2,513 | Central Government | (29,009) | | (29,009) |
| 2,011 | 304 | 2,314 | Cherwell District Council | (23,207) | 12 | (23,195) |
| 503 | 1,994 | 2,497 | Oxfordshire County Council | (5,802) | 81 | (5,721) |
| | 280 | 280 | Thames Valley Police and Crime Commissioner | | 11 | 11 |
| Precepts, demands and shares: | | | | | | |
| 48,011 | | 48,011 | Central Government | 47,371 | | 47,371 |
| 38,409 | 12,797 | 51,206 | Cherwell District Council | 37,897 | 13,154 | 51,051 |
| 9,602 | 84,864 | 94,467 | Oxfordshire County Council | 9,474 | 87,490 | 96,964 |
| 0 | 12,016 | 12,016 | Thames Valley Police and Crime Commissioner | 0 | 12,863 | 12,863 |
| Charges to Collection Fund: | | | | | | |
| | | | | 0 | | |
| (35) | 413 | 378 | Write-offs of uncollectable amounts | 239 | 13 | 252 |
| 607 | (137) | 470 | Increase/(decrease) in allowance for impairment | 797 | (87) | 710 |
| 4,089 | | 4,089 | Increase/(decrease) in allowance for appeals | 4 | | 4 |
| 232 | | 232 | Charge to General Fund for allowable collection costs for non-domestic rates | 235 | | 235 |
| Other transfers to General Fund in accordance with non-domestic rates regulations | | | | | | |
| | | | | 0 | | 0 |
| 491 | | 491 | Renewable Energy | 495 | | 495 |
| 106,432 | 112,533 | 218,965 | Total Expenditure | 96,512 | 113,537 | 152,031 |
| 63,157 | 1,732 | 64,890 | Movement on Fund Balance | (37,523) | (3,931) | (41,454) |
| (4,251) | (2,965) | (7,216) | Balance at the beginning of the Year | 58,907 | (1,233) | 57,674 |
| 58,907 | (1,233) | 57,674 | Balance at the end of the Year | 21,384 | (5,164) | 16,220 |
| Shares of Balance | | | | | | |
| 29,453 | | 29,453 | Central Government | 10,692 | | 10,692 |
| 23,563 | (143) | 23,420 | Cherwell District Council | 8,553 | (595) | 7,958 |
| 5,891 | (950) | 4,941 | Oxfordshire County Council | 2,138 | (3,984) | (1,845) |
| 0 | (140) | (140) | Thames Valley Police and Crime Commissioner | 0 | (585) | (585) |
| 58,907 | (1,233) | 57,674 | Total | 21,384 | (5,164) | 16,220 |

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 0.71 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 2021/22; 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 £76.0m in 2021/22. The rateable value for the Council's area was £234.9 m at 31 March 2021 VOA valuation (2020/21: £231.7m).

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 2021/22 the accumulated provision for bad debts stood at £3.938m (£3.229m for 2020/21) made up as follows:

| 31-Mar-21 £'000 | Provision for Uncollectable Amounts | 31-Mar-22 £'000 |
|----------------------------|--|----------------------------|
| 984 | Non-Domestic Rates | 1,781 |
| 2,245 | Council Tax | 2,157 |
| 3,229 | Total Provision | 3,938 |

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 2021/22 are:

| Band | Estimated equivalent no. of taxable properties after effect of discounts | Ratio | Band D Equivalent Dwellings |
|---------------|---|--------------|------------------------------------|
| A | 3,970 | 6/9ths | 2,647 |
| B | 12,274 | 7/9ths | 9,546 |
| C | 15,632 | 8/9ths | 13,895 |
| D | 10,558 | 9/9ths | 10,558 |
| E | 7,829 | 11/9ths | 9,569 |
| F | 3,846 | 13/9ths | 5,555 |
| G | 2,561 | 15/9ths | 4,268 |
| H | 229 | 18/9ths | 458 |
| Totals | 56,899 | | 56,496 |
| | Adjustment for non- collection (-2.0 per cent) | | (1,130) |
| | Contribution from MOD Properties | | 250 |
| | Council Tax Base 2021/22 | | 55,616 |
| | Council Tax Base 2020/21 | | 55,560 |

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

| Band | Multiplier | Cherwell Council | Oxfordshire County Council | Thames Valley Police and Crime Commissioner | Total £s |
|-------------|-------------------|-------------------------|-----------------------------------|--|---------------------|
| A | 6/9ths | 92.33 | 1,048.74 | 154.19 | 1,295.26 |
| B | 7/9ths | 107.72 | 1,223.53 | 179.88 | 1,511.13 |
| C | 8/9ths | 123.11 | 1,398.32 | 205.58 | 1,727.01 |
| D | 9/9ths | 138.50 | 1,573.11 | 231.28 | 1,942.89 |
| E | 11/9ths | 169.28 | 1,922.69 | 282.68 | 2,374.65 |
| F | 13/9ths | 200.06 | 2,272.27 | 334.07 | 2,806.40 |
| G | 15/9ths | 230.83 | 2,621.85 | 385.47 | 3,238.15 |
| H | 18/9ths | 277.00 | 3,146.22 | 462.56 | 3,885.78 |

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 group accounts as the company's accounts made up to the liquidation date are not material to the group. Opening balances have been adjusted where appropriate.

Graven Hill Village Holdings Ltd

The company is a holding company and does not trade. 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 2020/21, the company's results showed a loss of £0.026m (£0.026m loss in 2020/21), and net assets of £34.338m (2020/21: £31.769m). Loans outstanding owed to the group total £12.234m (2020/21: £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 2020/21, the company's results showed a surplus of £2.944m (2020/21: £1.311m), and net assets of £36.999m (2020/21: £31.459m). Loans outstanding from the group to the company total £58.685m (2020/21: £48.555m).

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 £0.047m (2020/21: £0.029m; not trading) and net liability of £0.076m (2020/21: £0.028m).

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 2020/21, the company's results showed a loss of £0.324m (2020/21: £0.680m), and net liabilities of £3.846m (2020/21: £3.522m). The value of loans outstanding from the council calculated using the Effective Interest Rate method total £11.744m (2020/21: £11.184m).

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 2021/22, the company's results showed a loss of £0.007m (2020/21 £0.012m) and net liabilities of £0.031m (2020/21 £0.024m).

Summary of Group

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

| Group Year Ending 31-Mar-21 £000 | Group Comprehensive Income and Expenditure Statement | Group Year Ending 31-Mar-22 £000 |
|---|---|---|
| (2,450) | Adults and Housing Services | (3,575) |
| 8,812 | Comm Dev Assets and Invests | 28,705 |
| 7,719 | Cust and Org Dev & Resources | 8,184 |
| 23,761 | Environment & Place | 21,883 |
| 1,881 | Public Health and Wellbeing | 2,907 |
| 39,722 | Cost of Services | 58,104 |
| 6,776 | Other Operating Expenditure | 6,362 |
| 17,111 | Financing and Investment Income and Expenditure | 18,311 |
| 257 | Movement in the fair value of investment properties | 0 |
| (43,411) | Taxation and Non-Specific Grant Income | (50,747) |
| 20,455 | (Surplus) or Deficit on Provision of Services | 32,031 |
| 2,963 | Surplus or deficit on revaluation of property, Plant and Equipment | (4,311) |
| 0 | Impairment losses on non-current assets charged to the revaluation reserve | 0 |
| 0 | Surplus or deficit on revaluation of available for sale financial assets | 0 |
| 23,517 | Remeasurement of the net defined benefit liability / asset | (26,718) |
| 26,480 | Other Comprehensive Income and Expenditure | (31,029) |
| 46,935 | Total Comprehensive Income and Expenditure | 1,002 |

| Group Movement in Reserves Statement | | | | | | | |
|--|-----------------------------|--|---------------------------------|--|------------------------------|--------------------------|-----------------------|
| | General Fund Balance | Earmarked General Fund Reserves | Capital Receipts Reserve | Capital Receipts Un-applied Account | Total Usable Reserves | Unusable Reserves | Total Reserves |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Opening Balance at 31 March 2021 | | | | | | | |
| As previously stated | 6,917 | (52,885) | (79) | (676) | (46,724) | 53,287 | 6,563 |
| Adjustment re CSN* | 353 | 0 | 0 | 0 | 353 | 0 | 353 |
| Restated Balance at 1 April 2021 | 7270 | (52,885) | (79) | (676) | (46,370) | 53,287 | 6,917 |
| Movement in Reserves during 2021/22 | | | | | | | |
| Surplus or deficit on the provision of services | 32,031 | 0 | 0 | 0 | 32,031 | 0 | 32,031 |
| Other Comprehensive Income / Expenditure | 0 | 0 | 0 | 0 | 0 | (31,029) | (31,029) |
| Total Comprehensive Income and Expenditure | 32,031 | 0 | 0 | 0 | 32,031 | (31,029) | 1,002 |
| Adjustments between accounting basis and funding basis under regulations | (19,805) | 0 | (21) | (7,272) | (27,098) | 27,098 | 0 |
| Net Increase or Decrease before Transfers to Earmarked Reserves | 12,226 | 0 | (21) | (7,272) | 4,933 | (3,931) | 1,002 |
| Transfers to / from Earmarked Reserves | (12,978) | 12,978 | 0 | 0 | 0 | 0 | 0 |
| (Increase) or Decrease in 2021/22 | (752) | 12,978 | (21) | (7,272) | 4,933 | (3,931) | 1,002 |
| Closing Balance at 31 March 2022 | 6,518 | (39,907) | (100) | (7,948) | (41,437) | 49,357 | 7,920 |

* As CSN Resources and CSN Associates are no longer consolidated in the group, the opening reserve balance in relation to these has been removed

| Group Movement in Reserves Statement (restated) | 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 |
|--|----------------------------------|---|--------------------------------------|---|-----------------------------------|-------------------------------|----------------------------|
| Opening Balance at 31 March 2020 (restated) | | | | | | | |
| -As previously stated | 8,663 | (26,381) | 0 | (165) | (17,883) | (17,116) | (35,000) |
| -Prior year adjustment re CDC PY | | | | | 0 | (5,373) | (5,373) |
| Restated Balance at 1 April 2020 | 8,663 | (26,381) | 0 | (165) | (17,883) | (22,489) | (40,372) |
| Movement in Reserves during 2020/21 | | | | | | | |
| Surplus or deficit on the provision of services | 20,455 | 0 | 0 | 0 | 20,455 | 0 | 20,455 |
| Other Comprehensive Income / Expenditure | 0 | 0 | 0 | 0 | 0 | 26,480 | 26,480 |
| Total Comprehensive Income and Expenditure | 20,455 | 0 | 0 | 0 | 20,455 | 26,480 | 46,935 |
| Adjustments between accounting basis and funding basis under regulations | (48,705) | 0 | (79) | (511) | (49,295) | 49,295 | 0 |
| Net Increase or Decrease before Transfers to Earmarked Reserves | (28,250) | 0 | (79) | (511) | (28,840) | 75,775 | 46,935 |
| Transfers to / from Earmarked Reserves | 26,504 | (26,504) | 0 | 0 | 0 | 0 | 0 |
| (Increase) or Decrease in 2020/21 | (1,746) | (26,504) | (79) | (511) | (90) | 75,775 | 46,935 |
| Closing Balance at 31 March 2021 | 6,917 | (52,885) | (79) | (676) | (46,724) | 53,287 | 6,563 |

| Group Balance Sheet | | |
|----------------------------|--------------------------------------|----------------------|
| 31 March 2021 | | 31 March 2022 |
| £000 | | £000 |
| 161,958 | Property, Plant & Equipment | 123,881 |
| 52,783 | Investment Property | 67,830 |
| 2,282 | Intangible Assets | 2,431 |
| 0 | Assets held for sale | 0 |
| 1,111 | Long Term Investments | 1,110 |
| 1,194 | Long Term Debtors | 5,945 |
| 219,328 | Long Term Assets | 201,197 |
| | | |
| 31,028 | Short Term Investments | 46,254 |
| 73,367 | Inventories | 71,872 |
| 49,232 | Short Term Debtors | 18,620 |
| 22,024 | Cash and Cash Equivalents | 31,822 |
| 175,650 | Current Assets | 168,568 |
| | | |
| (82,584) | Short Term Borrowing | (87,605) |
| (71,161) | Short Term Creditors | (51,999) |
| (1,432) | Provisions | (277) |
| (8,612) | Grants Receipts in Advance - Revenue | (19,606) |
| (777) | Grants Receipts in Advance - Capital | (1,485) |
| (164,566) | Current Liabilities | (160,972) |
| | | |
| (7,250) | Provisions | (8,409) |
| (102,000) | Long Term Borrowing | (112,000) |
| (95,654) | Pension Liability | (76,808) |
| (5,345) | Long Term Creditors | (1,599) |
| (4,174) | Grants Receipts in Advance - Revenue | (4,958) |
| (22,555) | Grants Receipts in Advance - Capital | (12,941) |
| (236,978) | Long Term Liabilities | (216,715) |
| | | |
| (6,565) | Net Assets / (Liabilities) | (7,920) |
| | | |
| (46,724) | Useable Reserves | (41,435) |
| 53,287 | Unusable Reserves | 49,356 |
| 6,564 | Total Reserves | 7,920 |

Group Cashflow

| 2020/21 £'000 | Group Cash Flow Statement | Note | 2021/22 £'000 |
|---|--|------|------------------|
| Cash Flows from Operating Activities | | | |
| 18,673 | Net (Surplus)/Deficit on Provision of Services | | 29,733 |
| (3,186) | Depreciation & Impairment | 14 | (3,391) |
| (4,721) | Changes in Market Value of Property, Plant & Equipment | 14 | (20,718) |
| (367) | Amortisation of Intangible Assets | 16 | (498) |
| (18,044) | Changes in Fair Value of Investment Properties | 15 | (17,782) |
| (2,042) | Disposal of Assets | 14 | (558) |
| 5,244 | Changes in Inventory | 18 | 724 |
| 25,058 | Changes in Short Term Debtors (decrease) | 19 | (25,057) |
| (26,412) | Changes in Short Term Creditors (increase) | 22 | 13,313 |
| (1,677) | Changes in Provisions (increase) | 23 | (4) |
| 0 | Changes in Deferred Capital Receipts | | 0 |
| (22,884) | Changes in Net Pension Liability (decrease) | 37 | 18,846 |
| 23,108 | Remeasurement of Net Defined Benefit Liability | 37 | (26,718) |
| (9,654) | Changes in Long Term Creditors (increase) | 17 | (707) |
| 5,703 | Changes in Long Term Debtors (decrease) | 17 | 9,309 |
| 13,056 | Capital Grants Recognised | 31 | 18,954 |
| 2,089 | Proceeds on Disposal of Property, Plant & Equipment | 24 | 1,338 |
| 3,945 | Net Cash Flows from Operating Activities | | (3,215) |
| Cash Flows from Investing Activities | | | |
| 40,764 | Purchase of Property, Plant & Equipment | 14 | 14,895 |
| 6,056 | Purchase of Investment Property | 15 | 212 |
| 1,146 | Purchase of Intangible Assets | 16 | 647 |
| (2,089) | Proceeds from the Disposal of Property, Plant and Equipment | 24 | (1,338) |
| 0 | Other payments and receipts from investing activities | | 0 |
| 17,980 | Net Changes in Short Term and Long Term Investments (decrease) | 17 | 20,419 |
| 63,856 | Net Cash Flows from Investing Activities | | 34,835 |
| Cash Flows from Financing Activities | | | |
| (11,266) | Changes in Grants and Contributions | 29 | (2,872) |
| (8,000) | Issued share capital | | (5,192) |
| (13,056) | Capital Grants and Contributions Recognised | 29 | (18,954) |
| (43,077) | Cash Receipts of Short Term and Long Term Borrowing | 17 | (15,021) |
| 0 | Any other items for which the cash effects are investing or financing cash flows | | 0 |
| 0 | Changes in Council Tax and Business Rates Collected for Third Parties | 10 | 0 |
| (75,399) | Net Cash Flows from Financing Activities | | (42,039) |
| (7,597) | Net (Increase)/Decrease in Cash and Cash Equivalents in the Period | | (10,419) |
| 14,426 | Cash and Cash Equivalents at the Beginning of the Period* | | 21,404 |
| 22,024 | Cash and Cash Equivalents at the End of the Period | | 31,823 |

*The opening Cash and Cash Equivalents for 21/22 has been adjusted for CSN no longer being consolidated

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 2020/21, 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 2022 | | | | | | | |
|--|----------------------------|----------------------------|-----------------------|----------------|------------------|-----------------------------------|---|
| | Land and Buildings Revised | Vehicles Plant & Equipment | Infrastructure Assets | Surplus Assets | Community Assets | Assets under Construction Revised | Total Property, Plant and Equipment Revised |
| Cost or Valuation | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Opening Balance at 1 April 2021 | 102,311 | 14,556 | 5,556 | 15 | 38 | 57,091 | 179,567 |
| Additions | 442 | 4,287 | 0 | 61 | 0 | 10,105 | 14,895 |
| Acc Dep & Imp WO to GCA | (3,774) | 0 | 0 | 0 | 0 | 0 | (3,774) |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 2,152 | 0 | 0 | 0 | 0 | 2,160 | 4,311 |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | 3,071 | 0 | 0 | 0 | 0 | (23,789) | (20,718) |
| Derecognition – disposals | (556) | (573) | 0 | 0 | 0 | 0 | (1,129) |
| Reclassifications and transfer | 1,203 | 0 | 0 | 0 | 0 | (33,819) | (32,616) |
| Assets reclassified (to)/from Held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements in cost or valuation | 585 | 0 | 0 | 0 | 0 | (585) | 0 |
| Closing Balance at 31 March 2022 | 105,435 | 18,270 | 5,556 | 99 | 15 | 11,162 | 140,537 |
| Accumulated Depreciation and Impairment | | | | | | | |
| Balance brought forward | (4,394) | (10,299) | (2,915) | 0 | 0 | 0 | (17,609) |
| Depreciation charge | (2,287) | (918) | (186) | 0 | 0 | 0 | (3,391) |
| Acc. Depreciation WO to GCA | 2,850 | 0 | 0 | 0 | 0 | 0 | 2,850 |
| Impairment losses/(Reversals) recognised in the Revaluation Res | 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 |
| Closing Balance at 31 March 2022 | (2,890) | (10,664) | (3,101) | 0 | 0 | 0 | (16,655) |
| Net Book Value | | | | | | | |
| at 31 March 2022 | 102,545 | 7,606 | 2,455 | 99 | 15 | 11,162 | 123,882 |
| at 31 March 2021 | 97,917 | 4,257 | 2,640 | 15 | 38 | 57,091 | 161,958 |

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

Note 3 Group Inventories

| 31-Mar-21 £'000 | Inventory | 31-Mar-22 £'000 |
|----------------------------|--------------------------|----------------------------|
| 23,537 | Land | 24,502 |
| 49,606 | Development Costs | 47,117 |
| 224 | Stock | 253 |
| 73,367 | Total Inventories | 71,872 |

Annual Governance Statement 2021/22

Introduction

1. This is Cherwell District Council's Annual Governance Statement for 2021/22. It provides:
 - An **opinion** on the Council's governance arrangements from the Council's senior managers and the leader of the Council
 - A review of the **effectiveness** of the Council's governance arrangements during 2021/22;
 - A **conclusion** in relation to the effectiveness
 - A review of the **action plan** completed in 2021/22
 - An **action plan** for 2022/23
 - An **annex** summarising our governance framework

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

Statement of Opinion

2. It is our opinion that the Council's governance arrangements in 2021/22 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2022/23. It is our opinion that this has remained the case during the COVID-19 pandemic; and that despite the challenges posed by this, the Council's governance in dealing with the pandemic and our ability to maintain sound governance during the outbreak, has been effective.

Signatures:

Signed on behalf of Cherwell District Council:

On (date): _____

Yvonne Rees, Chief Executive

On (date): _____

Cllr Barry Wood, Leader of the Council

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

Reviewing our effectiveness during 2021/22

This review looks at:

- Effectiveness of our governance – generally and in relation to COVID-19
- Conclusion about this effectiveness
- Internal Audit function during 2021/22
- Our statutory governance roles
- Review of actions 2021/22
- Actions for 2022/23
- Outline of our governance

Overview

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

Generally:

4. Three of the action points for 2021/22 were completed as outlined in Annex 1, with a fourth action relating to the Constitution Review being extended to 31 July 2022, as agreed by the Accounts, Audit and Risk Committee. Specific action points for 2022/23 are set out in Annex 2.

5. The decision to terminate the Section 113 Partnership Agreement will be a main focus for the Council. The Joint Officer Transition Working Group will oversee the decoupling project to ensure a smooth transition for each authority. The District and County Council have agreed to a 6-month termination period, concluding on 31 August 2022.

6. Here are some ways in which our governance has proved effective during 2021/22

- A return to face-to-face meetings following the relaxation of COVID-19 restrictions, with a hybrid option, that allowed for the continuation of democratic decision making virtually, via MS Teams, but also enabled in person debate and voting.
- Actions within last year's governance statement were tracked to completion with the exception of one where an extension was agreed.

During COVID-19

7. Having acted swiftly during the initial outbreak of COVID-19 to meet the demands of the pandemic, the Council continued to do so throughout 2021/22. As with the previous year the Council remains confident that it has been able to do so without compromising good governance and democratic accountability.

The Council's reaction benefited from:

- Clear leadership structure
- Dedicated Gold and Silver Command structures
- Partnership working with Oxfordshire County Council
- Covid-19 risk assessments for our services
- Flexible and reactive approach.
- Regular engagement with the administration and Political Group Leaders so as to aid transparency of actions being taken
- Regular and timely communications with councillors, staff and stakeholders
- Continuation of political decision-making with Executive, Council and Committees meeting virtually by MS Teams and then reverting to physical meetings in May 2021.

Impact

8. Lockdown and social distancing rules necessitated **democratic decision-making** be moved to a virtual setting until 6 May 2021. The Council was able to facilitate online decision-making through MS Teams. This also allowed members of the public to take part in virtual meetings e.g. for questions and the presentation of petitions. A **revised Constitution and protocol** ensured the application of the Constitution's key principles of openness, transparency and accountability. The councillor constituency voice was also maintained through the designation of a specific email address for councillors to raise COVID-19 related issues on behalf of their communities.
9. As restrictions were lifted, the Council returned to face-to-face meetings. These meetings have been operated to maintain transparency and accountability whilst minimising the risks associated with COVID-19 in 2021/22. The provisions for wholly virtual meetings fell away from 6 May 2021 and so democratic meetings were required to be held in person. The Council achieved this by managing meeting rooms to maintain social distancing and introducing other hygiene measures. The provision of 'hybrid' meetings meant that officers, councillors, and members of the public could contribute remotely as well as in the room. On a very small number of occasions, the Council operated 'quorum-only' voting where the majority of members participated remotely and were represented in votes by those present.

10. The prolonged impact of COVID-19 required sustained business continuity activity to ensure the delivery of services in a largely uninterrupted fashion. Cherwell District Council's Human Resources and ICT Teams have continued, throughout 2021/22, to facilitate working from home whilst also assisting staff and Managers with the move to hybrid working and the return of some staff to Council offices.
11. Financial management practices have had to adapt to the prolonged impact of COVID-19 on financial management. A Financial Cell was established as part of the COVID-19 response strategy to support related decision making.
12. Clearly some services, were required to implement additional COVID-19 specific processes which will have impacted on normal business for those services, such as the Revenues and Benefits team (at CSN Resources until 4 November 2021) and Finance. From 5 November 2021 the Council has operated its own internal Revenues and Benefits service. The Council had to respond quickly and implement new processes in response to the government's requirement to provide COVID-19 grants to qualifying local businesses. The Council also had to introduce discretionary schemes and the associated checks and balances to ensure grants were paid to appropriate qualifying businesses in need of support.

Command structure

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

Beyond COVID-19

14. The Council's reaction to the pandemic has **fast-tracked the development** of key governance issues and has continued to do so throughout 2021/22. This has been through the safe and reactive deployment of technology (to enable almost seamless homeworking and virtual meetings); business continuity awareness and practices; working without silos, service-planning becoming more aware of the cross-cutting interplay of services; reviewing the portfolio of property; enhanced focus on security, wellbeing and health and safety, with the whole pandemic management being undertaken jointly through the Gold and Silver command structures.

15. The resource implications of the pandemic posed a challenge for the local government sector. The Council's governance experience of COVID-19, shaped future planning as it managed the delivery of quality services and democracy under COVID-19 conditions:
 - Use of buildings and remote working
 - Business continuity, risk assessment and project planning
 - Fluidity and accountability of decision making
 - Smart use of technology and digital engagement and solutions
 - Financial management
16. The Council approved a robust recovery strategy "[Restart Recover Renew](#)". It recognised the opportunity to learn from its experience and to transform its services for the better as it moved along the Roadmap.

Partnership Decoupling

17. In February 2022, Cherwell District Council and Oxfordshire County Council agreed to the required six months' notice for the termination of the Section 113 Agreement dated 31 August 2018, governing joint working between the two councils.
18. In order to ensure appropriate separation of decision making and to fully serve the interests of each council through the termination process, the councils also agreed to separate the statutory roles of Head of Paid Service (Chief Executive), Monitoring Officer and Section 151 Officer, with immediate effect. As such, for each of these roles, each council has either made an interim appointment or the substantive post holder has returned to serving only their employing authority.
19. In the decision agreeing to terminate the agreement, both councils agreed an ongoing role of the Joint Shared Services and Personnel Committee (JSSP) with revised terms of reference, to provide suitable oversight and decision-taking concerning the termination of the agreement.
20. A Joint Officer Transition Working Group has been established and a programme of due diligence and service reviews is underway, with the aim of keeping the best interests of residents at the centre of decision making.
21. Where appropriate for each council, revised partnership arrangements will remain in-place within the framework of new agreements.
22. Full details of the termination are set out in Council Papers for 7 and 8 February 2022 for Cherwell District Council and Oxfordshire County Council respectively and progress on the ongoing programme of work to terminate the agreement is reported monthly meetings of the JSSP.

Internal Audit in 2021/22

23. 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.
24. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The self-assessment against the standards is completed on an annual basis. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This is next due in 2022.
25. The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2022, 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.
26. 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 and Risk Committee. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

Financial Management Code

27. A key goal of the Financial Management Code of Practice (launched by CIPFA in November 2019) is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the impact of COVID-19 has continued to test that financial resilience in 2021/22 and will do so in coming years. Since April 2021 authorities have been expected to work towards full compliance of the FM Code. There are clear links between the Financial Management Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes. As such, Annex 5 sets out the outcomes of the initial assessment of compliance with the Code. As you will see, the picture is positive, with the RAG (Red-Amber-Green) rating of compliance showing as Green for all of the 19 standards. A column showing 'Further Work' gives an indication of improvements that can be made over the current year.

Our statutory governance roles

28. The Council is required to appoint to three specific posts, each of which oversees a key aspect of the Council's governance:

- **Head of the Paid Service (HOPS)** role – which is the Council's Chief Executive, Yvonne Rees: how the Council's functions are delivered, the appointment and proper management of staff
- **Monitoring Officer** – For most of 2021/22 this was Anita Bradley, Director of Law and Governance: responsible for the Council's Constitution, the lawfulness and integrity of its decision-making and the quality of its ethical governance. On 9 February 2022 Shahin Ismail, was appointed as Interim Monitoring Officer for Cherwell District Council, and as of 1 April 2022, the role of Interim Director of Law & Governance passed to her also as part of the Oxfordshire/Cherwell partnership decoupling process.
- **'Section 151 Officer'** – the Chief Finance Officer, was Lorna Baxter until 8 February 2022: responsible for the financial management of the authority. From 9 February 2022, this role passed to Michael Furness, Assistant Director for Finance.

29. Each of the postholders is an integral member of the Council's corporate leadership team (CLT). As such, they are fully sighted on all of the Council's objectives, workstreams and emerging plans; and their perspectives and voices continue to be heard in, and to influence, this senior forum.

30. The Chief Finance Officer and the Monitoring Officer both have open access to the Chief Executive at all times. They carry a statutory responsibility to report issues to Full Council, if needed. As such, the posts remain pivotal to the Council's good governance.

Governance Actions – Review of 2021/22 and priorities for 2022/23

31. The following two annexes summarise:

- Annex 1: updates on the priority actions for 2021/22
- Annex 2: actions identified for 2022/23

32. The Actions for 2021/22 in Annex 1 highlight certain aspects of emerging governance that might not otherwise be apparent from work regularly reported to the Council's Accounts, Audit and Risk Committee. As such, progress reports on these actions are reported to the Committee through the year.

The Actions for 2022/23 in Annex 2 will be monitored by the Corporate Governance Assurance Group, or any successor governance framework following the conclusion of the decoupling project, and the Accounts, Audit and Risk Committee.

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

Governance in Outline

34. Annex 4 sets out the Council's governance framework in outline. This was updated in March 2022, following a review by the Corporate Governance Assurance Group and Extended Leadership Team (ELT).

Annex 1 – Significant governance issues

Actions identified for 2021/22 - Update

35. This is a review of the progress during 2021/22 on the priorities for that year. The actions identified were completed in-year

| Actions that were planned for 2021/22 | Original Timescale | Outcome |
|--|---|---|
| <p>To develop an OCC/CDC Procurement Strategy and OCC/CDC Social Value Policy with CEDR fully sighted on both documents. Ensure all staff are fully briefed and trained on the content and their respective obligations.</p> <ul style="list-style-type: none"> The new Provision Cycle Hub and Spoke functional model will fully define contract management accountability across the Councils. To help fulfil this accountability the council will enhance its contract management systems and processes and provide a training programme to support contract management skills improvement. <p>The electronic Contract and Supplier Management System (eCMS) functionality has been enhanced and will continue to be reviewed as part of the Provision Cycle transformation programme.</p> <ul style="list-style-type: none"> This will include an improvement plan with the expectation to develop and implement improvements that | <p>A new joint procurement strategy will be presented to CEDR by end July 2021.</p> <p>The new Social Value Policy, including Climate Change elements, will be presented to CEDR by July 2021. It will be implemented as appropriate across all tenders from July 2021.</p> <p>All contracts will be stored in the eCMS to demonstrate a complete Forward Plan in terms of current active contracts and renewal timescales. It will be a live document driving procurement engagement across all service areas.</p> | <p>A Social Value Policy has been drafted and was reviewed at a meeting of the Chief Executive’s Direct Reports (CEDR, now the Corporate Leadership Team, CLT), the Council’s senior management team. The policy was signed off by the Executive Board and adopted on 7 February 2022.</p> <p>This will apply to all tenders above a certain threshold value across Cherwell District Council (CDC) and will involve the use of the third-party supplier Social Value Portal, who have provided this service for many other Councils across the UK. There is a degree of flexibility to ensure that the selected topics for Social Value are relevant to that particular tender and will include elements relating to Carbon Net Zero: for example, reductions in carbon emissions and air pollution, ensuring that the natural environment is safeguarded, and that resource efficiency and circular economy solutions are promoted.</p> |

| Actions that were planned for 2021/22 | Original Timescale | Outcome |
|---|---|--|
| <p>will provide management and controls across the full cycle of Commissioning, Procurement and Contract Management.</p> <ul style="list-style-type: none"> This will enable a consistent, council-wide approach enabling 100% visibility of requirements throughout the provision cycle, ensuring all contracts are effectively managed. | | <p>The procurement strategy is in draft format, and will be presented to CLT in due course, once the Social Value Strategy has been approved.</p> <p>The Atamis system continues to act as the central document repository for Procurement. All tenders, contracts, and extensions are stored within it, enabling a Forward Plan to be created to identify which contracts will be up for renewal at what point. A detailed update was presented to Committee 19 January 2022.</p> |
| <p>Review of post-COVID-19 governance arrangements:</p> <ul style="list-style-type: none"> The Corporate Governance Assurance Group will continue to monitor, support and engage with Corporate Lead areas so as to ensure that they are able to continue with effective governance arrangements. The Corporate Governance Assurance Group will continue to review the Council's governance, including its internal controls, policies and transparency arrangements. | <p>Ongoing throughout 2021/2022</p> <p>Monthly review by Corporate Governance Assurance Group</p> <p>Paper to ELT and CEDR in Q.2 and each Quarter thereafter to update on progress</p> <p>Local Code of Corporate Governance</p> | <p>The Council's Corporate Governance Assurance Group has continued to meet monthly to oversee governance developments. The Group consists of the Monitoring Officer together with key governance officers including the Chief Internal Auditor, Assistant Finance Directors, Deputy Monitoring Officer, the Head of Insight and Corporate Programmes supported by the Council's governance officers.</p> <p>An emphasis has been on closer working with CLT and the Extended Leadership</p> |

| Actions that were planned for 2021/22 | Original Timescale | Outcome |
|---------------------------------------|--|---|
| | <p>reviewed by ELT in Q2 for consideration by Accounts, Audit and Risk Committee in September or November.</p> <p>Report to Accounts, Audit and Risk Committee at September, November, January and March meetings on emerging governance issues post-Covid-19.</p> | <p>Team (ELT), that is, CLT plus their direct senior manager reports, particularly in the development of a revised Local Code of Corporate Governance. A report on the purpose of the Code was taken to ELT in the summer. In the meantime, a Local Code of Corporate Governance has been drafted with the oversight of CGAG and with input from ELT representatives. CLT have reviewed the Code ahead of Committee being invited to comment on the draft on 25 May 2022.</p> <p>Unlike the Annual Governance Statement, there is no statutory requirement for a Local Code of Corporate Governance. Rather, the Code complements and underpins the Annual Governance Statement by demonstrating, with evidence, how the Council meets the good governance principles set out in the Good Governance Framework published by the Chartered Institute of Finance and Accountancy.</p> <p>CGAG has worked with ELT, and then with CLT, to bring forward a draft Annual Governance Statement for 2021/22, which will then be brought to Committee on 25 May 2022.</p> <p>The Council has also overseen the return to physical settings of the</p> |

| Actions that were planned for 2021/22 | Original Timescale | Outcome |
|--|---|--|
| | | <p>formal democratic decision-making meetings of the Council, fully compliant with public health advice. This has been achieved while also retaining the virtual engagement from the public as well as webcasting of meetings, with the option for the public to attend in person.</p> <p>Additionally, the Council has taken steps to commence a Constitution Review as noted below.</p> |
| <p>Constitution Review</p> <p>Undertake an Annual Review of the Constitution, as agreed by Council in 2020, to take place during the Autumn</p> | <p>The Overview and Scrutiny Committee to agree the scope and means of a achieving the Annual Review of the Constitution (October 2021).</p> <p>Review to take place October-November</p> <p>The Scrutiny Committee (Nov 2021) to make recommendations for any substantive change to Council (December 2021).</p> | <p>The Constitution Working Group advised Committee that the timescale in which to produce an updated Constitution that is fit for purpose and understandable would not be achievable within the initial anticipated timescale of 31 March 2022.</p> <p>Committee agreed to extend the deadline for the review until July 2022.</p> <p>Update to be provided to Committee in due course.</p> |

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| <p>Financial Management</p> <p>Implement budget monitoring that considers balance sheet items including reserves and outstanding debt</p> | <p>Begin monitoring of balance sheet items in Period 2 of 2021/22.</p> <p>As the closedown process finishes enhance the process throughout the year.</p> | <p>The Council has introduced monthly monitoring of its reserves with changes in the budgeted use of earmarked reserves and/or general balances requiring approval by the Executive. This offers the Council far greater understanding of its reserves position and the affordability of agreeing to the additional use of reserves.</p> <p>Additionally, the Council has begun to monitor its aged debt position on a quarterly basis. This allows the Council to understand whether it is collecting the debt it is raised on a timely basis. The introduction of this monitoring has resulted in a review of the aged debt the Council holds to identify how collectible the debt is.</p> |
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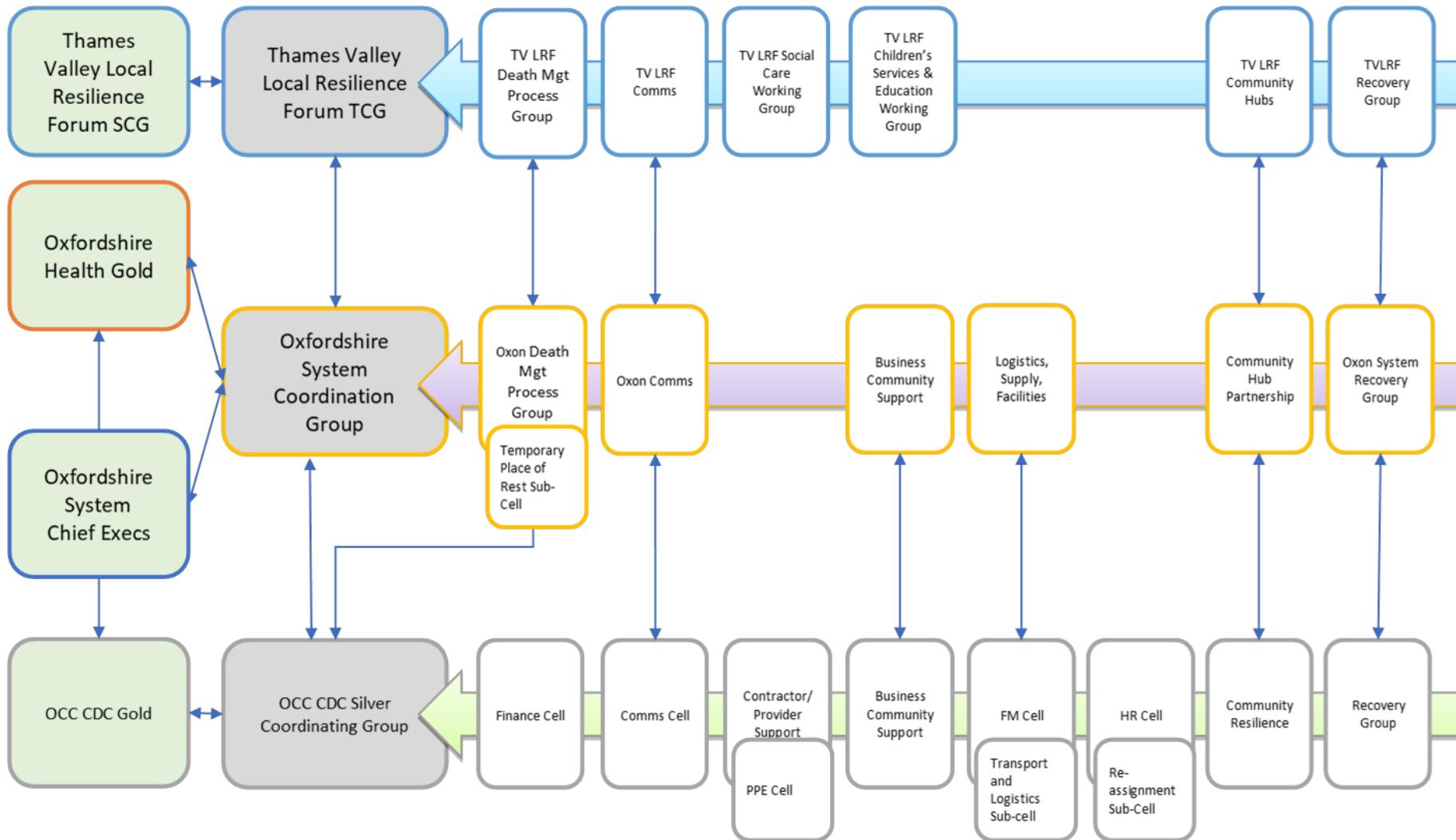
Annex 2 – Significant Governance Issues

Actions identified for 2022/23

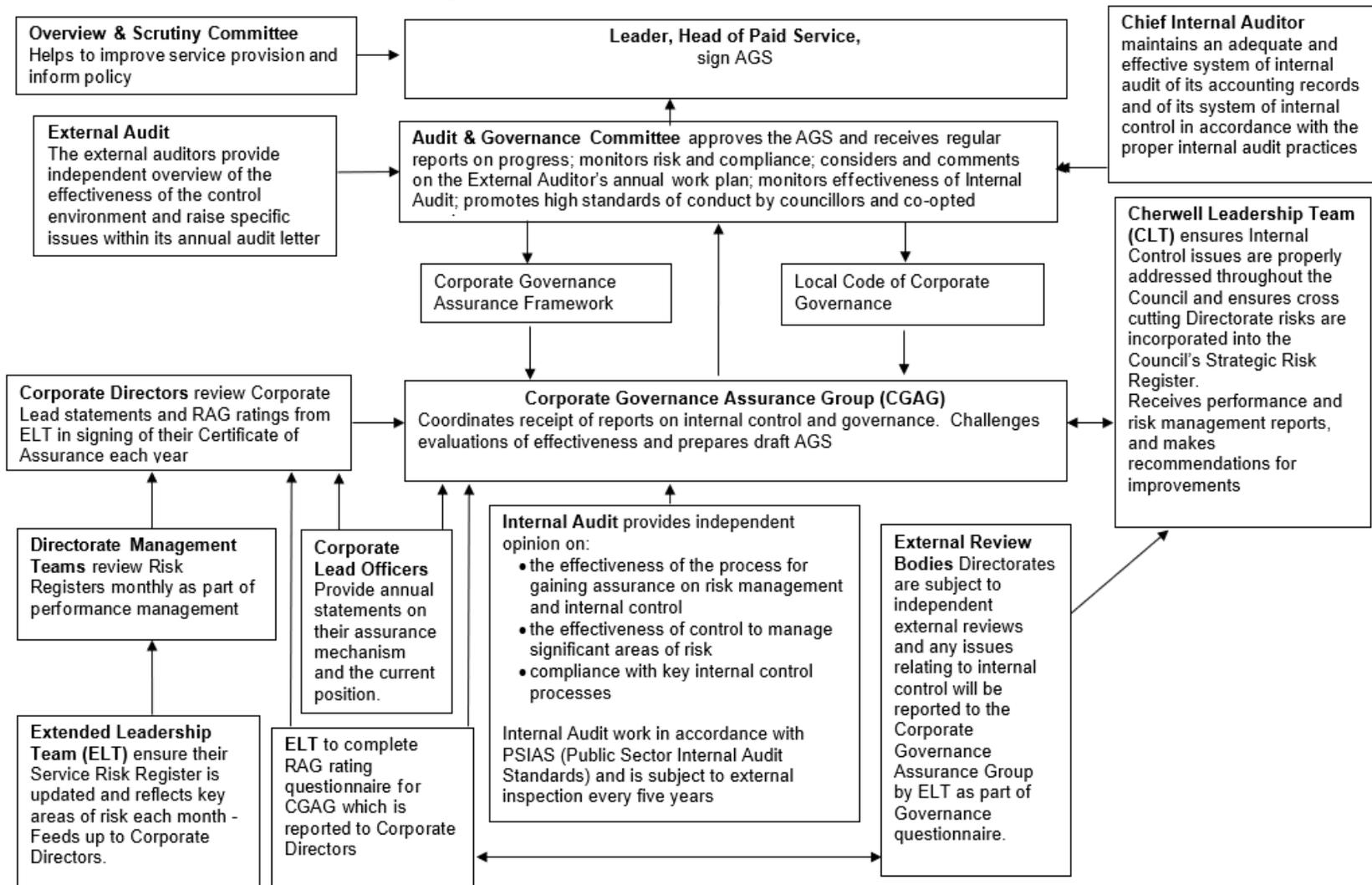
| Item | Action now planned for 2022/23 | Timescale for Completion | Responsible Officer | Monitoring Body |
|------|--|--------------------------|---|---|
| 1 | <p>Cherwell-Oxfordshire Decoupling Programme</p> <ul style="list-style-type: none"> • Joint Shared Services and Personnel Committee (JSSP) with revised terms of reference, to provide suitable oversight and decision-taking concerning the termination of the agreement. • A Joint Officer Transition Working Group will oversee a programme of due diligence and service reviews is underway, with the aim of keeping the best interests of residents at the centre of decision making. • Where appropriate for each council, revised partnership arrangements will remain in-place within the framework of new agreements. | 31 August 2022 | Nathan Elvery, Interim Corporate Director, Communities and Chief Operating Officer | Corporate Leadership Team (CLT) and Accounts, Audit and Risk Committee (AARC) |
| 2 | <p>Schemes of Delegation</p> <ul style="list-style-type: none"> • The Council has implicit schemes of delegation (authorisation limits) within its Unit 4 financial system. <p>However, these schemes of delegation are not formally codified within the constitution or delegated down from Corporate</p> | November 2022 | Shahin Ismail, Interim Monitoring Officer, and Michael Furness, Assistant Director of Finance | AARC |

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| | <p>Directors to specific grades of officer.</p> <ul style="list-style-type: none"> It is acknowledged that the monitoring officer will need to carry out a review of the schemes of delegation as part of the Constitution Review. This will be addressed as part of the constitutional work required on de-coupling its arrangements with Oxfordshire County Council | | | |
| 3 | <p>Constitution Review</p> <ul style="list-style-type: none"> The Constitution Working Group advised Committee that the timescale in which to produce an updated Constitution that is fit for purpose and understandable would not be achievable within the initial anticipated timescale of 31 March 2022. Committee agreed to extend the deadline for the review until July 2022. Update to be provided to Committee in due course. | 31 July 2022 | Shahin Ismail, Interim Monitoring Officer | AARC |

Annex 3 – Covid-19 Command and Control Structure



Annex 4 – Overview of Corporate Governance Assurance Framework



Annex 5 – Summary Financial Management Code Assessment

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

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| D | The authority applies the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)” | Annual Governance Statement includes audit opinion on effectiveness of internal control environment and systems of internal control. | Continue to enhance and develop the AGS through CGAG. | |
| 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. | |
| 3. | Long to Medium-Term Financial Management | | | |
| F | The authority has carried out a credible and transparent financial resilience assessment | A Financial Resilience assessment is included within the Budget Documents. The assessment is consistent with the Medium-Term Financial Strategy (MTFS) assumptions. | | |
| G | The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members | MTFS far more transparent than in previous years clearly outlining the financial challenges facing CDC in the Budget and Business Planning Process 2021/22 – 2025/26 Report | Continue to update CEDR and the Executive throughout year and within Budget/MTFS documents | |
| H | The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities” | Capital Strategy is produced. Quarterly Treasury Management monitoring considered at the Accounts, Audit and Risk Committee. | Develop a profiled five-year capital programme. Provide quarterly TM and Prudential Indicator updates as part of monitoring reports. | |

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| I | The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans | CDC has an Integrated Business Planning and Budget Process with a five-year MTFS. | Ensure services aware of future savings plans committed to and savings are implemented. | |
| 4. | The Annual Budget | | | |
| J | The authority complies with its statutory obligations in respect of the budget setting process | The Council produces its annual balanced budget and supporting documentation. | | |
| 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 | Section 25 report accompanies the suite of Budget documents. Enhanced by including an assessment of readiness for implementing the FM Code | | |
| 5. | Stakeholder Engagement and Business Plans | | | |
| L | The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget | Significant consultation on the 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. | Agree consistent business case templates from outline through to full across the partnership between the County Council and CDC for both revenue and capital schemes. | |
| 6. | Monitoring Financial Performance | | | |
| N | The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability | The monthly Performance, Risk and Financial Monitoring Report to Executive enables CEDR and Executive to respond to emerging risks – the effectiveness was | The Capital Programme monitoring element requires enhancement to: | |

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|-----------|--|---|--|--|
| | | evidenced during 2020/21 as the Council agreed an in-year budget to respond to the financial impact of Covid-19. | <ul style="list-style-type: none"> • better reflect performance and the delivery of outcomes linked to the completion of capital schemes. • Explain differences in in-year slippage and total cost variances | |
| 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. | Review aged debt to consider the collectability of this. | |
| 7. | External Financial Reporting | | | |
| P | The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom” | The annual accounts are produced in compliance with the CIPFA Code. | | |
| Q | The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions | CEDR and Executive consider outturn report and year end variances enabling strategic financial decisions to be made as necessary. | | |