Statement of Accounts 2018/2019 for South Oxfordshire District Council

Contents

South Oxfordshire District Council
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Narrative statement

Introduction

This narrative statement provides a commentary on the council's performance during 2018/19. It is a guide to the council's performance against key targets, the most significant matters reported in the accounts, an explanation in overall terms of the council's financial position at the end of the financial year, and a commentary on the council's future prospects. This statement does not form part of the financial statements.

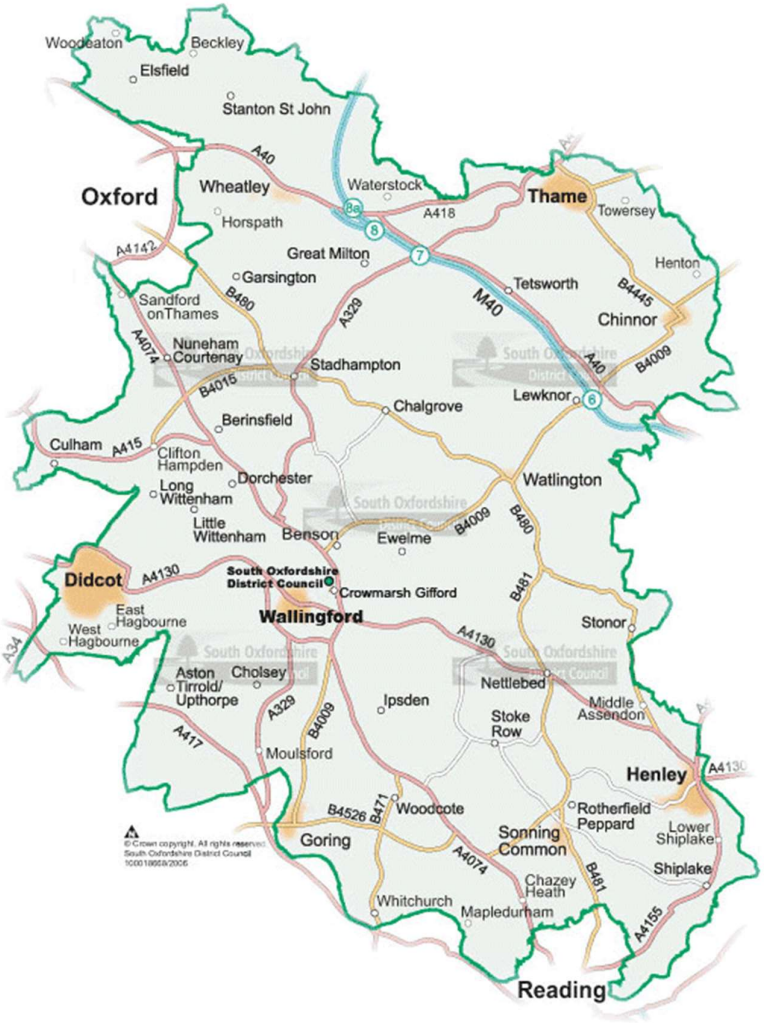
To assist the reader, a glossary of financial terms is provided on pages 91-98

The council's accounts

The council's Statement of Accounts (SoA) shows the financial results of the council's activities for the year ended 31 March 2019 and summarises the overall financial position of the council as at 31 March 2019. It is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice on local authority accounting in the United Kingdom ("the code"). The accounts have been compiled under International Financial Reporting Standards (IFRS).

In addition, the Annual Governance Statement sets out the purpose and nature of the council's governance framework. It also provides a review of the effectiveness of the governance framework and highlights any significant governance issues. This statement is published as a separate document and is available on the council's website.

Introduction to South Oxfordshire district



South Oxfordshire is the 7th most rural district in the south east region, with an average of 2.1 persons per hectare. Around 57 per cent of the population live in rural areas, outside the main towns of Didcot, Henley, Thame and Wallingford.[1] Population in mid-2017 was 139,800; of this figure, 21 per cent (or 28,900 people) were aged 65 or over and 3 per cent (or 3,900 people) were aged 85 or over.[2]

In 2030, the Office for National Statistics projects an increase by 5 per cent to 147,200[3] (an extra 7,400 people). It is expected that there will be 37,700 people aged 65+, comprising 26 per cent of the population. There are also projected to be 6,600 people aged 85+ (4 per cent of the population); this growth in the very old (+67 per cent) is higher than the England growth (+43 per cent).

Between 2001 and 2011, the total number of households in South Oxfordshire increased by 2,000 (+4 per cent). As of 2011, there were 54,104 occupied households in South Oxfordshire, 74 per cent of which were owned in full or with a mortgage. The majority of this growth was in private rented households, which has increased reliance on the private rented sector.[4]

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[1] For this statistic, the following wards have been counted as "Urban": Didcot North East, Didcot South, Didcot West, Henley-on-Thames, Thame, Wallingford. All others have been counted as "Rural".
[2] 2017-based small area population estimates
[3] 2016-based subnational population projections
[4] Census 2011

Employment is high: of the resident population aged 16+, only 1.0 per cent claim out of work benefits, compared with 2.4 per cent across Great Britain.[5]

In 2017, the cheapest (lowest quartile) market housing in South Oxfordshire was 13.13 times a lowest quartile salary, and the South Oxfordshire ratio of lower quartile house prices to lower quartile earnings remains well above the England average of 7.26.[6] This means that many people can't afford to buy, and many young people need to move out of the district because the housing prices are high compared to salary.

Much of the countryside in South Oxfordshire is protected from development by being part of the Oxford Green Belt or the Chilterns Area of Outstanding Natural Beauty (AONB). This compound the challenges of providing sufficient housing to meet identified need whilst protecting our natural environment.

Key challenges

Our key challenges are:

- the growing/ageing population
- increasing housing to meet identified need
- increasing prosperity and supporting business to grow
- providing the infrastructure to support growth
- protecting the natural environment

How performance is measured

The council's activities are guided by our four-year corporate plan, and by fulfilling our statutory responsibilities. Key performance indicators are measured via the monthly board report, which is reported to the council's senior management team and cabinet; and an annual benchmarking report, which compares our performance to the other 200 shire district councils. Many of our services are provided through contractors, and the performance of our five major contractors is monitored through an annual review and report to the council's Joint (with Vale of White Horse District Council) Scrutiny Committee. Customer satisfaction is measured through a biennial face-to-face survey of residents; this includes satisfaction with services and the council generally.

Our corporate priorities

The council's corporate plan 2016 – 2020 contains our strategic objectives and corporate priorities for the period:

- invest in the district's future
- unlock the potential of Didcot
- homes and jobs for everyone
- build thriving communities
- services that reflect residents' needs
- be tough on enforcement

[5] ONS Claimant count by sex and age, January 2019.
[6] Housing Affordability data for 2017 from ONS: https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian

INVEST IN THE DISTRICT'S FUTURE

This means creating the right conditions for sustainable, healthy and environmentally sensitive economic growth so that business, residents and workers can prosper; supporting businesses and our market towns; developing infrastructure to allow for business growth, including improved broadband and mobile phone coverage; providing new leisure facilities; and securing the council's financial position. We have to balance supporting business growth in appropriate locations across the district with protecting the character of our towns and villages. This is a key challenge for us.

Conditions for economic growth

Didcot and the Science Vale area (including part of neighbouring Vale of White Horse District) are the focus for a significant amount of housing and business growth as we work to attract high-tech and design-based business into the area, and to support our Small and Medium sized Enterprises
(SMEs) to grow. Our first enterprise zone, EZ1, covering Milton Park and Harwell, is performing strongly. EZ1 has seen cumulative growth in retained business rates income of more than £7 million since 2013/14. Our second enterprise zone, EZ2, covering a number of sites across Didcot, greater Milton Park and including the Didcot power station site, has been in place since 2016, and is seeing some early wins in terms of inward investment and some large businesses moving in.

Oxfordshire housing and growth deal

Together with the other five councils in Oxfordshire and the Oxfordshire Local Enterprise Partnership (OxLEP), we have entered into a ground-breaking and innovative deal with central government which is expected to see a total investment of £215 million in housing and infrastructure across Oxfordshire over three years for affordable housing and five years for infrastructure projects. The deal will also see the delivery of a joint strategic spatial plan (Oxfordshire Plan 2050) for the whole of Oxfordshire and the Oxfordshire Local Industrial Strategy.

The deal is coming close to the end of year one and the Growth Deal Partnership is on course to meet its year 1 targets. Not only is the Growth Deal successful in itself, but the delivery of this deal has involved enhanced partnership working across the county and will, we hope, pave the way for further investment from central government across the county. It will also help to pave the way for joint working and investment across the Oxford to Cambridge Arc.

Optimisation of employment opportunities

We delivered the second year of the Business and Innovation Strategy Action Plan 2017-2020 to support Small and Medium Enterprises to be more productive. We have facilitated and fostered relationships between businesses and education providers to address workforce attraction and retention barriers. The inaugural South and Vale Business Awards celebrated the very best local businesses. The awards were self-funded through sponsorship, at no cost to the taxpayer.

We have continued to support the roll out of superfast broadband across the district, with over 96 per cent of the district now able to access it.

Support for market towns

Our historic market towns of Thame, Henley-on-Thames, and Wallingford are central pillars of the local economic ecosystem. Following the conclusion of the eight-year market town support project, which provided each town £11,000 a year, in 2018/2019 the council provided £4,000 a year to support local economic development interventions, including part-funding market town co-ordinator posts in Wallingford, Henley-on-Thames, and Thame.

We will ensure our financial future

Part of our philosophy, and one of our corporate priorities, is to keep our share of council tax as low as possible whilst continuing to deliver high quality services. Over a number of years, the council has made significant savings through joint working, especially with our close partner the Vale of White Horse District Council, with whom we have saved costs on staffing, contracts and office accommodation.

This type of innovative joint working, along with sound financial management, has helped to keep costs down and meant that we are able to keep the cost of council tax to our residents low.

In recent years the level of council tax has been reduced, from £123.73 for a band 'D' property in 2011/12 to £121.24 for 2019/20. This is the seventh lowest of all shire district councils.

Through our board report, we measure a number of key income streams, to ensure that we are both maximising income and understanding early where external factors might impact on budgets. During 2018/19:

- planning income totalled £1.8 million against a budget of £1.9 million, this compared to income of £1.6 million in 2017/18;
- land charges income totalled £316,000 compared to £301,000 in the previous year;
- car parking income totalled £1,098,000 compared to £994,000 in the previous year; and
- the New Homes Bonus paid to the council for 2019/20 will be just over £1.9 million, putting us 78th out of all the shire district councils.

Our council tax collection rate of 98.81 per cent put us 30th when ranked against all shire district councils at end March 2018.

Chart 1 below demonstrates that residents are recognising that we are a council that provides good value for money for them.

UNLOCK THE POTENTIAL OF DIDCOT

The Didcot Garden Town project is the focus for growth in Didcot with over 15,000 new homes and around 20,000 new jobs created in the town by 2031. Excellent progress has been made towards reaching these goals for planned growth.

The Didcot Garden Town Delivery Plan was approved in October 2017 and offers a vision and strategy to create a complete and vibrant community. Projects in the Delivery Plan include a better-connected town centre, safe cycle routes to employment centres such as Milton Park, Culham Science Centre and Harwell Campus, and places like the Mowbray Fields nature

reserve, and Didcot Parkway Railway Station. The vision is to be a great place to live, work and play, with provision for schools, health centres and other services.

The Housing Infrastructure Fund (HIF) has announced a funding award of £218 million to deliver transportation infrastructure improvements needed to support the planned growth. The funded projects are:

- A4130 widening from A34 Milton Interchange towards Didcot;
- A new Science Bridge over the A4130, Great Western Railway Line and Milton Road into the former Didcot A Power Station site;
- A new Culham to Didcot river crossing between the A4130 and A415; and
- A Clifton Hampden Bypass.

The council also has funding for the Didcot Northern Perimeter Road. These projects help us to meet the corporate plan aim of attracting infrastructure funding that enables traffic to flow through and around the town.

HOMES AND JOBS FOR EVERYONE

The council has the challenge of delivering significant numbers of new homes whilst also preserving our environmental asset for future generations. We aim to deliver the right balance of type and tenure of housing to meet housing needs, including starter and low-cost homes; to promote good quality design, self-build and custom-build initiatives, and to ensure that land is made available for these initiatives.

We are supporting communities to take control of development in their areas through developing Neighbourhood Plans. Through engaging with businesses and local partners we will make sure that people can get the skills required to meet the needs of our businesses and optimise employment opportunities for individuals. We will continue work to reduce homelessness.

Meeting housing need and optimisation of employment opportunities

Because of high demand for housing, the attractive and accessible nature of the district, and high house prices, our key challenge on housing is to ensure that we facilitate the delivery of new housing and achieve an appropriate mix of housing to meet local need.

During the year, we have made progress on our Local Plan, and have completed and consulted on our publication version, and submitted the plan to the Secretary of State at the end of March 2019. The plan proposes six strategic housing sites, and the regeneration of Berinsfield. In total, we are proposing at least 28,465 net new homes between 2011 and 2034.

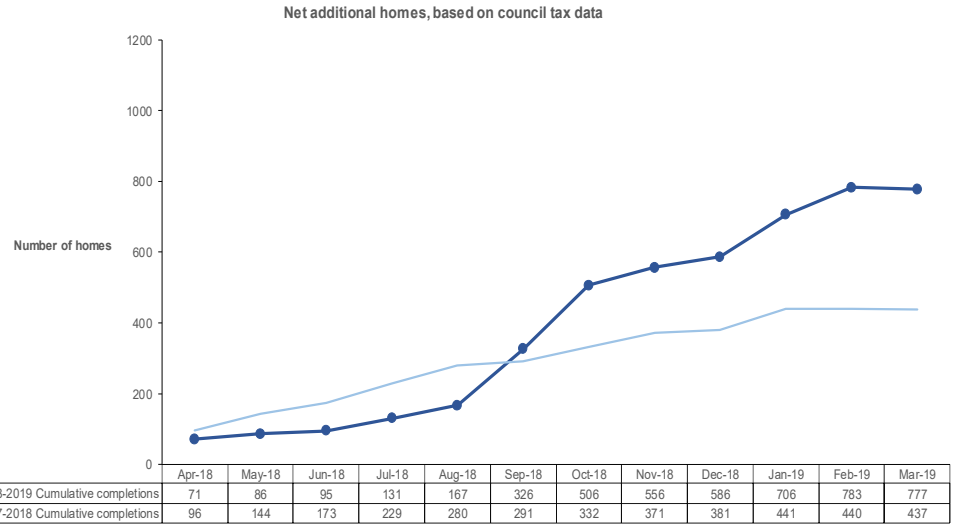
As part of the development plan for the district, we have 13 made (adopted) Neighbourhood Plans, five at submission/examination/referendum stage, and 17 plans that are works in progress.

The Government require us to have at least five years' housing land supply for development. At April 2018, the latest available figures, we had 5.4 years supply across our district.

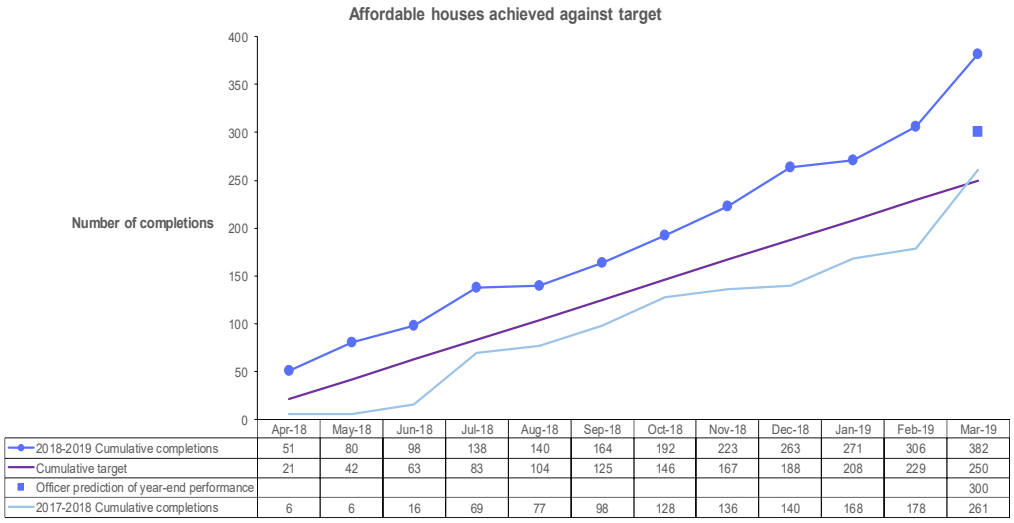
Our adopted design guide (2016), which is concise and more visual than previous versions, is helping to improve the quality of new development.

During the year, 777 new homes have been built in the district, compared to 437 in 2017/18; completion of affordable homes is up in 2018/19 to 382 compared to 261 in 2017/18 (see Graphs 1 and 2 below).

Graph 1 - Net additional homes 2018/19



Graph 2 – Affordable homes built 2018/19



In planning, we received around 4,260 applications for 2018/19. Planning performance is measured through the board report in relation to speed of planning applications determination, and action on enforcement cases. We monitor the quality of decisions through the number of planning appeals allowed.

Our performance on minor and major applications is above the national targets of 65 per cent and 60 per cent respectively; at the end of the year we were achieving 71 per cent (minors) within eight weeks, and 68 per cent (majors) within target time. Other applications were 5 per cent above the national target, at 85 per cent.

To support the growth in housing and employment, we have secured section 106 (S106) contributions towards infrastructure from new development through legal agreements. During the financial year 2018/19, over £3.5 million (county and district contributions) was secured in S106 agreements from new development. More than £0.3 million was spent during the 2018/19 financial year, including sums transferred to other council services such as waste collections and street naming, and over £0.2 million to town and parish councils. These funds were spent from obligations secured across several financial years.

We have an adopted Community Infrastructure Levy (CIL) charging schedule, which came into effect in April 2016. Alongside this schedule, we have adopted a revised S106 supplementary planning document, so it is clear to developers what falls under CIL and S106. We have sought more than £19 million under Demand Notices and received over £7 million in the year. We have also paid over £0.6 million in CIL contributions to towns and parishes over the last year.

Homelessness reduction

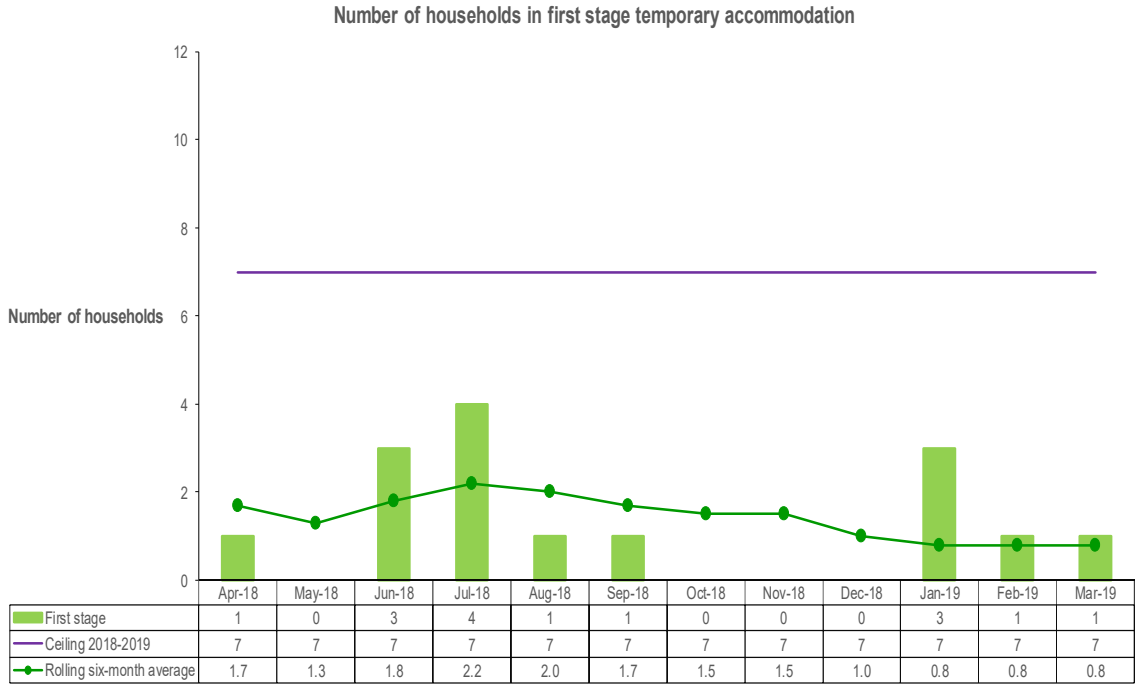
There were 469 successful homelessness preventions in 2017/18, compared to 535 in 2016/17 (latest Government figures available).

We have done this by proactively engaging with customers at the earliest point and through positive partnerships with other agencies. These include Citizens Advice Bureau and Connection Floating Support, who provide debt and welfare advice to enable customers to remain in their own homes. We have also introduced Enhanced Housing Options – an online assessment tool to help customers address their housing issues. Customers who do not have access to a computer are able to telephone a member of the housing team who will guide them through the process.

Our White Horse Lettings is dedicated to helping low-income families remain in the local area through affordable rents with a private landlord. We currently work with over 150 landlords to support approximately 190 tenancies in South Oxfordshire.

As of 31 March 2019, we had only one household in emergency temporary accommodation; the rolling six-month average of households in emergency temporary accommodation was 0.8 (see graph 3 below). The rolling six-month average length of stay for households in emergency temporary accommodation was just 11 days, compared to a central government ceiling target of 42 days.

Graph 3 - Number of households in temporary accommodation



BUILD THRIVING COMMUNITIES

We want to build sustainable communities that are clean and safe, and where active lifestyles are encouraged. This means continuing our success in recycling and cleanliness, increasing participation in sports and leisure including through our own leisure centres, and helping communities to help themselves through grant funding and increasing volunteering.

Cleanliness

We know that cleanliness of the area is high on residents' list of things they want us to focus on and we have made this a priority. In recent years we have funded an annual deep clean for every parish, which has been very popular. We continue to invest £60,000 per annum to continue with this scheme. We have high levels of resident satisfaction with cleanliness, at 77 per cent.

Waste and recycling

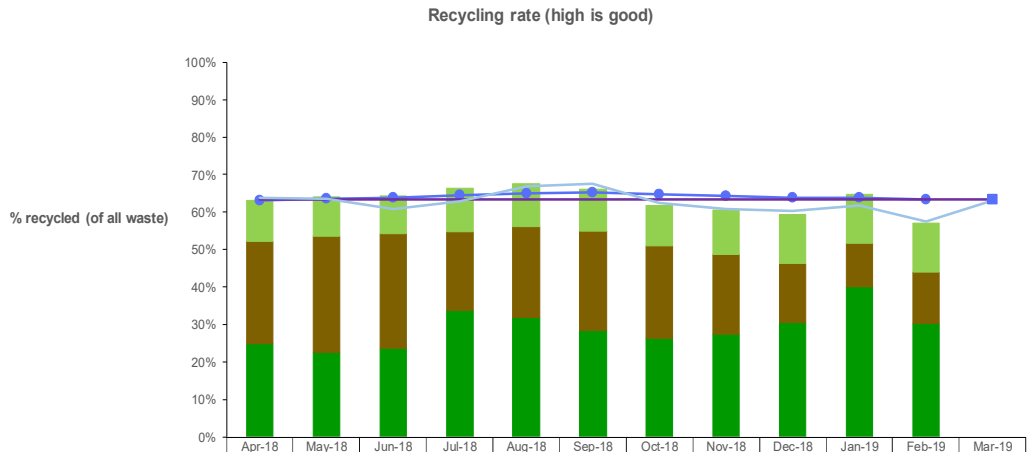
The council is proud of its record on waste and recycling; we have maintained consistently high levels of recycling and customer satisfaction with the service provided. Recycling rates are high, and we have been in the top three in the country for recycling for several years, with the top spot in 2015/16. During 2017/18, we achieved a recycling rate of 63 per cent.

In year, we measure performance through our board report, which uses our own figures, not yet verified by the Department for Environment, Food and Rural Affairs (DEFRA). Graph 4 below shows our performance in the past year – the latest available data is that for February. This also shows the breakdown of recycling by type.

Alongside this, residual waste has decreased slightly in year, from 289.90 kg per household at end February 2018 to 280.78 kg per household at end February 2019 (the latest available data).

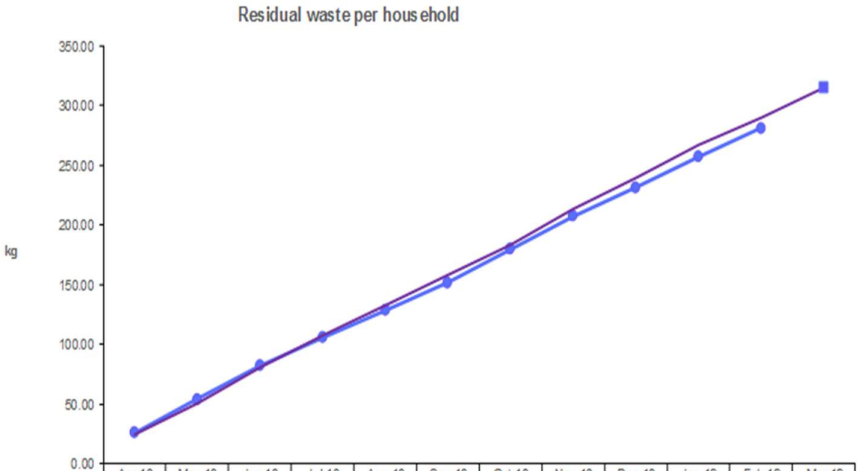
Using the latest DEFRA published figures (2017/18) we were fourth best (i.e. had the fourth lowest weight of residual waste) in our benchmark group.

Graph 4 – Recycling rate 2018/19



	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Food	10.84%	10.51%	9.88%	11.46%	11.53%	11.38%	10.95%	11.86%	13.09%	13.04%	13.13%	
Garden	27.32%	31.15%	30.70%	21.05%	24.17%	26.49%	24.54%	21.40%	15.67%	11.73%	13.78%	
Dry + reuse	24.93%	22.47%	23.64%	33.76%	31.87%	28.34%	26.33%	27.32%	30.53%	39.97%	30.20%	
All Recycling	63.09%	64.13%	64.22%	66.27%	67.57%	66.21%	61.81%	60.59%	59.29%	64.74%	57.12%	
Year to date	63.09%	63.63%	63.84%	64.40%	65.02%	65.20%	64.71%	64.21%	63.76%	63.86%	63.37%	
Target	63.27%	63.27%	63.27%	63.27%	63.27%	63.27%	63.27%	63.27%	63.27%	63.27%	63.27%	63.27%
Officer prediction of year-end performance												63.27%
2017-2018 All Recycling	63.79%	63.56%	60.73%	62.87%	66.78%	67.58%	62.38%	60.86%	60.32%	61.81%	57.62%	63.01%
2017-2018 Year to date	63.79%	63.67%	62.64%	62.69%	63.51%	64.23%	63.97%	63.60%	63.30%	63.14%	62.75%	62.77%

Graph 5 – Residual waste 2018/19



	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Year to date	26.09	54.08	82.30	105.61	128.69	151.57	179.93	207.47	231.45	257.11	280.78	
Target	25.00	51.00	81.00	108.00	133.00	158.00	183.00	213.00	239.00	267.00	290.00	315.00
Officer prediction of year-end performance												315.00
2017-2018 Year to date	25.57	52.50	83.30	109.30	133.60	159.05	186.68	213.99	237.23	266.06	289.90	313.79

Figures for recycling credits show we received £0.7 million for dry recycling in 2017/18. For 2018/19, the credits for dry recycling are £0.7 million as at end February 2019 (latest available data).

Helping people to become healthy and active

The council has agreed to develop a health and wellbeing strategy for South Oxfordshire District Council that sets out the council's aspirations and ambitions for improving the health and wellbeing of its residents, using data and insight to inform its priorities. The council is committed to enabling communities to live healthier lives, through the delivery of a range of services including leisure, community safety, housing, environmental services, parks, arts, community enablement, community engagement, planning, property and economic development, infrastructure and development. The strategy complements the draft Oxfordshire Joint Health and Wellbeing Strategy.

We continue to support the GO Active Gold programme that focuses on encouraging adults (aged 60+) to lead more active lifestyles. Since the programme started three years ago, 380 different sports and physical activity courses have been set up with more than 4,300 residents participating.

In 2018/19 the GO Active, Get Healthy programme was introduced aimed at people living with diabetes. To date, 213 people referred to the programme have increased their physical activity.

One of our aims is to increase participation in sport and physical activity. According to the new Active Lives survey, there has been a significant shift, with 70.9 per cent of people in South Oxfordshire now active, doing over 150 minutes moderate intensity exercise a week. Significantly, 18.2 per cent of the South adult population are inactive compared to 24.7 per cent last year, which is below the national average of 25.2 per cent.

We are very aware that development in the district needs to be matched by new facilities to meet a growing need, and during this year the draft Leisure Strategy was updated to reflect the changes to the Local Plan and responses to the public consultation undertaken in 2018.

It has been our aim for some time to explore options to deliver new leisure facilities to Didcot as part of our drive to support healthier, happier communities. Government announcements last year indicate that local authority funding may be subject to significant change during the 2019/20 financial year, so we've taken the prudent measure of removing Didcot Leisure Centre from the capital programme at this time, until we know more about our long-term funding settlement.

As part of a wider initiative relating to Didcot Garden Town, we are looking at how we collaborate with our partners, including Oxfordshire County Council and Vale of White Horse District Council, to improve the health and wellbeing of our communities, and are committed to bringing forward a Health and Wellbeing Strategy for South.

Investments in leisure facilities during 2018/19 have included refurbishment of major pieces of plant and machinery, including Didcot Wave, in addition to a further range of carbon-saving schemes to reduce carbon footprints and reduce costs.

Supporting communities to help themselves

We have a long history of supporting communities to help themselves through grant funding for projects, community-led planning and, more recently, Neighbourhood Plans.

During the year, we gave over £450,000 in revenue grants to 16 not-for-profit organisations to help with their running costs. We also awarded over £800,000 in capital grants to community organisations towards improving local services and facilities across the district. For example, we awarded a grant of over £160,000 to Rotherfield Peppard Parish Council for the expansion and

modernisation of their sports pavilion.

Our councillors also awarded over £125,000 in grants to improve their local area through their individual grant schemes of £5,000.

In August 2018, we launched a pilot grant scheme to address some of the financial barriers faced by organisations when recruiting volunteers. Of the £25,000 available we've already awarded over £12,000 to 20 voluntary and community groups.

At the start of 2018/19, we introduced a new community lottery scheme. This is run by an external lottery manager and enables local charities to raise funds to support their causes, from the sale of lottery tickets to supporters. The scheme raised over £26,000 this year for local charities and good causes.

SERVICES THAT REFLECT RESIDENTS' NEEDS

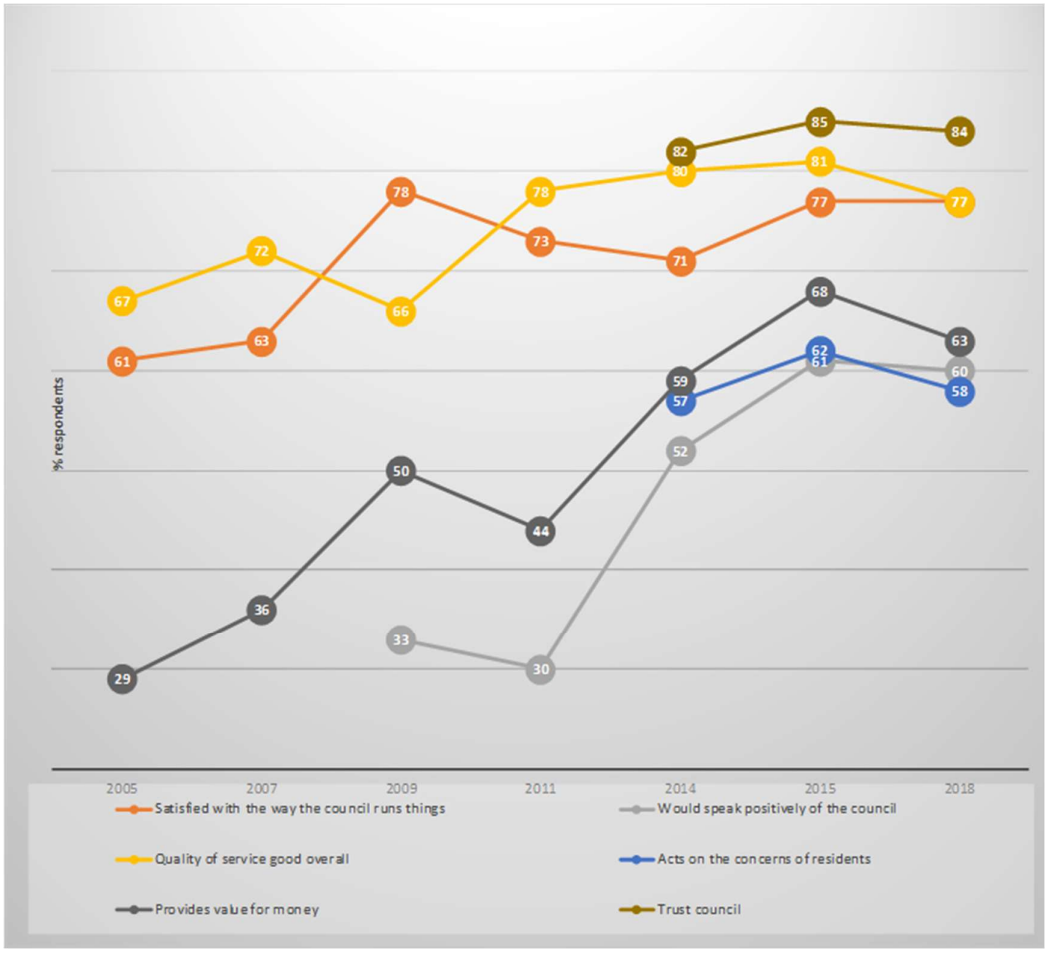
Levels of satisfaction with the council and our services is already high. Through increasing trust, maintaining our good reputation and working constructively with our parish councils, we want to provide high quality services that meet residents' needs and encourage greater participation in local democracy.

Engagement with residents and service users

Chart 1 below shows how attitudes towards the council have changed over recent years. The survey takes place every two years and was last undertaken in 2017/18.

The reputation measure 'Satisfied with the way the council runs things' remained constant in 2017/18 relative to 2015/16; the remaining five experienced slight decreases. However, there has been an upward direction of travel over the longer term, with significant increases in relation to satisfaction with value for money, and numbers who would speak positively about the council. We will continue work to achieve excellent customer service.

Chart 1 – Attitudes towards the Council



BE TOUGH ON ENFORCEMENT

We know that most of our residents are proud of their communities and want to do their best to protect the local area, but a small minority don't play by the rules and this affects the lives of the majority. We want the district to continue to be a great place to live, and we are committed to being tougher on those who break the rules, whether this is through planning enforcement, enforcing standards in food businesses or taking action against environmental crimes such as dog fouling, fly tipping and litter.

Food safety

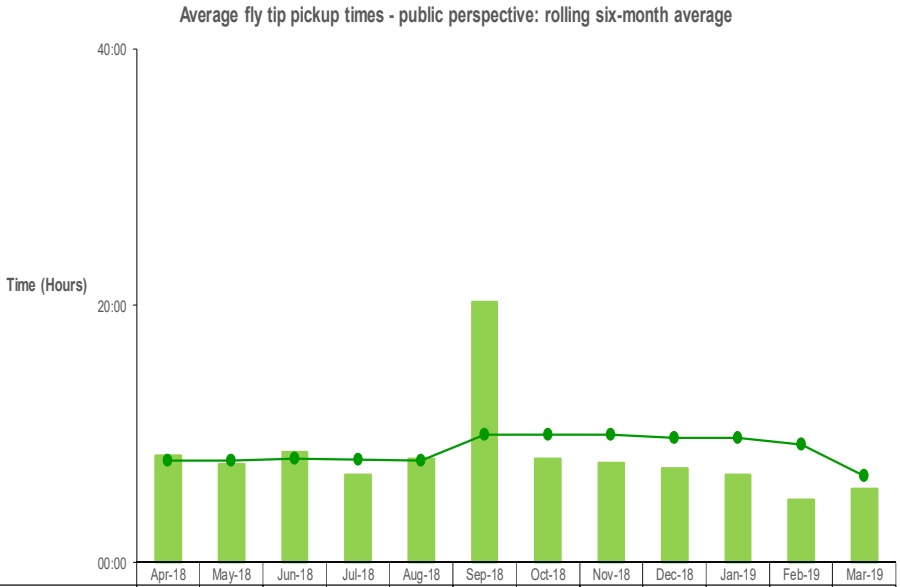
Through a risk-based inspection and enforcement programme, the council ensures that food businesses comply with food safety legislation, with the aim of 96 per cent of businesses being compliant by 2020. We aim to achieve this by working positively with businesses and providing advice on how to meet the required standards as well as taking enforcement action to secure compliance.

94 per cent of the food businesses were broadly compliant by the end of 2017/18. By the end of 2018/19 this has increased to 96 per cent.

Fly tipping

The council's action to tackle fly tipping aims to achieve two things: investigation and enforcement action against those who commit it, with the long-term aim of reducing the amount of fly tipping that occurs; and to clear it as quickly as possible where it does happen. Through our board report we monitor both of these aims; performance in 2018/19 is shown in the graphs below. Average time to clear fly tips has decreased from an average of 9:02 hours in March 2018 to 6:46 in March 2019. The average number of fly tips has decreased from 69 to 63 over the same period[7].

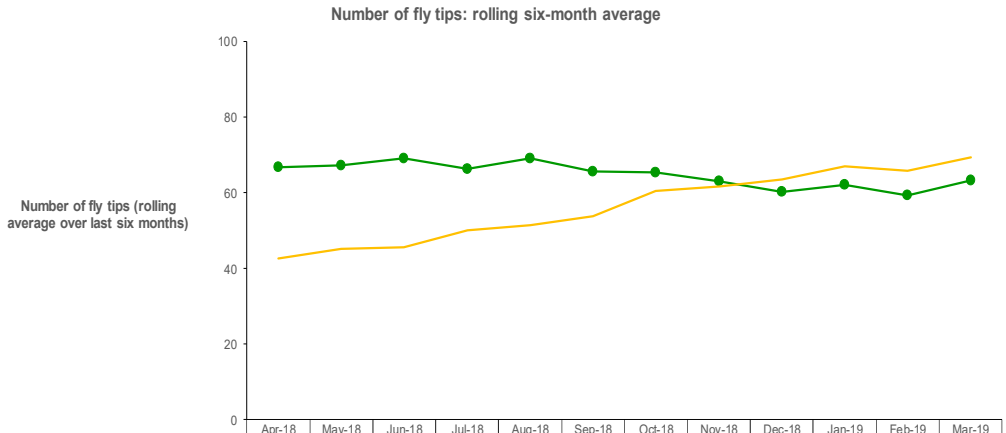
Graph 6 - Fly tipping clearance time



	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Average in-month pickup time (all zones)	08:19	07:37	08:35	06:47	08:05	20:17	08:04	07:47	07:17	06:48	04:55	05:43
Rolling six-month average	07:56	07:55	08:03	07:59	07:54	09:56	09:54	09:56	09:43	09:43	09:11	06:46

[7] Rolling six-month average

Graph 7 - Number of fly tips

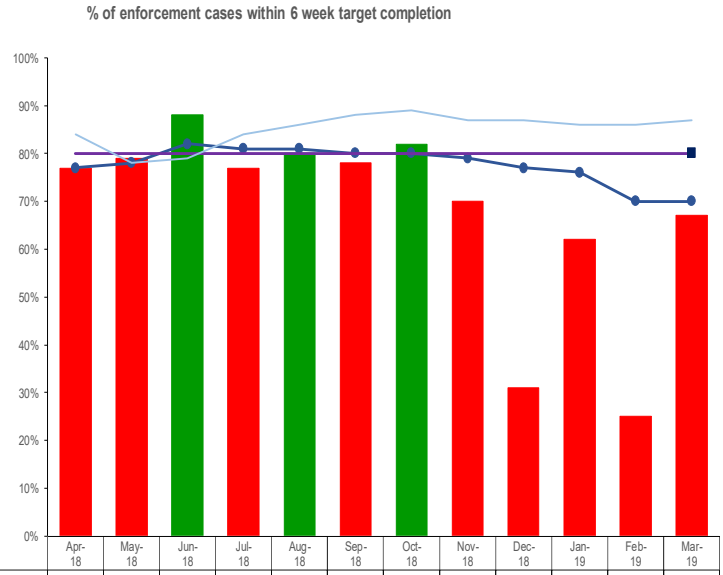


	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Rolling six-month average	67	67	69	66	69	66	65	63	60	62	59	63
Fly tips	59	67	65	68	75	59	58	53	49	78	59	82
Rolling six-month average (previous year)	43	45	46	50	51	54	61	62	64	67	66	69
Fly tips (previous year)	35	57	43	63	65	60	75	64	54	84	58	81

Planning enforcement

At March 2019, we were determining 67 per cent of enforcement cases within our target time of six weeks. The proportion of cases determined within six weeks, averaged over the year, has decreased from 87 per cent in 2017/18 to 70 per cent in 2018/19, as shown in Graph 8 below.

Graph 8 - Number of enforcement cases closed within six-week completion target



	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Enforcement cases determined within 6 weeks (on or above target)			88%		80%		82%					
Enforcement cases determined within 6 weeks (below target)	77%	79%		77%		78%		70%	31%	62%	25%	67%
Number of Enforcement cases NOT determined within 6 weeks	7	7	6	10	8	9	6	10	9	8	33	15
Year to date %	77%	78%	82%	81%	81%	80%	80%	79%	77%	76%	70%	70%
Target (Local and National)	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Officer prediction of year-end performance												80%
2017-2018 Year to date %	84%	78%	79%	84%	86%	88%	89%	87%	87%	86%	86%	87%

Financial Performance 2018/19

The paragraphs below show the council's financial performance for 2018/19 in the following areas:

- revenue expenditure;
- capital expenditure; and
- treasury management activities.

It also discusses the council's Comprehensive Income and Expenditure Statement (CIES) for the year and its balance sheet at the end of the year.

Revenue outturn 2018/19

The council's budget requirement for 2018/19, including parish precepts, was £14.4 million, after accounting for the use of reserves and investment income. Net revenue spend for the year (i.e. expenditure less income) was £4.3 million below budget as shown in the table below, analysed across the council's service areas.

Service expenditure	**Budget £000**	**Actual £000**	**Variance £000**
Community services	1,801	1,464	(337)
Strategic management board	641	418	(223)
Corporate services	2,759	2,537	(222)
Development and regeneration	2,962	664	(2,298)
Finance	(1,054)	(152)	902
Housing and environment	5,857	4,553	(1,304)
Legal and democratic	1,006	1,103	97
Partnership and insight	4,988	4,837	(151)
Planning	2,230	1,811	(419)
Contingency	315	0	(315)
Direct service expenditure	**21,505**	**17,235**	**(4,270)**
Interest	(2,940)	(2,643)	297
Government grant income	(2,482)	(2,482)	0
Transfer to/from reserves	(6,573)	(6,870)	(297)
Net revenue spend	**9,510**	**5,240**	**(4,270)**
Transfer of surplus to reserves:			
Net revenue spend	0	4,270	4,270
Government funding	0	940	940
Budget requirement set by council	**9,510**	**10,450**	**940**
Parish precepts	4,865	4,865	0
Total funding requirement	**14,375**	**15,315**	**9340**
Revenue Support Grant (RSG)	(192)	(234)	(42)
Council tax income	(11,393)	(11,704)	(311)
Retained business rates	(2,790)	(3,377)	(587)
Total funding	**(14,375)**	**(15,314)**	**(940)**

Of the £4.3 million net revenue underspend above, £4.2 million represents slippage in one-off budgets that are requested to be a budget carry forward to 2019/20. This includes £2.9 million of carry forwards in respect of projects concerning Berinsfield Community Investment, accelerated housing, Science Vale and Didcot Garden Town. It also includes £0.5 million for the Local Plan.

Capital outturn 2018/19

Capital expenditure totalled £2.0 million in 2018/19 and was £2.7 million below the working budget. Material capital expenditure projects include over £0.7 million in disabled facilities grants, and over £0.5 million in grants to local organisations.

The main source of funding for the programme was the council's own reserves with the balance made up by government grants and other contributions.

Further details on both revenue and capital expenditure for 2018/19 will be provided in an outturn report to Scrutiny Committee to be considered later in the year.

Treasury Management 2018/19

In accordance with the Treasury Management Strategy, by actively managing its investments, the council earned interest and investment income of £2.6 million against a budget of £2.9 million. Of this income, £0.3 million represents dividends accumulated on the council's unit trust holdings, which are distributed as additional units. The remaining income will fund revenue expenditure during 2019/20.

Further details on treasury management for 2018/19 will be provided in an outturn report to be considered by the Joint Audit and Governance Committee, Cabinet and Council later in the year.

Comprehensive Income and Expenditure Statement (CIES) 2018/19

The CIES presents the council's income and expenditure for the year based on accounting standards, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations, but this is different to the accounting cost. These adjustments are detailed in notes 2 to 5. After the total financing from government grants and local taxpayers of £25.1 million, the council's surplus on provision of services was £3.4 million.

This surplus is then adjusted further to produce the total comprehensive income and expenditure figure for the year which is a surplus of £ 3.2 million. This figure corresponds to the total movement on the balance sheet for the year.

Balance Sheet

The reported net worth of the council increased from £130.7 million to £133.9 million at 31 March 2019, an increase of £3.2 million.

Revenue reserves have reduced by £2.3 million due to the use of reserves to balance the budget. The capital receipts reserve has increased by £0.4 million. The capital grants reserve has increased by £6.0 million, primarily due to £6.1 million in year receipts of CIL. Unusable reserves have increased by £0.9 million.

At the balance sheet date, the council had usable reserves of £114 million, made up of £57.6 million General Fund balance and earmarked reserves, £31.3 million in capital receipts and £25.1 million in unapplied capital grants.

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from local taxpayers of council tax and Non Domestic Rates (NDR) and its distribution to precepting bodies. For the council, the major council tax precepting bodies are Oxfordshire County Council (OCC) and the Police and Crime Commissioner for Thames Valley.

On council tax, income of £104.8 million was received and £104.1 million was paid out in precepts and demands. After taking the provision for bad debts and balance brought forward into account, the surplus on the council tax collection fund balance at the end of the year was £2.6 million. This will be re-distributed to all major precepting authorities.

On Non-Domestic Rates (NDR), £45.5 million was received and £43.1 million was paid out to the council, central government and Oxfordshire County Council (OCC). After taking the balance brought forward, provision for bad debts and the provision for appeals into account, the deficit on the NDR collection fund balance at the end of the year was £0.5 million. This will be shared between the council, central government and OCC.

Future prospects

As part of the annual budget setting process for 2019/20, council agreed both its Medium-Term Financial Plan (MTFP) for 2019/20 to 2023/24. The MTFP provides a forward budget model for the next five years, highlighting known estimated budget pressures for new responsibilities and changes in legislation, predicted investment and capital receipts.

The MTFP highlights significant challenges ahead for the council. This reflects the fact that revenue expenditure is expected to exceed revenue income each year. In light of the reserves and balances available to the council, it can set a balanced revenue budget during the MTFP period by drawing heavily on reserves.

Although the budget is sustainable across the MTFP period it is not sustainable beyond the medium term based on current projections of government funding. These projections are themselves subject to uncertainty pending further information on the outcome of the fair funding review, the review of New Homes Bonus, and the 2019 spending review. To identify ways to address the projected funding shortfall the council needs to carry out a thorough review of its Medium Term Financial Strategy (MTFS) during 2019/20, and in the next few years take steps to reduce the gap between its income and its expenditure to ensure its longer term financial viability.

As part of budget setting for 2019/20, council also agreed a capital programme to 2023/24 costing £33.4 million. This will be funded from a combination of the council's usable capital receipts and other contributions.

Impact of COVID-19

As a result of the final version of these statements being approved in September 2020, we have considered the impact of the Covid-19 pandemic on the Council. The pandemic has had a significant impact on the Council, although the vast majority of the financial impact will be in 2020/21 and possibly beyond. We have considered the impact on the Council's finances as an event after the balance sheet date (see note 35 on page 75).

Simon Hewings
Interim Head of Finance and Chief Finance Officer
23 October 2020

Statement of responsibilities for the statement of accounts

1. **The authority's responsibilities**

   The authority 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 arrangements. In this council, that officer is the head of finance and chief finance officer;
   - manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
   - approve the statement of accounts.

2. **Responsibilities of the chief finance officer**

   The chief finance officer's responsibilities include the preparation of the council's statement of accounts, which, in terms of the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom (the Code) is required to present a true and fair view of the financial position of the council at the accounting date and its income and expenditure for the year ended 31 March 2019.

   In preparing this statement of accounts, the chief finance officer has:

   - selected suitable accounting policies and then applied them consistently
   - made judgements and estimates that were reasonable and prudent
   - complied with the local authority code.

   The chief finance officer has also:

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

   I certify that this statement of accounts presents a true and fair view of the financial position of the authority at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

   Simon Hewings CPFA
   Interim Head of Finance and Section 151 Officer
   23 October 2020

   Mocky Khan
   Co Chair Joint Audit and Governance Committee
   23 October 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH OXFORDSHIRE DISTRICT COUNCIL

Opinion

We have audited the financial statements of South Oxfordshire District Council for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement,
- Movement in Reserves Statement,
- Balance Sheet,
- Cash Flow Statement,
- Financial statements notes 1 to 36,
- Collection Fund and the related notes 1 to 3, and
- Statement of Accounting Policies

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of South Oxfordshire District Council as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Statement of Accounts 2018/19, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, South Oxfordshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of the Chief Finance Officer Responsibilities set out on page 21, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out

in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or has no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the South Oxfordshire District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the South Oxfordshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the South Oxfordshire District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of South Oxfordshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of South Oxfordshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the South Oxfordshire District Council and the South Oxfordshire District Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin Suter.
Ernst + Young LLP

Kevin Suter (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Southampton
23 October 2020

The maintenance and integrity of the South Oxfordshire District Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Core financial statements

The following pages show the council's core financial statements, and the notes to the accounts. The core statements are as follows:

Comprehensive Income and Expenditure Statement (CIES) (page 24). This 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 (council tax) to cover expenditure in accordance with regulations; 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.

Movement in Reserves Statement (MiRS) (page 26). The MiRS shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. expenditure or reduce local taxation) and other 'unusable reserves'. It 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.

Balance Sheet (BS) (page 27). This shows the value (as at the balance sheet date) of the assets and liabilities recognised by the council. The net assets of the council (being assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves includes reserves that hold unrealised gains and losses (e.g. the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MiRS line 'adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement (CFS) (page 28). This shows the changes in cash and cash equivalents of the council during the reporting period. 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 council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (e.g. borrowing) to the council.

Notes to the core financial statements (pages 29-70). The core statements are supported by comprehensive notes to the accounts.

Accounting policies (pages 75-90). These are the accounting policies adopted in compiling the council's accounting statements which explain the basis on which the figures in the accounts have been prepared.

Supplementary financial statements

In addition to core financial statements and notes the council, as an authority that issues council tax and business rates bills, maintains a separate income and expenditure account, the **collection fund**, showing transactions in relation to this income and how the demands on the fund from central government, Oxfordshire County Council, Police and Crime Commissioner for Thames Valley and town and parish councils have been satisfied. This is shown on pages 71 to 74.

Comprehensive income and expenditure statement

2017/18 restated (New Structure)				2018/19		
Exp £000	Inc £000	Net £000		Exp £000	Inc £000	Net £000
3,374	(1,496)	1,879	Community services	3,820	(1,450)	2,370
790	(180)	610	Strategic management team	666	(204)	462
2,984	(1,146)	1,838	Corporate services	3,295	(733)	2,562
1,189	(1,297)	(107)	Development and regeneration	4,610	(2,305)	2,305
29,277	(30,105)	(828)	Finance	26,505	(26,630)	(125)
10,703	(5,037)	5,666	Housing and environment	11,215	(5,754)	5,461
2,087	(924)	1,163	Legal and democratic	2,331	(1,064)	1,267
6,431	(236)	6,195	Partnership and insight	5,116	(225)	4,891
5,794	(3,402)	2,392	Planning	6,077	(3,467)	2,610
62,631	**(43,824)**	**18,808**	**Cost of services**	**63,635**	**(41,832)**	**21,803**
4,662	0	4,662	Parish council precepts and other grants	4,865	0	4,865
4,662	**0**	**4,662**	**Other operating expenditure**	**4,865**	**0**	**4,865**
0	(1,759)	(1,759)	Interest receivable and similar income	0	(1,991)	(1,991)
0	(804)	(804)	Other investment income (dividends)	0	(652)	(652)
0	(672)	(672)	Other investment income (long leases)	0	(335)	(335)
0	0	0	(Surplus) on Financial Instruments valued through P&L	0	(425)	(425)
0	(540)	(540)	Gains/loss on disposal of investments	0	0	0
41	(491)	(450)	Income and expenditure in relation to investment properties	0	(3,027)	(3,027)
1,614	0	1,614	Net Interest on net defined benefit liability or asset	1,478	0	1,478
1,655	**(4,266)**	**(2,611)**	**Financing and investment income and expenditure**	**1,478**	**(6,430)**	**(4,952)**
0	(4,540)	(4,540)	Recognised capital grants and contributions	0	(7,026)	(7,026)
0	(11,166)	(11,166)	Council tax	0	(11,702)	(11,702)
0	(17,882)	(17,882)	Retained business rates	0	(19,481)	(19,481)
15,509	0	15,509	Business rates tariff	15,800	0	15,800
0	(572)	(572)	Revenue support grant	0	(234)	(234)
0	(3,533)	(3,533)	Non-ringfenced government grants	0	(2,484)	(2,484)
15,509	**(37,694)**	**(22,185)**	**Taxation and non-specific grant income**	**15,800**	**(40,927)**	**(25,127)**
84,457	**(85,784)**	**(1,326)**	**(Surplus) or deficit on provision of services**	**85,778**	**(89,189)**	**(3,411)**

Continued…

…continued						
2017/18 Restated* (New Structure)				2018/19		
Exp £000	Inc £000	Net £000		Exp £000	Inc £000	Net £000
		(1,294)	Total deficit on revaluation of non current assets			(3,063)
		464	Surplus or deficit on revaluation of financial assets at fair value through other comprehensive income			0
		(5,600)	Remeasurement of net defined benefit liability			3,240
		(6,430)	**Total other comprehensive income and expenditure**			**177**
		(7,756)	**Total Comprehensive Income and Expenditure**			**(3,234)**

* 2017/18 Restated in new structural format. -see Note 33- Comprehensive Income and Expenditure Statement Restatement 2017/18

Movement in reserves statement

For the year ended 31 March 2019

	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total authority reserves £000
Balance - 31 Mar 2018	**(60,039)**	**(31,672)**	**(19,033)**	**(110,744)**	**(19,931)**	**(130,675)**
Total comprehensive income and expenditure	**(3,411)**	**0**	**0**	**(3,411)**	**177**	**(3,234)**
Adjustments between accounting basis and funding basis under regulations (note 5)	5,867	392	(6,074)	**185**	**(185)**	**0**
Net increase/decrease before transfers to other reserves	**2,456**	**392**	**(6,074)**	**(3,226)**	**(9)**	**(3,235)**
Increase/decrease (movement) in year	**2,456**	**392**	**(6,074)**	**(3,226)**	**(9)**	**(3,235)**
Balance - 31 Mar 2019	**(57,583)**	**(31,280)**	**(25,107)**	**(113,970)**	**(19,940)**	**(133,910)**

For the year ended 31 March 2018

	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total authority reserves £000
Balance - 31 Mar 2017	**(59,261)**	**(31,157)**	**(16,133)**	**(106,551)**	**(16,368)**	**(122,919)**
Total comprehensive income and expenditure	**(3,226)**	**0**	**0**	**(3,226)**	**(4,530)**	**(7,756)**
Adjustments between accounting basis and funding basis under regulations (note 3)	1510	(515)	(2,900)	**(1,905)**	**1,905**	**0**
Net increase/decrease before transfers to other reserves	**(1,716)**	**(515)**	**(2,900)**	**(5,131)**	**(2,625)**	**(7,756)**
Transfers to/from other reserves	938	0	0	**938**	**(938)**	**0**
Increase/decrease (movement) in year	(778)	(515)	(2,900)	(4,193)	(3,563)	(7,756)
Balance - 31 Mar 2018	**(60,039)**	**(31,672)**	**(19,033)**	**(110,744)**	**(19,931)**	**(130,675)**

Balance sheet

31 March 2018		31 March 2019		
£000		£000	£000	*Notes*
30,960	Property, plant & equipment		33,861	*7*
5,075	Investment Property		7,838	*8*
62	Intangible assets		28	
38,564	Long term investments		37,308	*9*
28,447	Long term debtors		28,283	*10*
103,108	**Long term assets**		**107,318**	
85,890	Short term investments	100,120		*9*
6	Inventories	0		
12,728	Short term debtors	12,111		*10*
9,407	Cash and cash equivalents	7,578		*11*
108,031	**Current assets**		**119,809**	
(20,436)	Short term creditors	(23,034)		*13*
(1,914)	Provisions	(2,390)		*14*
(1,987)	Capital grants receipts in advance	(5,140)		
(24,337)	**Current liabilities**		**(30,564)**	
(56,127)	**Long term Liabilities**		**(62,653)**	*19f*
130,675	**Net assets**		**133,910**	
(42,117)	Non-earmarked revenue reserves	(42,015)		
(17,921)	Earmarked revenue reserves	(15,568)		
(31,673)	Usable capital receipts reserve	(31,280)		
(19,033)	Capital grants unapplied	(25,107)		
(110,744)	**Usable reserves**		**(113,970)**	*See MIRS*
(8,208)	Revaluation reserve	(11,625)		*15a*
(1,802)	Available for Sale Financial Instrument Reserve	0		*15b*
0	Financial instrument revaluation reserve	(2,227)		*15b*
(37,889)	Capital adjustment account	(40,152)		*15c*
56,127	Pensions reserve	62,362		*15d*
(28,539)	Deferred capital receipts reserve	(28,375)		*15e*
192	Collection Fund Adjustment Account	(111)		15f
188	Short-term accumulating compensated absences	188		15g
(19,931)	**Unusable reserves**		**(19,940)**	
(130,675)	**Total reserves**		**(133,910)**	

The unaudited accounts were issued on 10 June 2019.

Cash flow statement

2017/18 £'000		2018/19 £'000	Notes
1,326	**Net surplus/(deficit) on the provision of services**	**3,411**	
3,766	Adjust net surplus or (deficit) on the provision of services for non-cash movements	2,316	
(4,367)	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	(7,450)	
725	**Net Cash flows from operating activities**	**(1,723)**	
	Investing Activities		
(71)	Purchase of property, plant and equipment, investment property and intangible assets	(365)	
(102,965)	Purchase of short-term and long-term investments	(83,619)	
(192)	Other payments for investing activities	(50)	
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	860	
85,500	Proceeds from short-term and long-term investments	71,080	
6,245	Other receipts from investing activities	10,364	
(11,483)	**Total Investing Activities**	**(1,730)**	
	Financing Activities		
817	Billing authorities - council tax and NDR adjustments	1,624	
	Total Financing Activities		
(9,941)	**Net increase/decrease in cash and cash equivalents**	**(1,829)**	
19,348	Cash and cash equivalents at the beginning of the reporting period	9,407	
9,407	**Cash and cash equivalents at the end of the reporting period**	**7,578**	*11*

Notes to the accounts 2018/19

1. Statement of accounting policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the council in preparing and presenting these financial statements. These can be reviewed in detail on pages 75-90.

2. Expenditure and funding analysis

The expenditure and funding analysis show how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017-18 restated				2018/19		
Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
1,198	680	1,878	Community services	1,464	906	2,370
574	35	610	Strategic management team	418	44	462
2,648	(810)	1,838	Corporate services	2,537	25	2,562
(404)	297	(107)	Development and regeneration	664	1,641	2,305
(1,020)	192	(828)	Finance	(152)	27	(125)
4,101	1,566	5,666	Housing and environment	4,553	(908)	5,461
978	185	1,163	Legal and democratic	1,103	164	1,267
6137,	59	6,195	Partnership and insight	4,837	54	4,891
1,582	810	2,392	Planning	1,811	799	2,610
15,794	**3,013**	**18,807**	**Net cost of services**	**17,236**	**4,567**	**21,803**
(15,611)	**(4,523)**	**(20,134)**	**Other Income and Expenditure**	**(14,779)**	**(10,435)**	**(25,214)**
(1,716)	**(1,510)**	**(1,326)**	**(Surplus) or deficit on provision of services**	**2,457**	**(5,868)**	**(3,411)**
(59,261)			Opening General Fund Balance	(60,039)		
(1,716)			Surplus or (deficit) on general fund balance in year	2,456		
938			Transfers to/from non general fund balance reserves	0		
(60,039)			**Closing general fund balance at 31 March**	**(57,582)**		

*2017/18 restated into new structure

3. Note to the expenditure and funding analysis

2017-18 restated					2018/19			
Adjustments for Capital Purposes (note 1) £000	Net change for the Pensions Adjustments (Note 2) £000	Other Differences (Note 3) £000	Total Adjustments £000	New Structure 2018-19	Adjustments for Capital Purposes (note 1) £000	Net change for the Pensions Adjustments (Note 2) £000	Other Differences (Note 3) £000	Total Adjustments £000
524	156	0	680	Community services	747	159	0	906
0	35	0	35	Strategic management team	(0)	44	0	44
40	(849)	0	(810)	Corporate services	1,002	(977)	0	25
190	107	0	297	Development and regeneration	1,459	182	0	1,641
167	24	0	192	Finance	0	27	0	27
1,180	386	0	1,566	Housing and environment	479	429	0	908
12	172	(0)	185	Legal and democratic	12	153	0	165
0	59	0	59	Partnership and insight	(0)	54	0	54
0	603	207	810	Planning	201	598	0	799
2,113	**693**	**207**	**3,013**	**Net cost of services**	**3,899**	**668**	**0**	**4,567**
0	**1,614**	**(6,137)**	**(4,523)**	**Other income and expenditure from the Expenditure and Funding Analysis**	**0**	**1,480**	**(11,915)**	**(10,435)**
2,113	**2,307**	**(5,930)**	**(1,510)**	**Difference between general fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services**	**3,899**	**2,148**	**(11,915)**	**(5,868)**

*2017/18 restated into new structure

The adjustments above are for transactions included in the CIES which cannot be charged to the general fund under statute. They include:
1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for other operating expenditure, capital grants received in year where there is no repayment condition.
2) Net change for the pension adjustment relates to the removal of pension contributions and the addition of IAS 19 *Employee Benefits pension related expenditure and income*

3) Other differences are for reanalysis of items between services and in other income and expenditure, the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.

4. Exceptional items

South has no exceptional items to declare for financial year 2018-19

5. Adjustments between accounting basis and funding basis under regulations

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

31st March 2018					31st March 2019			
Usable Reserves					Usable Reserves			
Gen fund bal & earmarked £000	Capital receipts £000	Capital grants unapplied £000	Movement in unusable reserves £000		Gen fund bal & earmarked £000	Capital receipts £000	Capital grants unapplied £000	Movement in unusable reserves £000
				Adjustments primarily involving the capital adjustment account:				
				Reversal of items debited or credited to the CIES:				
(607)	0	0	607	Charges for depreciation and impairment of non-current assets	(496)	0	0	496
1,086	0	0	(1,086)	Revaluation gains on property, plant and equipment	824	0	0	(824)
212	0	0	(212)	Movements in fair value of long term leases	0	0	0	0
0	0	0	0	Movements in fair value of investment Properties	2,763	0	0	(2,763)
(37)	0	0	37	Amortisation of intangible assets	(36)	0	0	36
(2,733)	0	0	2,733	Revenue expenditure funded from capital under statute	(1,506)	0	0	1,506
0	(750)	0	750	Other	0	0	0	0
				Adjustments primarily involving the capital grants unapplied account:				
4,019	(163)	(3,856)	0	Capital grants and contributions unapplied credited to the CIES	6,689	0	(6,707)	18
(200)	0	200	0	Expenditure funded by developers' contributions	103	0	(103)	0
				Adjustments primarily involving the capital receipts reserve:				
540	(540)	0	0	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(852)	0	0	852

31st March 2018					31st March 2019			
Usable Reserves					Usable Reserves			
Gen fund bal & earmarked £000	Capital receipts £000	Capital grants unapplied £000	Movement in unusable reserves £000		Gen fund bal & earmarked £000	Capital receipts £000	Capital grants unapplied £000	Movement in unusable reserves £000
0	938	756	(1,694)	Use of the capital receipts reserve to finance new capital expenditure	797	392	736	(1,925)
0	0	0	0	Transfer from deferred capital receipts reserve upon receipt of cash	(150)	0	0	150
(2,307)	0	0	2,307	**Adjustments primarily involving the pensions reserve:**	(2,995)	0	0	2,995
				Adjustments primarily involving the Financial Instruments Revaluation Reserve:				
0	0	0	0	Reversal of surplus on Financial Instruments valued through Profit and Loss)	425	0	0	(425)
				Adjustments primarily involving the Collection fund adjustment account:				
(363)	0	0	363	Amount by which council tax and NDR income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	302	0	0	(302)
(390)	**(515)**	**(2,900)**	**3,805**	**Total adjustments**	**5,867**	**392**	**(6,074)**	**185**

6. Transfers to/from general fund balance and earmarked reserves

This note details all movements in the reserves that comprise the general fund balance and earmarked reserves.

01 Apr 2017 to 31 Mar 2018 Restated					01 Apr 2018 to 31 Mar 2019			
Balance brought forward £000	Transfers in £000	Transfers out £000	Balance carried forward £000		Balance brought forward £000	Transfers in £000	Transfers out £000	Balance carried forward £000
				General fund balance				
(750)	0	0	(750)	General fund balance	(750)	0	0	(750)
0	(4,563)	0	(4,563)	ARR – Carry Forward	(4,563)	0	4,563	0
(27,662)	(1,840)	3,307	(26,195)	Enabling fund (a)	(26,195)	(8,786)	4,325	(30,656)
(10,609)	0	0	(10,609)	Interest allocated as principal (b)	(10,609)	0	0	(10,609)
(39,021)	**(6,403)**	**3,307**	**(42,117)**	**Total general fund balance**	**(42,117)**	**(8,786)**	**8,888**	**(42,015)**
				Earmarked reserves				
(1,857)	(366)	0	(2,223)	Revenue funding (c)	(2,223)	0	0	(2,223)
(536)	0	0	(536)	Building control (d)	(536)	0	0	(536)
(3,152)	(167)	566	(2,753)	Revenue grants reserve (e)	(2,753)	(848)	363	(3,238)
(10,165)	(3,533)	3,529	(10,169)	New homes bonus (f)	(10,169)	(2,482)	5,914	(6,737)
(1,597)	0	1,597	0	Revenue budget smoothing reserve (g)	0	0	0	0
(2,456)	(497)	1,460	(1,493)	Unit trust dividend reinvested reserve (h)	(1,493)	(358)	0	(1,851)
(477)	(270)	0	(747)	Didcot reserve (i)	(747)	(234)	0	(981)
(20,240)	**(4,833)**	**7,152**	**(17,921)**	**Total earmarked reserves**	**(17,921)**	**(3,389)**	**6,277**	**(15,568)**

…continued

…continued	
The purpose of each reserve is as follows:	
(a)	Accumulated revenue reserves (ARR) from surpluses in previous years, which have not yet been earmarked. Enabling fund balances and movements shown for 2017/18 include carry forwards.
(b)	To hold sums received from the sale of capital assets and which have now been recycled into the equivalent amount of interest and thus could be used to meet any future costs.
(c)	From interest earnings in previous years which will be used to support the general fund revenue budget.
(d)	From ring fencing the building control trading account.
(e)	To fund revenue expenditure from grants received in advance.
(f)	To hold receipts of new homes bonus funding.
(g)	To fund future revenue pressures.
(h)	To hold the dividends re-invested in the council's unit trust investments.
(i)	To hold rental income received from land in Didcot for future investment in Didcot.

*2017/18 Restated due to an error in the classification of General Fund and Earmarked reserves discovered when preparing the 2018/19 statements.

	As per 2017/18 accounts £'000s	**Restated £'000s**
ARR – Carry Forward		(4,563)
Enabling fund (a)	(30,723)	(26,195)
Total general fund balance	**(42,082)**	(42,117)
Revenue grants reserve (e)	(2,789)	(2,753)
Total earmarked reserves	(17,957)	**(17,921)**

7. Property, plant and equipment

Table 7a Movements in property, plant and equipment 2018/19						
	Other land & buildings £000	Vehicles, plant & equipment £000	Infrastructure assets £000	Community assets £000	Assets under construction £000	Total PP&E £000
Cost or valuation						
At 01 Apr 2018	**30,455**	**2,734**	**574**	**1,162**	**0**	**34,925**
Additions	0	4	6	0	352	**362**
Revaluation increases/(decreases) to RR	1,856	0	0	0	0	**1,856**
Revaluation increases/(decreases) to SDPS	2,007	0	0	0	0	**2,007**
Depreciation written back on revaluation	(1,182)	0	0	0	0	**(1,182)**
Reclassification	0	0	0	0	0	**0**
Disposals	(860)	0	0	0	0	**(860)**
At 31 Mar 2019	**32,275**	**2,738**	**580**	**1,162**	**352**	**37,107**
Depreciation and impairments						
At 01 Apr 2018	**(1,173)**	**(2,358)**	**(434)**	**0**	**0**	**(3,965)**
Depreciation charge for	(358)	(114)	0	0	0	**(472)**
Depreciation written back on revaluation	1,182	0	0	0	0	**1,182**
Disposals	11	0	0	0	0	**11**
At 31 Mar 2019	**(340)**	**(2,472)**	**(434)**	**0**	**0**	**(3,246)**
Balance sheet at 31 Mar 2019	**31,935**	**266**	**146**	**1,162**	**352**	**33,861**
Balance sheet at 31 Mar 2018	**29,282**	**376**	**140**	**1,162**	**0**	**30,960**
Notes						
RR = Revaluation reserve						
SDPS = Surplus or deficit on provision of services						

Table 7a Movements in property, plant and equipment 2017/18						
Restated 2017-18	**Other land & buildings**	**Vehicles, plant & equipment**	**Infrastructure assets**	**Community assets**	**Assets under construction**	**Total PP&E**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or valuation						
At 01 Apr 2017	**28,599**	**2,695**	**574**	**991**	**0**	**32,859**
Additions	0	39	0	0	0	**39**
Revaluation increases/(decreases) to RR	1,123	0	0	171	0	**1,294**
Revaluation increases/(decreases) to SDPS	1,085	0	0	0	0	**1,085**
Depreciation written back on revaluation	(352)	0	0	0	0	**(352)**
Reclassification	0	0	0	0	0	**0**
Disposals	0					**0**
At 31 Mar 2018	**30,455**	**2,734**	**574**	**1,162**	**0**	**34,925**
Depreciation and impairments						
At 01 Apr 2017	**(1,025)**	**(2,251)**	**(434)**	**0**	**0**	**(3,710)**
Depreciation charge	(500)	(107)	0	0	0	**(607)**
Depreciation written back on revaluation	352	0	0	0	0	**352**
Impairment losses/reversals to SDPS		0	0	0	0	**0**
At 31 Mar 2018	**(1,173)**	**(2,358)**	**(434)**	**0**	**0**	**(3,965)**
Balance sheet at 31 Mar 2018	**29,282**	**376**	**140**	**1,162**	**0**	**30,960**
Balance sheet at 31 Mar 2017	**27,577**	**444**	**140**	**991**	**0**	**29,152**
Notes						
RR = Revaluation reserve						
SDPS = Surplus or deficit on provision of services						

*Restated movement between NBV and depreciation, incorrect opening balances in 17-18'

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other land and buildings – on an individual basis as assessed by the valuer- between 6-44 years active life
- Vehicles, plant, furniture and equipment – 5 to 24 years
- Infrastructure –on an individual basis as assessed by the valuer-active life 1 year

Capital commitments
As at the end of March 2019 the council had capital commitments on a number of contracts 2019/20 and future years, budgeted to cost £1.6 million. The commitments are:

- Capital grants - £1.1 million
- Leisure contracts - £0.5 million

Revaluations

The council has a rolling programme that ensures that all property, plant and equipment required to be measured at current value or fair value as appropriate is revalued at its surplus every five years. Any assets that may be subject to special conditions will be valued more often, as required.

The council's operational assets have been valued as at 31 January 2019 by Sanderson Weatherall in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS Red Book, UK Appendix 5). Sanderson Weatherall has confirmed that there has been no material change in the value of properties from 31 January 2019 to 31 March 2019.

The significant assumptions applied in estimating the 2018/19 values are that:

- There is no contamination problem nor deleterious/hazardous substance present;
- Good title can be shown and that the properties comply with all legal and statutory requirements regarding either the structure or its existing /past usage,
- There will be an adequate level of expenditure on repairs and maintenance.

Table 7c Revaluations property, plant and equipment

	Other land & buildings	Vehicles, plant & equip-ment	Infrastructure assets	Community assets	Assets under construction	Total
	£000	£000	£000	£000		£000
Carried at historical cost	0	2,738	580	1,162	352	**4,832**
Valued at:						
31 January 2019	24,575	0	0	0	0	**24,575**
31 January 2018	3,759	0	0	0	0	**3,759**
31 January 2017	3,046	0	0	0	0	**3,046**
31 January 2016	657	0	0	0	0	**657**
31 January 2015	238	0	0	0	0	**238**
Total cost or valuation	**32,275**	**2,738**	**580**	**1,162**	**352**	**37,107**

*Note restated due to incorrect balancing against Financial system and fixed asset register in prior years.

All operational PPE assets are measured at current value with surplus assets at fair value. Assets under construction are valued at cost.

The council has no material surplus assets.

8. Investment properties

Income and expenditure in respect of investment properties is shown on the face of the CIES.

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. The council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2017/18 £000		2018/19 £000
5,075	**Balance at 1 April**	**5,075**
0	Changes in fair value	2,763
5,075	**Balance at 31 March**	**7,838**

Fair value hierarchy

All the council's investment properties have been value assessed as level 2 on the fair value hierarchy for valuation purposes (see accounting policy xxii for an explanation of fair value levels).

Valuation techniques used to determine level 2 for values for investment property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the council's investment asset portfolio. 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 as level 2 on the fair value hierarchy.

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

Highest and best use

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

Valuation process for investment properties

The council's investment property has been valued as at 31 January 2019 by Sanderson Weatherall in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Sanderson Weatherall has confirmed that there has been no material change in the value of properties from 31 January 2019 to 31 March 2019.

9. Financial instruments

The borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments:

Table 9a Categories of financial instrument				
	Long term		Current	
	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000
Investments				
Amortised Costs	20,197	18,155	95,297	107,698
Fair Value through Profit and Loss	18,367	19,154	0	0
Total Financial Assets (Investments)	**38,564**	**37,309**	**95,297**	**107,698**
Debtors				
Financial assets carried at contract amount	28,539	28,283	10,847	11,201
Total Financial Assets	**28,539**	**28,283**	**10,847**	**11,201**
Creditors				
Financial liabilities carried at contract amount	0	0	11,114	13,254
Total Financial Liabilities	**0**	**0**	**11,114**	**13,254**

(1) Under accounting requirements, the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs including accrued interest. Accrued interest is shown separately in current assets/liabilities where payments/receipts are due within one year. The effective interest rate is accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

(2) Financial assets at fair value through profit and loss– the council holds £12.3 million in unit trusts with Legal & General and £6.8 million in the CCLA pooled property fund. The Council has applied a statutory override to these which results in the charge to the CIES being reversed out, via the MiRS and into the Financial Instruments Revaluation Reserve

Financial instrument gains/losses

The gains and losses recognised in the CIES in relation to financial instruments are made up as follows:

Table 9b Financial instrument gains and losses 2018/19			
	Financial assets		
	Financial Assets held at amortised cost **£000**	Financial assets at fair value through Profit and Loss **£000**	**Total** **£000**
Interest receivable and similar income	1,991	0	1,991
Other investment income (dividends)	0	652	652
Total income in surplus or deficit on the provision of services	**2,284**	**359**	**2,643**
Gain/(loss) on revaluation	0	425	425
Surplus arising on revaluation of financial assets	**0**	**425**	**425**
Net gain/(loss) for the year	**2,284**	**784**	**3,068**

Fair values of assets and liabilities

Except for financial assets carried at fair value as described in table 8d below, all other financial liabilities and assets held by the Authority are carried in the Balance Sheet at amortised cost. The fair values are calculated as follows:

Table 9c Fair value of assets and liabilities carried at amortised cost				
31-Mar-18 Restated			**31-Mar-19**	
Carrying amount £000	**Fair value £000**		**Carrying amount £000**	**Fair value £000**
94,907	95,297	Short Term Investments	107,078	107,698
38,373	38,755	Long Term Investments	37,160	37,309
10,847	10,847	Short term debtors	11,201	11,201
28,447	28,447	Long term debtors	28,283	28,283
172,574	**173,346**	**Total Financial assets**	**183,722**	**184,491**
(11,114)	(11,114)	Short Term Creditors	(13,254)	(13,254)
(11,114)	**(11,114)**	**Total Financial liabilities**	**(13,254)**	**(13,254)**

*Restated due to 17-18 debtors and creditors including NNDR/CTAX balances and other statutory balances that did not meet the definition as financial instruments.

	As per 2017/18 accounts £000	**Restated £000**
Short Term debtors	11,475	10,847
Short term creditors	(19,011)	(11,114)

Table 9d Financial Assets Fair Value Hierarchy-Fair Value through Other Comprehensive Income	Fair Value Hierarchy	Amount £'000
CCLA Pooled Funds	Level 1	6,831

Some of the Council's financial assets are measured at fair value on a recurring basis. Including the valuation techniques used to measure them. The fair value hierarchy for categorising instruments is as follows:

- 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.

The fair values for loans and receivables include accrued interest.

The comparator market rates prevailing have been taken from indicative investment rates at the balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures and the difference is likely to be immaterial.

Financial assets at fair value through other comprehensive income are carried in the balance sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value

10 . Debtors

31-Mar-18			31-Mar-19	
Long term £000	Short term £000		Long term £000	Short term £000
0	1,201	Central government bodies	0	267
0	5,073	Other local authorities	0	4,988
28,447	6,454	Other entities and individuals	28,283	6,856
28,447	**12,728**	**Total debtors**	**28,283**	**12,111**

11. Cash and cash equivalents

The balance of cash and cash equivalents is made up of the following elements:

31 Mar 2018 £000		31-Mar-2019 £000
2	Cash held by the council	2
(3,667)	Bank overdraft	(1,582)
10,072	Bank current and instant access accounts	1,464
3,000	Money market funds	7,694
9,407	**Total cash and cash equivalents**	**7,578**

12. Assets held for sale

At the balance sheet date, the council has no material assets held for sale.

13. Short–term creditors

31 Mar 2018 £000		31-Mar-2019 £000
(2,798)	Central government bodies	(4,219)
(8,553)	Other local authorities	(12,826)
(9,085)	Other entities and individuals	(5,990)
(20,436)		**(23,035)**

14. Provisions

The provision in 2018/19 represents amounts set aside to meet future potential business rate appeals liabilities.

	Provisions £000
Balance at 01 Apr 2018	**(1,914)**
Movement in year	(476)
Balance at 31 Mar 2019	**(2,390)**

15. Unusable reserves

Revaluation reserve

The revaluation reserve contains the gains made by the council arising from increases in the value of its property, plant and equipment. 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 the 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.

Table 15a Revaluation reserve			
	Restated		
2017/18 £000	2017/18 £000		2018/19 £000
(7,152)	**(7,152)**	**Balance at 1 April**	**(8,208)**
(215)	(2,115)	Upward revaluation of assets	(4,276)
821	821	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	1,213
606	**(1,294)**	**Surplus or deficit on revaluation of non current assets not posted to the surplus or deficit on the provision of services**	**(3,063)**
128	128	Difference between fair value depreciation and historical cost depreciation	24
110	110	Other	(378)
(6,308)	**(8,208)**	**Balance at 31 March**	**(11,625)**

Available for sale financial instruments reserve/ Financial instrument revaluation reserve

The **Financial instrument revaluation reserve** contains the gains made by the council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Disposed of and the gains are realised.

Table 15b Available for sale financial instruments reserve/ Financial instrument revaluation reserve		
2017/18 £000		2018/19 £000
(2,266)	**Balance at 1 April Available for sale financial instruments reserve**	**(1,802)**
464	Revaluation of investments	(425)
(1,802)	**Balance at 31 March Available for sale financial instruments reserve**	**(2,227)**
	IFRS9 Reclassification of Financial Assets	
0	Reclassification from Available for sale financial instruments reserve to Financial instrument revaluation reserve	2,227
(1,802)	**Balance at 31 March Available for sale financial instruments reserve**	**0**
0	**Balance at 31 March Financial instrument revaluation reserve**	**(2,227)**

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 CIES (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 gains recognised on donated assets that have yet to be consumed by the council.

The account 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.

Table 15c Capital adjustment account

2017/18 £000	2017-18 Restated £000		2018/19 £000
(37,138)	**(37,138)**	**Balance at 1 April**	**(37,889)**
		Reversal of items relating to capital expenditure debited or credited to the CIES:	
479	479	Charges for depreciation and impairment of non current assets	472
(3,096)	(1,196)	Revaluations (gains)/losses on property, plant and equipment	(516)
37	37	Amortisation of intangible assets	36
2,561	2,561	Revenue expenditure funded from capital under statute	1,506
	0	Movement in the fair value of investment properties	(2,763)
		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES*	922
		Capital financing applied in the year:	
(938)	(938)	Use of the capital receipts reserve to finance new capital expenditure	(170)
(756)	(756)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(768)
(983)	(983)	Capital expenditure charged against earmarked reserves	(1,038)
45	45	Other adjustments	56
(39,789)	**(37,889)**	**Balance at 31 March**	**(40,152)**

Pensions reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The council accounts for post-employment benefits in the CIES 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.

Table 15d Pensions reserve		
2017/18 £000		**2018/19 £000**
59,420	**Balance at 1 April**	**56,127**
(5,600)	Remeasurement of the net defined benefit liability/(asset) Actuarial Gain/(loss)	3,240
4,283	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	5,254
(1,976)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,259)
56,127	**Balance at 31 March**	**62,362**

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.

Table 15e Deferred capital receipts reserve		
2017/18 £000		**2018/19 £000**
(29,248)	**Balance at 1 April**	**(28,539)**
(212)	New deferred capital receipts raised in year	15
172	Transfer to the capital receipts reserve upon receipt of cash	149
749	Other	0
(28,539)	**Balance at 31 March**	**(28,375)**

Collection fund adjustment account

The collection fund adjustment account manages the differences arising from the recognition of council tax income in the CIES as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

Table 15f Collection fund adjustment account		
2017/18 £000		**2018/19 £000**
(172)	**Balance at 1 April**	**192**
364	Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax income and non-domestic rates calculated for the year in accordance with statutory requirements	(303)
192	**Balance at 31 March**	**(111)**

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.

Table 15g Accumulated absences account		
2017/18 £000		**2018/19 £000**
188	**Balance at 1 April**	188
(188)	Settlement or cancellation of accrual made at the end of the preceding year	(188)
188	Amounts accrued at the end of the current year	188
188	**Balance at 31 March**	**188**

16. Interest received, interest paid, and dividends received

The cash flow for operating activities included within the cash flow statement includes the following items:

2017/18 £000		**2018/19 £000**
1,759	Interest received	1,991
804	Dividends received	652
2,563	**Total interest received, interest paid, and dividends received**	**2,643**

17. Expenditure and income analysed by nature

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

2017/18 £000		2018/19 £000
	Expenditure	
12,174	Employee benefits expenses	16,497
49,882	Other services expenses	55,891
617	Depreciation and amortisation	349
15,509	Non-domestic rates tariff	15,800
4,662	Precepts and levies	4,865
1,614	Net interest on net defined benefit liability or asset	1,478
0	Loss on the disposal of assets	852
84,458	**Total expenditure**	**95,732**
	Income	
(43,825)	Fees, charges and other service income	(36,210)
(3,726)	Interest, investment income and income from investment property	(6,430)
(29,048)	Income from council tax and non-domestic rates	(40,927)
(540)	Gains on the disposal of assets	0
(4,105)	Government grants and contributions	(5,147)
(4,540)	Recognised capital grants and contributions	(7,026)
0	Gain on the revaluation of assets	(3,404)
(85,784)	**Total income**	**(99,144)**
(1,326)	**(Surplus)/deficit on the provision of services**	**(3,412)**

18. Members' allowances

The council paid the following amounts to members of the council during the year.

2017/18 £000		2018/19 £000
165	Basic allowance	168
107	Special responsibility allowance	122
13	Expenses	12
285		**302**

19. Employee benefits

Benefits payable during employment

South Oxfordshire District Council and Vale of White Horse District Council share a joint Senior Management Team. The employees detailed below therefore work across the two authorities and the costs are shared with South Oxfordshire DC contributing 50 per cent and Vale of White Horse DC contributing 50 per cent towards the costs. The three senior officers shown in table 17a are employed by South Oxfordshire DC.

A senior employee is one who earns a salary in excess of £150,000 (there are none of these in the council), or holds a designated position (with a salary in excess of £50,000) – these are detailed in the table below:

Table 19a Senior officers emoluments statutory						
Post title	**Financial year**	**Salary (including fees & allowances)** £	**Expenses** £	**Total remuneration excluding pension contributions** £	**Pension contributions** £	**Total remuneration including pension contributions** £
Head of paid service	2018/19	157,588	651	158,239	19,633	177,871
	2017/18	320,455	300	320,755	12,738	333,493
Chief finance officer (section 151 officer)	2018/19	60,040	1,014	61,054	0	61,054
	2017/18	116,450	2,632	119,082	8,840	127,922
Monitoring officer	2018/19	90,345	260	90,604	11,882	102,487
	2017/18	85,400	339	85,739	11,238	96,977

The current chief finance officer and monitoring officer are also heads of service. There are six other heads of service, two of whom are employed by Vale of White Horse District Council

The spot point pay level for heads of service is as follows:

Table 19b Spot pay point - heads of service non-statutory	**Number**	**£**
Heads of service at 1 April 2017	7	79,601
Heads of service at 1 August 2017	5	89,601
Interim Heads of service at 1 August 2017	3	79,601
Heads of service at 31 March 2018	7	89,601
Interim Heads of service at 31 March 2018	1	89,601
Heads of service at 31 March 2019	8	92,109

The council is also obliged to disclose the numbers of other employees that were paid a salary in excess of £50,000 (these numbers do not include the senior officers detailed above). The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

Table 19c Employee remuneration over £50,000		
Number of SODC/VOWH employees		
2017/18	**Remuneration band** £	**2018/19**
5	50,000-54,999	3
6	55,000-59,999	10
2	60,000-64,999	4
0	65,000-69,999	1

Under the shared working arrangements, the council recharged a total of £4,368,890 of its salary costs to Vale of White Horse District Council, who in turn recharged £1,876,544 of its salary costs to this council.

Termination benefits

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Table 19d Exit packages agreed								
Exit package cost band (including special payments)	**Number of compulsory redundancies**		**Number of other departures agreed**		**Total number of exit packages by cost band**		**Total cost of exit packages in each band £**	
	2017/18	**2018/19**	**2017/18**	**2018/19**	**2017/18**	**2018/19**	**2017/18**	**2018/19**
£0 - £20,000	0	3	0	0	0	3	0	11,507
£20,001 - £40,000	0	1	0	0	0	1	0	33,162
£60,001 - £80,000	0	0	1	0	1	0	62,902	0
£100,001 - £150,000	0	0	1	0	1	0	144,544	0
£150,001 - £200,000	0	1	0	0	0	1	0	150,087
Total	**0**	**5**	**2**	**0**	**2**	**5**	**207,446**	**194,756**

The total value of exit packages paid in 2018/2019 was £194,756.

Post-employment benefits - defined benefit pension schemes

Participation in pension schemes

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

The council participates in The Local Government Pension Scheme (LGPS). The LGPS is a defined statutory scheme administered in accordance with the Local Government Scheme regulations 2013, is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement.

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

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

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The actuarial valuation of the Fund has been carried out as at 31 March 2019 and sets contributions for the period 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100 percent using the actuarial valuation assumptions.

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

This is a funded defined benefit career scheme, meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The fund has an independent global custodian, BNP Paribas, whose main duties include the safekeeping of the fund's investments, the collection of income and the execution of corporate actions, such as company mergers or takeovers.

In addition, arrangements for the award of discretionary post-retirement benefits are awarded upon early retirement. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension's payments as they fall due.

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

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.

- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.

- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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

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

These risks are also mitigated to a certain extent by the statutory requirements to charge to the general fund the amounts required by statute.

Transactions relating to retirement benefits

The cost of retirement benefits is recognised 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 made 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 CIES and the general fund balance via the movement in reserves statement during the year:

Table 19e Transactions relating to retirement benefits		
2017/18 £000		**2018/19 £000**
	Cost of Services:	
2,669	Current service cost	2,892
0	Past Service Cost	884
0	Administrative expenses	0
	Financing and investment income and expenditure	
1,614	Net interest expense	1,478
4,283	**Total post employment benefit charged to the surplus or deficit on the provision of services**	**5,254**
	Other post employment benefit charged to the CIES	
	Remeasurement of the net defined benefit liability comprising:	
(621)	Return on plan assets (excluding the amount included in the net interest expense)	(4,016)
0	Actual (gain) and losses arising on changes in demographic assumptions	0
(5,570)	Actual (gain) and losses arising on changes in financial assumptions	7,092
591	Other	164
(1,317)	**Total post employment benefit charges to the comprehensive income and expenditure statement**	**8,494**
	Movement in Reserves Statement	
(4,283)	Reversal of net charges made to the surplus or deficit for the Provision of Services for post employment benefits in accordance with the code	(5,254)
	Actual amount charged against the general fund balance for pensions in the year:	
1,976	Employers' contributions payable to scheme	2,259

Pensions assets and liabilities recognised in the balance sheet

The amount included in the balance sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

19f Pension assets and liabilities recognised in the balance sheet		
2017/18 £000		**2018/19 £000**
97,283	Fair value of employer assets	101,996
(148,969)	Present value of funded liabilities	(159,854)
(4,441)	Present value of unfunded liabilities	(4,504)
0	March Early Retirement Accrual	(291)
(56,127)	**Net liability arising from defined benefit obligation**	**(62,653)**

19g Reconciliation of the movements in the fair value of the scheme assets		
2017/18 £000		**2018/19 £000**
96,570	Opening balance at 1 April	**97,283**
2,574	Interest on assets	2,504
621	Return on assets less interest	4,016
1,976	Employer contributions	2,259
489	Contributions by scheme participants	580
(4,947)	Benefits paid	(4,646)
97,283	**Closing present value of scheme assets**	**101,996**

19h Reconciliation of the movements in the fair value of the scheme liabilities				
Funded liabilities 2017/18 £000	**Unfunded liabilities 2017/18 £000**	**Funded and unfunded liabilities 2017/18 £000**		**Funded and Unfunded liabilities 2018/19 £000**
(151,944)	**(4,046)**	**(155,990)**	**Opening balance at 1 April**	**(153,410)**
(2,669)	0	(2,669)	Current Service Cost	(2,892)
(4,082)	(106)	(4,188)	Interest cost	(3982)
(489)	0	(489)	Contributions by scheme participants	(580)
			Remeasurement (gains) and losses:	
5,534	36	5,570	Actual (gains) and losses arising on changes in financial assumptions	(7,092)
0	(591)	(591)	Other	(164)
0	0	0	Past service costs	(884)
4,681	266	4,947	Benefits paid	4,646
(148,969)	**(4,441)**	**(153,410)**	**Closing present value of liabilities**	**(164,358)**

The discretionary benefits arrangements have no assets to cover its liabilities. The LGPS' assets consist of the following categories.

Table 19i Breakdown of fund assets at fair value								
2017/18					2018/19			
Quoted £000	Non quoted £000	Total £000	%		Quoted £000	Non quoted £000	Total £000	%
26,502		26,502	27	Equities	10,761		10,761	11
				Bonds:				
9,890		9,890	10	Government bonds	10,019		10,019	10
1,734		1,734	2	Other	1,982	0	1,982	2
910	2,954	3,864	4	Private equity	3,997	4	4,001	4
	51,123	51,123	53	Other investment funds	0	71,129	71,129	69
38		38	0	Foreign exchange	120	0	120	0
4,132		4,132	4	Cash and cash equivalents	3,984		3,984	4
43,206	**54,077**	**97,283**	**100**	**Total**	**30,863**	**71,133**	**101,996**	**100**

Basis for estimating assets and liabilities

In order to assess the value of the Council's liabilities in the Fund as at 31 March 2019, we have rolled forward the value of the Council's liabilities calculated at the latest formal valuation date of 31 March 2016, allowing for the different financial assumptions required under the Accounting Standard at the reporting date.

In calculating the current service cost we have allowed for changes in the Council's pensionable payroll as estimated from the contribution information provided. In calculating the asset share we have rolled forward the Council's share of the assets calculated at the latest formal valuation date allowing for investment returns, the effect of contributions paid into, and estimated benefits paid from, the Fund by the Council and its employees.

In preparing the balance sheet at 31 March 2019 and the revenue account to 31 March 2019 no allowance is made for the effect of changes in the membership profile since the last formal valuation date. The principal reason for this is that insufficient information is available to allow for any such adjustment. However, the effect is likely to be immaterial in actual terms.

Whilst the liabilities calculated under the Accounting Standard include an allowance for some premature retirements on the grounds of ill-health, there is no allowance for early retirements on grounds of redundancy or efficiency other than those actual cases notified.

It is not possible to assess the accuracy of the estimated rolled-forward liability without conducting a full valuation using updated individual member data. Such a valuation is generally not practical in the time available to meet the council's reporting requirements. The estimated rolled-forward liability as at 31 March 2018 will therefore not reflect differences in demographic experience from that assumed (e.g. pensioner longevity) or the impact of differences between aggregate changes in salary/pension or changes for specific individuals.

We have no reason to believe that the approximations used in rolling forward the valuation to 31 March 2019 will introduce any undue distortion in the results.

The Employer currently participates in the South Oxfordshire District Council pool with other employers in order to share experience of risks they are exposed to in the Fund. At the 2016 valuation, the deficit for the whole pool was calculated and allocated to each employer in

proportion to their value of liabilities. The next reallocation will be carried out at the 2020 valuation, should the Employer remain in the pool. Each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool.

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2016. The post retirement mortality tables adopted are the S2PA tables with a multiplier of 90 per cent. These base tables are then projected using the CMI 2015 Model, allowing for a long-term rate of improvement of 1.5 per cent per annum.

Table 19j Principal actuarial assumptions

2017/18		2018/19
	Long-term expected rate of return on assets in the scheme	
2.70%	All assets	2.50%
	Mortality assumptions	
	Longevity at 65 for current pensioners:	
23.4 yrs	Men	23.4 yrs
25.5 yrs	Women	25.5 yrs
	Longevity at 65 for future pensioners:	
25.6yrs	Men	25.6yrs
27.8yrs	Women	27.8yrs
	Other assumptions	
3.60%	Inflation - RPI	3.50%
2.70%	Inflation - CPI	2.50%
3.60%	Rate of general increase in salaries	3.80%
2.40%	Rate of increase to pensions	2.50%
2.60%	Discount rate	2.40%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases for men and women. In practice this is unlikely to be correct, and changes in some of the assumptions may be interrelated. The estimates in the sensitivity analysis have followed the accounting policies for then scheme, i.e. on an actuarial basis using the projected unit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Other assumptions are that:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and

The proportion of members that had taken up the 50:50 option at the previous valuation date will remain the same.

Table 19k Sensitivity analysis		
Change in assumption at 31 Mar 2019	Approximate increase in employer liability	
	%	£000
0.5% decrease in real discount rate	8	12,770
0.5% increase in the salary increase rate	0	10
0.5% increase in the pension increase rate *	8	12,681

In order to quantify the impact of a change in the financial assumptions used we have calculated and compared the value of the scheme liabilities as at 31 March 2019 on varying bases. The approach taken is consistent with that adopted to derive the IAS 19 figures provided.

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes we estimate that a one-year increase in life expectancy would approximately increase the employer's Defined Benefit Obligation by around 3-5 per cent. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply to younger or older ages).

The above figures have been derived based on the membership profile of the employer as at the date of the most recent actuarial valuation.

Impact on the council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible, at a reasonable cost to the scheme employers and taxpayers, whilst ensuring the overall solvency of the fund. There is no minimum funding requirements, but contributions are generally set to target a funding level of 100 per cent. Funding levels are monitored regularly, and triennial valuation is completed on 31 March 2019.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The actuarial estimate of the duration of the council's liabilities is 18 years. The council anticipates paying £1.84 million in contributions to the scheme in 2019/20.

20. External audit costs

The council 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 council's external auditors.

In 2018/19 external audit services were provided by Ernst & Young LLP.

2017/18 £000	2017/18 Restated £000		2018/19 £000
48	73	Fees payable with regard to external audit services carried out by the appointed auditor for the year	37
11	11	Fees payable to external auditor for the certification of grant claims and returns for the year	9
59	**84**		**46**

21. Grant income

The council credited the following grants, contributions and donations to the CIES in 2018/19.

2017/18 £000		2018/19 £000
	Credited to taxation and nonspecific grant income	
2,373	Retained business rates	3,681
0	Council tax family annexe	12
11,166	Council tax income	11,690
3,204	Developers and other contributions	5,760
1,323	Disabled facilities grant	1,266
3,533	New homes bonus	2,485
14	Other	0
572	Revenue support grant	234
22,185	**Total**	**25,128**
	Credited to services	
166	Didcot Garden Town	0
13	Election reform	19
144	Homelessness Support Grant	314
295	Housing benefit - admin	312
27,474	Housing benefit - subsidy	24,296
44	Leader	36
94	Localising council tax admin subsidy	89
0	Neighbourhood planning	60
277	New burdens revenue and other grants	139
184	NNDR collection allowance	183
0	Partnership & community safety	105
0	Universal Credit	19
28,691	**Total**	**25,572**

22. 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.

Related parties include:

Central government. Central government has effective control over the general operations of the council – it is responsible for providing the statutory framework, within which the council operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. housing benefits). Grants received from government are shown in note 21 above.

Precepts. Precept transactions in relation to Oxfordshire County Council, Police and Crime Commissioner for Thames Valley and the various town and parish councils, are shown within a note to the collection fund.

Members of the council. Members have direct control over the council's financial and operating policies. During the year no members have undertaken any declarable, material transactions with the council. Details of any transactions would be recorded in the register of members' interests, open to public inspection at the council's offices. This is in addition to a specific declaration obtained from all councillors in respect of related party transactions. Members have declared an interest in one of the following organisations:

- Chiltern Conservation Board
- Beckley & Stowood Village Hall
- Beckley & Stowood Parish Council
- Total Pest Control

As at publication, the below elected members had yet to return their declarations:

Councillor Joan Bland
Councillor Imran Lokhon
Councillor John Cotton
Councillor Pat Dawe
Councillor Anthony Dearlove
Councillor Will Hall
Councillor Tony Harbour
Councillor Sue Lawson

A check of the councillors' register of interests has shown that none of the above named members had declared any related party transactions. However, one of these members has previously declared that they have received an equity loan for first-time buyers from Catalyst, under the council's equity loan scheme.

Members represent the council on various organisations. Appointments are reviewed annually, unless a specific termination date for the term of office applies. None of these appointments places the member in a position to exert undue influence or control.

Officers of the council. The senior officers of the council have control over the day to day management of the council and all heads of service and management team members have been asked to declare any related party transactions. For 2018/19 nothing was declared.

Other organisations. The council awards grants to support a number of voluntary or charitable bodies and individuals. It does not attempt to exert control through this.

23. 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), 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 council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed.

Table 23a Capital expenditure and financing

2017/18 £000		2018/19 £000
	Capital investment:	
80	Property, plant and equipment	418
33	Intangible assets	3
2,564	Revenue expenditure funded from capital under statute	1,505
2,677	**Total capital investment**	**1,926**
	Sources of finance:	
(938)	Capital receipts	(343)
(756)	Government grants and other contributions	(736)
(983)	Earmarked revenue reserves	(847)
(2,677)	**Total financing**	**(1,926)**

The council's CFR is made up of certain balances on the balance sheet and for a council with no debt should equal zero.

Table 23b Capital financing requirement

2017/18 £000		2018/19 £000
0	**Opening CFR**	**0**
30,960	Property, plant and equipment	33,861
5,075	Investment properties	7,838
62	Intangible assets	28
11,643	Long term investments (note 1)	12,322
(39,789)	Capital adjustment account	(40,192)
(6,308)	Revaluation reserve	(11,625)
(150)	Financial instrument revaluation reserve (note 1)	(381)
(1,493)	Unit trust dividend reinvested reserve (note 2)	(1,851)
0	**Closing CFR**	**0**

1) Investments in unit trusts only, excluding accrued interest.

2) Unit trust dividend reinvested reserve included to show full financing of unit trust investments.

24. Leases

Council as lessee

Finance leases – the council has no finance leases.

Operating leases – the council has no material operating leases.

Council as lessor

Finance leases – The council recognised a number of long term leases in the 2015/16 accounts. A fourth, The Orchard Centre Phase II, was entered in 2016/17. The leases are:

- The Orchard Centre – 150 year lease signed in 2004
- Gym, Cattle Market, Thame – 90 year lease signed in 1976
- Industrial estate, Thame – 10 leases in excess of 76 years duration expiring between 2061 and 2096 (see note 32)
- The Orchard Centre Phase II – 150 year lease signed in 2017

The council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the council in future years whilst the debtor remains outstanding.

Table 24a Interest in finance lease

	2017/18 Restated £000	2018/19 £000
Finance lease debtor (net present value of minimum lease payments):		
Unearned finance income	9,264	8,765
Unguaranteed residual value of property	12,155	12,155
Gross investment in the lease	**21,419**	**20,920**

***unearned finance income incorrectly calculated and restated**

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

Table 24b Minimum finance lease payments

	Gross investment in the lease		Minimum lease payments	
	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000
Not later than 1 year	499	471	499	471
Later than 1 year and not later than 5 years	1,734	1,639	1,734	1,639
Later than 5 years	16,721	18,810	4,566	6,655
Total	**18,954**	**20,920**	**6,799**	**8,765**

Operating leases – the council leases out property and equipment under operating leases for the following purposes:

- for economic development purposes to provide suitable affordable accommodation for local business, and

- for the provision of community services, such as sports facilities and community centres.

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

Table 24c Future minimum lease payments receivable		
	2017/18 £000	**2018/19 £000**
Not later than one year	498	495
Later than one year and not later than five years	1,373	1,370
Later than five years	3,670	3,330

25. Contingent liabilities

At 31 March 2019, the council had no material contingent liabilities.

- Compensation claims for injury and or damage. The majority of claims for compensation are individually immaterial. They relate to personal injuries sustained where the Authority is alleged to be at fault (for example, through a failure to repair a pavement properly). Provision has not been made for such claims as the authority's liability is limited to the individual excess on the policy, which in most cases is £5,000. Until claims are settled by the authority's insurers, the cost of the excess cannot be recognised. It is also considered that collectively the sum of these claims in any one year is not material.

- There is a contingent liability relating to NNDR. This is due to an uncertainty around whether the Valuation Office will categorise NHS properties as charitable which could result in backdating of charitable relief.

26. Contingent assets

At 31 March 2019, the council had no material contingent assets.

27. Nature and extent of risks arising from financial instruments

The council's activities expose it to a variety of risks. The main risks are:

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the council;

- **Liquidity risk** - the possibility that the council might not have funds available to meet its commitments to make payments;

- **Re-financing risk** - the possibility that the council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;

- **Market risk** - the possibility that financial loss might arise for the council as a result of changes in such measures as interest rates and stock market movements.

The council's treasury management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services.

The treasury team carry out the procedures for risk management which are set out in the approved policies which cover specific areas such as interest rate risk, credit risk and the investment of surplus cash. The procedures are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the council to comply with the CIPFA prudential code, the CIPFA code of practice on treasury management in the public services and investment guidance issued through the Act.

Credit risk

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

The risk is managed through the council's Annual Investment Strategy, which requires that deposits are only placed with financial institutions that meet the identified minimum credit criteria, as laid down by Fitch, Moody's and Standard & Poors credit ratings services. The strategy also sets out the maximum amounts and time limits that an investment can be made with a financial institution within each category.

The credit criteria in respect of financial assets held by the authority are as detailed as follows:

Table 27a Credit criteria

Deposits with banks and other financial institutions	Min. Rating / Other Criteria	Counter-party Limit £000	Amount at 31 Mar 2019 £000	Maturity Limit
Banks				
Close Brothers	F1	15,000	15,000	2 years
Goldman Sachs International	F1	15,000	12,000	2 years
Royal Bank of Scotland	UK Sovereign	20,000	5,098	4 years
Santander	F1	15,000	842	2 years
Building Societies				
National Counties	assets > £1,000m	10,000	5,000	12 months
Monmouthshire	assets > £1,000m	10,000	8,000	12 months
Progressive	assets > £1,000m	10,000	9,000	12 months
Cambridge	assets > £1,000m	10,000	5,000	12 months
Nottingham	assets > £3,000m	12,000	9,000	12 months
Newcastle	assets > £3,000m	12,000	12,000	12 months
West Bromwich	assets > £5,000m	15,000	4,000	12 months
Principality	assets > £5,000m	15,000	12,500	12 months
Money Market Funds				
Goldman Sachs	AAA	20,000	7,005	Liquid
Blackrock	AAA	20,000	690	Liquid
Local Authorities				
Bury		15,000	5,000	25 years
Kingston upon Hull		15,000	7,000	25 years
Surrey Heath BC		15,000	3,000	25 years
Blaenau Gwent CBC		15,000	3,000	25 years
Property Funds				
CCLA Property Fund		10,000	6,831	Variable
Managed Funds				
Unit trusts	F1	10,000	12,323	Variable
Total			**142,289**	

The full annual investment strategy for 2018/19 was approved by full council on 14 February 2018 and is available on the council's website.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies of £128 million cannot be assessed generally as the risk of any institution failing to repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the councils' deposits but there was no evidence at 31 March 2019 that this was likely to crystallise.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.

A provision is made for bad debts based on the debtors' information at the year end. The 'past due' amount is analysed below. During the reporting period the council held no collateral as security.

Table 27b below analyses the council's short-term debt by age.

Table 27 b Short term debtors aged debt analysis	**Total £000**
Less than three months	8,283
Three months to six months	427
six months to one year	435
Over one year	3,021
Total	**12,166**

Statutory debts are included in the figures above to enable comparison with the short term debtors total as shown in the balance sheet and in note 10.

Liquidity risk

The council manages its liquidity position through the risk management procedures set out in the treasury management strategy, as well as comprehensive cash management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the council is able to access borrowing from the money markets and the Public Works Loans Board.

The council is required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that the council will be unable to raise finance to meet its commitments under financial instruments.

The council has no debt and therefore is not exposed to refinancing risk of loans at this time. All trade and other payables are due to be paid in less than one year.

Refinancing and maturity risk

The council maintains a significant investment portfolio. There is a longer – term risk to the council which relates to managing the exposure to replacing financial instruments as they mature.

Treasury indicator limits placed on investments for over one year in duration are used to manage this risk. The council approved treasury and investment strategies address the main risks and the central treasury team manage the operational risks within the approved limits. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities in relation to longer term cash flow needs.

The council has no longer term financial liabilities. The maturity analysis of financial assets, excluding sums due from customers is as follows:

Table 27c Refinancing and maturity risk		
31 Mar 2018 £000		**31 Mar 2019 £000**
98,996	Less than one year	109,279
8,042	Between one and two years	11,095
7,097	Between two and three years	5,053
23,424	More than three years	21,161
137,559	**Total**	**146,588**

Market risk

a) Interest rate risk

The council is exposed to some risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the council, depending on how variable and fixed interest rates move across differing financial instrument periods. A rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise
- investments at fixed rates – the fair value of the assets will fall.

Changes in interest receivable on variable rate investments will be posted to the surplus or deficit on the provision of services and affect the general fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in other CIES.

The council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together council's prudential and treasury indicators and its expected treasury operations, including forecast interest rate movements.

According to this assessment strategy, at 31 March 2019, if interest rates had been one per cent higher with all other variables held constant, the financial effect would be:

Table 27d Interest rate risk		
2017/18 £000		**2018/19 £000**
(124)	Increase in interest receivable on variable rate investments	(86)
(124)	**Impact on surplus or deficit on the provision of services**	**(86)**

The impact of a one per cent fall in interest rates would be as above but with the movements being reversed.

b) Price risk

The council holds an investment in unit trust equity shares to the value of £11.7 million and an investment in a pooled property fund to the value of £6.8 million. Whilst these investments are

primarily held for interest earning potential, the council is exposed to losses and gains arising from the movement in prices of the shares held.

The shares are classified as financial instruments. This means that all movements in price will impact on gains and losses recognised in the financial instrument revaluation reserve.

A movement of five per cent in the price of shares (positive or negative) would result in a £1.0 million gain or loss being recognised in the financial instrument revaluation reserve.
The council is not in a position to limit its exposure to price movements by further diversifying its portfolio.

28. Critical judgements in applying accounting policies

In applying the accounting policies set out on pages 75-90 the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are:

Leases

The council has examined its leases and classified them as either operational or finance leases. In some cases, the lease transaction is not always conclusive, and the council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease, the council has estimated the implied interest rate within the lease to calculate interest and principal payments.

Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Investment properties

Investment properties have been estimated using the identifiable criteria under IAS 40 of being held for rental income or for capital appreciation. These properties have been assessed using these criteria, which is subject to interpretation to determine if there is an operational reason for holding the property such as regeneration.

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

Business rates

Since the introduction of business rates retention scheme effective from 1 April 2013, councils are liable for successful appeals against business rates charged to businesses in 2018/19 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2019. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2019. The council's share of the balance of business rate appeals provision at this date amounted to £2.4 million. This has increased by £0.5 million from the previous year.

Property, plant and equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the council is unable to sustain its current spending on repairs and maintenance this could bring into doubt the useful lives currently assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual charge for buildings would increase in these circumstances.

Debt impairment

At 31 March 2019 the council had a balance on short term debtors of £12.1 million. A review of significant balances suggested that an impairment of doubtful debts of £1.9 million was appropriate. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

Pensions

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries (Barnett Waddington) is engaged (through Oxfordshire County Pension Fund) to provide the council with expert advice about the assumptions to be applied. Details of the pension liabilities are in note 19.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court, but this was denied at the end of June 2019. LGPS benefits accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. There will therefore be a retrospective increase to members' benefits, which in turn will give rise to a past service cost for the Fund employers.

Quantifying the impact of the judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Oxfordshire County Council Pension Fund's local assumptions, particularly salary increases and withdrawal rates. The revised estimate as it applies to South Oxfordshire District Council is that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be 0.53% higher as at 31 March 2019, an increase of approximately £0.8m.
These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

30. Material items of income and expenditure

There were no material items in the accounts for 2018/19.

31. Events after the balance sheet date

The Statement of Accounts was approved by the Responsible Finance Officer on 31 July 2019, and this is the date up to which events after the balance sheet date have been considered for inclusion in the Accounts.

The valuation of the Authority's pension fund has been subject to a post balance sheet revaluation, caused by a court case referred to as 'McCloud'. The Government were appealing against this judgement but their right to appeal was refused in July 2019. As a result, there has been a subsequent revised pensions estimation, undertaken by the Authority's actuaries, resulted in a change in the pension values and disclosures in the accounts. Further detail can be found in Note 29.

32. Accounting standards issued but not yet adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2020.

- IAS 40 Investment Property: Transfers of Investment Property provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Council as it already complies.

- IFRIC 22 Foreign Currency Transactions and Advance Consideration clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.

- IFRIC 23 Uncertainty over Income Tax Treatments provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the single entity accounts.

- IFRS 9 Financial instruments: prepayment features with negative compensation amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to whom this will apply.

33. Events after the Balance sheet date

The Covid-19 pandemic is having a considerable impact on the Council. The full and long- term financial effect on the council and the local economy is not yet fully known. Income from fees and charges for services provided by the council was significantly reduced during the lock-down period. As a result of interest rates falling to 0.1%, Investment income has been below budget and future income forecasts have been revised downwards. Also, the Council is very active in supporting residents including homeless persons and rough sleepers which has brought additional cost pressures.
As the condition did not exist at the 31 March 2019, this is a non-adjusting event for which a limited estimate of its financial effect on the reporting entity can be made as at 31 March 2019. We note that the future financial impact for 2019/20 and subsequent financial years may be greater and that there may be further implications and considerations for the council's balance sheet in relation to asset impairments and pension fund liability valuations, as at their respective balance sheet dates. However due to statutory overrides this will not impact the financial position of the council

34. Going concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code (CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM 2018/19) in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

The Council carries out functions essential to the local community and If financial difficulties were encountered alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As this is not the case the accounts have been prepared under the Code which assumes that services will be provided for the foreseeable future.

35. Covid-19 Pandemic

In order to understand the implications for the balance sheet presented in these accounts the Council has undertaken an assessment of future financial impacts of Covid-19. These additional costs did not have a major impact on the out turn for 2019/20 but a substantial burden on the Council finances is forecast for the financial year ending 31 March 2021.
In the Financial year ending 31 March 2020 expenditure of £120,000 has been identified which will be financed from other in year savings from council services.

The overall impact from Covid-19 in the Financial year ended 31 March 2021 is still being quantified but it will be significantly higher than the figure for 2019/20. The council is providing additional much needed services in the following areas:

- A local hub for support to residents
- Provision of welfare and assistance to vulnerable residents particularly those that are being shielded and unable to leave home
- Procurement of additional temporary accommodation for homeless persons and rough sleepers
- Additional IT activity and support for Council staff Home working
- Administration of Business Grants and local hardship assistance

These costs however are broadly being covered by the £1.4m emergency funding provided by the government in May and the virement of existing budgets.
The Council's Fees & Charges income will be lower than anticipated in the budget as will investment income and commercial rent.
Based on current projections which are the subject of continued review, the downturn in commercial activities and interest is forecast to be:

	£'000s
Commercial property	370
Investment Income	300
Total	**670**

Further income losses are forecast in the following council provided services:

	£'000s
Licence Fee Income	60
Car Parks	230
Arts Centre profits	100
Leisure Centre Income	360
Land Charges	100
Total	**850**

It is anticipated however that up to 75% of these losses will be recoverable from government compensation initiatives

Useable Reserves at the end of the financial year are shown in this statement of accounts on the Balance sheet at approx. £42million. The balance is projected to have reduced by approximately £4.2m at 31 March 2020. Reserves at 31 March 2021 are forecast to remain at this level but significant calls on reserves have been are forecast in subsequent years.

The Council has reviewed it's cashflow projections for the same period, taking into account the income and expenditure projections above. As at September 2020 the council has £164.8 million of invested cash; £15.1 million on call, £129.5 million in short term investments which mature evenly over the next 12 months and a further £20.2million invested over a longer term. The council typically has £25million in cash and cash equivalents that can be converted quickly to cash within

30 days. Our forecast shows that we retain a positive cash balance across the next 12 months and have no concerns about our liquidity. Therefore, the council is assured it remains a going concern.

36. Comprehensive Income and Expenditure Statement Restatement 2017/18

The Comprehensive Income and Expenditure Statement has been restated to reflect the council restructure during 2018/19, therefore the core statements that have been included in the 2018/19 statements of accounts illustrate the new structure now in place as at 31st March 2019. Below is a comparison of the 2017-18 cost of services, shown in both the previous and current structure.

2017/18				2017/18 Restated			
Exp £000	**Inc £000**	**Net £000**	**Old Structure**	**Exp £000**	**Inc £000**	**Net £000**	**New Structure**
35,536	(32,742)	2,794	Client team - 5 Councils Partnership	3,374	(1,496)	1,878	Community Services
1,400	(397)	1,003	Strategic Management Board	790	(180)	610	Strategic Management Board
3,871	(1,092)	2,779	Corporate Services Revenue	2,984	(1,146)	1,838	Corporate Services
2,552	(1,230)	1,322	Development & Housing	1,189	(1,297)	(107)	Development and Regeneration
1,659	(711)	948	Finance	29,277	(30,105)	(828)	Finance
9,272	(3,463)	5,809	Waste Leisure and Environment	10,703	(5,037)	5,666	Housing and Environment
2,548	(788)	1,760	Legal & Democratic	2,087	(924)	1,163	Legal and Democratic
				6,431	(236)	6,195	Partnership and insight
5,794	(3,402)	2,392	Planning	5,794	(3,402)	2,392	Planning
62,631	**(43,824)**	**18,808**	**Cost of services**	**62,631**	**(43,824)**	**18,808**	**Cost of services**

Collection fund account

2017/18		2018/19			Notes
Total		Council tax	NNDR	Total	
£000	**Income**	£000	£000	£000	
(97,623)	Council tax payers	(104,763)	0	(104,763)	
	Transfers from general fund:				
(43,665)	- Income from business ratepayers	0	(45,516)	(45,516)	
(141,288)		**(104,763)**	**(45,516)**	**(150,279)**	
	Expenditure				
	Precepts and demands:				
76,616	Oxfordshire County Council	81,995	0	81,995	
9,702	Police and Crime Commissioner	10,477	0	10,477	
11,120	South Oxfordshire DC	11,668	0	11,668	
	Business Rates:				
21,195	Payments to Government	0	21,447	21,447	
4,239	Payments to Oxfordshire County Council	0	4,289	4,289	
16,956	Payments to South Oxfordshire DC	0	17,158	17,158	
184	Cost of Collection	0	183	183	
	Provisions:				
356	Provision for bad debts	262	433	695	*3*
1,554	Provision for appeals	0	1,191	1,191	*3*
141,922		**104,402**	**44,701**	**149,103**	
634	**(Surplus)/deficit for the year**	**(360)**	**(815)**	**(1,176)**	
	Collection fund balance				
(1,789)	Balance brought forward at 1 April	(2,287)	1,275	(1,012)	
634	(Surplus)/deficit for the year, as above	(360)	(815)	(1,176)	
(1,155)	**Balance carried forward at 31 March**	**(2,647)**	**460**	**(2,187)**	
	Allocated to:				
566	Central Government	0	230	230	
(1,686)	Oxfordshire County Council	(2,086)	46	(2,040)	
(227)	Police and Crime Commissioner	(265)	0	(265)	
192	South Oxfordshire District Council	(296)	184	(112)	
(1,155)		**(2,647)**	**460**	**(2,187)**	

Notes to the collection fund account

1. Business rates (Non-Domestic Rates)

Business rates are based on the rateable value of a property multiplied by a nationally determined rate (multiplier). The total amount collected by the council is paid into the national pool managed by central government. Each council then receives a redistributed amount from the pool based on an amount per head of population.

		£
NNDR rateable value as at 01 Apr 2018		117,561,463
NNDR rateable value as at 31 Mar 2019		117,769,547
National multipliers (Pence):	**2017/18**	**2018/19**
Small business non-domestic rating multiplier	46.6p	48.0p
Non-domestic rating multiplier	47.9p	49.6p

2. Council tax base calculation

Council tax income is derived from charges according to the value of residential properties. Properties are classified into eight valuation bands. The council, as billing authority, calculates its tax base in accordance with governance regulations. The number of properties shown in the table below reflects the various discounts and exemptions allowed and a weighting is applied to calculate the equivalent band D dwellings. The tax base calculation is shown overleaf:

Band	Number of properties	Band multiplier	Band D equivalent
A	2,168	6/9	1,445
B	5,396	7/9	4,197
C	16,418	8/9	14,594
D	13,630	9/9	13,630
E	9,687	11/9	11,840
F	6,037	13/9	8,720
G	5,712	15/9	9,520
H	857	18/9	1,714
	59,905		**65,660**
Discounts and exemptions			(8,999)
Class O exempt properties			636
Sub total			**57,297**
Assumed losses on collection			(1,134)
Council tax base			**56,163**

3. Council tax/NDR bad debt provision and NDR provision for valuation appeals

The collection fund account provides for bad debts on arrears based on prior years' experience.

2017/18 £000	Council tax	2018/19 £000
(2,943)	Balance at 1 April	(3,098)
11	(Write back)/write off debt during year	46
(166)	(Increase)/decrease in provisions during year	(262)
(3,098)	**Balance at 31 March**	**(3,314)**

The council's proportion of these write offs and movements in provision are shown below.

2017/18 £000	Council tax	2018/19 £000
(336)	Balance at 1 April	(347)
1	(Write back)/write off of debt during year	5
(12)	(Increase)/decrease in provisions during year	(30)
(347)	**Balance at 31 March**	**(372)**

The collection fund account also provides for bad debt on NDR arrears.

2017/18 £000	NDR	2018/19 £000
(1,146)	Balance at 1 April	(1,295)
41	(Write back)/write off of debt offs during year	146
(190)	(Increase)/decrease in provisions during year	(433)
(1,295)	**Balance at 31 March**	**(1,582)**

The council's proportion of these write offs and movement in provision are shown below.

2017/18 £000	NDR	2018/19 £000
(458)	Balance at 1 April	(518)
16	(Write back)/write off of debt offs during year	59
(76)	(Increase)/decrease in provisions during year	(173)
(518)	**Balance at 31 March**	**(632)**

The collection fund account also provides for provision for appeals against the rateable valuation set by the Valuation Office Agency not settled as at 31 March 2018.

2017/18 £000	NDR	2018/19 £000
(3,230)	Balance at 1 April	(4,784)
(1,554)	(Increase)/decrease in provisions during year	(1,192)
(4,784)	**Balance at 31 March**	**(5,976)**

The council's proportion of this provision is shown below.

2017/18 £000	NDR	2018/19 £000
(1,292)	Balance at 1 April	(1,914)
(622)	(Increase)/decrease in provisions during year	(476)
(1,914)	**Balance at 31 March**	**(2,390)**

Statement of accounting policies

(i) General principles

The statement of accounts summarises the council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The council is required to prepare an annual statement of accounts by 31 May 2019 and for the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under the Accounts and Audit Regulations 2015.

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

(ii) 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 receipts, 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;

- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and

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

(iii) 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 defined as follows:

- cash and cash equivalents shall include bank overdrafts that are an integral part of the council's cash management;

- cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes; and

- investments that can be liquidated or accessed within 30 days i.e. money market funds, call accounts and deposit accounts with a notice period of 30 days or less.

Equity investments are excluded from the definition.

(iv) Prior period adjustments, changes in accounting policies and estimates and errors

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.

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

(v) 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 non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing required. As at 31 March 2019 this council has no borrowing requirement, so this contribution is not required. Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS.

(vi) 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, bonuses and non-monetary benefits for current employees. They 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 and additional hours earned by employees but not taken as time off before the year-end which employees can carry forward into the next financial year. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the MiRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable either as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Such benefits are charged on an accruals basis to relevant service in the CIES when the council is demonstrably committed to the termination of the employment of an officer or group of officers or to making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, 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 authority 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).

The Local Government Pension Scheme (LGPS)

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Oxfordshire County Council pension fund attributable to the council are included in the balance sheet on an actuarial basis using the projected unit method - i.e. an assessment of the 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 for current employees;

- Liabilities are discounted to their value at current prices, using a discount rate based on the yield at the 18 year point on the Merill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Council's liabilities. This is consistent with the approach used at the last accounting date.

- The assets of Oxfordshire County Council pension fund attributable to the council are included in the balance sheet at their fair value:

  - Quoted securities - current bid price

  - Unquoted securities - professional estimate
  - Unitised securities - current bid price

  - Property - market value.

- The change in the net pensions 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 CIES 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 CIES.

- net interest on the Net Defined Benefit Liability (NDBL), i.e. net interest for the council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the CIES – 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 at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements comprising:

  - the return on scheme assets – excluding amounts included in the NDBL – charged to the pensions reserve as other CIES.
  - actuarial gains and losses - changes in the net pensions 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 reserves as other CIES.

- Contributions paid to the Oxfordshire County council 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 MiRS 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 LGPS.

(vii) Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

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

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

(viii) Financial instruments

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 income and expenditure account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The only financial liabilities the council has are trade creditors.

The council currently has no borrowings and has issued no bonds to bond holders.

Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- Fair Value Through Profit and Loss (FVPL);
- Fair Value Through Other Comprehensive Income (FVOCI).

The council has no investments measured at FVOCI

Financial instruments measured at amortised cost

Financial instruments measure at amortised cost 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 CIES 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 CIES is the amount receivable for the year in the loan agreement.

However, if the council has made loans at less than market rates (soft loans), then a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the financing and investment income and expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the balance sheet.

Statutory provisions require that the impact of soft loans on the general fund balance is the interest receivable for the financial year. However, the loss attributable to a loan of less than £20,000 is not material and at the current date the council has no material loans.

Expected credit loss

The council recognises expected credit losses on all of its financial assets held at amortised costs, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets measured at fair value through profit and loss

Financial assets that are measured at FVPL 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. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services except where a statutory override applies in which case, they will be recognised in an unusable financial instruments reserve.

The fair value measurements of the financial assets 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.

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.

For instruments where the statutory override applies, changes in fair value are balanced by an entry in the unusable financial instrument reserve and the gain/loss is recognised in the surplus or deficit on revaluation of the assets. The exception is where impairment losses have been incurred - these are debited to the financing and investment income and expenditure line in the CIES, along with any net gain or loss for the asset accumulated in the unusable financial instrument reserve.

The Council has applied the statutory override.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.

- The fair values of finance lease assets and liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate corporate bond yield, except where it is judged that this is not appropriate.

- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Expected Credit Loss Model

- Expected credit losses for all of financial assets held at amortised cost are recognised either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables, and contract assets and trade receivables with a significant financing component.

- Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses.
- Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

- For trade and contract receivables without a significant financing component the Council has applied a simplified approach consistently to calculate expected credit losses, under which impairment losses are automatically based on lifetime expected credit losses, removing the need to consider changes in credit risk since initial recognition.

- In accordance with the Code of Accounting Practice, no impairment loss allowance is recognised for monies owed by Central and Local Government bodies.

(ix) Foreign currency translation

The council makes a number of small purchases in foreign currency. However, the transaction is made at the current prevailing exchange rate, the goods or services are received immediately and, therefore, there are no gains or losses as a result of variances in the exchange rate required to be recorded.

(x) Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations, including Community Infrastructure Levy (CIL) contributions, 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 CIES 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. If this is not the case, then 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 CIES.

Where capital grants are credited to the CIES, they are reversed out of the general fund balance in the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. When it has been applied, it is posted to the capital adjustment account.

Business Improvement Districts

A Business Improvement District (BID) scheme applies to an area within the authority. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as the billing authority under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant service within the CIES

Community Infrastructure Levy

The council has elected to charge a Community Infrastructure levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

(xi) Intangible assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the council's goods or services.

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 line(s) in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant

service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the CIES.

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 MiRS and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

(xii) Interests in companies and other entities – joint ventures and joint operations

The council has no material interests in other companies or entities that have the nature of subsidiaries, associates and joint ventures and there is therefore no requirement to prepare group accounts.

Jointly operation are classified as activities undertaken by the council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. They are items of property, plant or equipment that are jointly controlled by the council and other venturers, with the assets being used to obtain benefits for the venturers. Whilst the council has entered into joint arrangements on the provision of services with other councils, none of the assets of those councils can be said to be under joint control of the councils.

(xiii) Inventories and long term contracts

Inventories are included in the balance sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the CIES with the value of works and services received under the contract during the financial year.

(xiv) Investment property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants' perspective. Investment 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 CIES. 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 MiRS and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

(xv) 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.

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. Contingent rents are charged as expenses in the periods in which they are incurred.

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 CIES).

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

The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS for the difference between the two.

Operating leases

Rentals paid under operating leases are charged to the CIES 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.

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 CIES 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 CIES 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 CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the general fund balance and 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 non-current 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 MiRS.

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 a creditor to the other operating expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease.

(xvi) Overheads and support services

The costs of overheads and support services are charged to services in accordance with the authority's arrangements for accountability and financial performance.

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

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 council would not capitalise borrowing costs if required to be incurred for assets 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 CIES, 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 CIES, they are reversed out of the general fund balance to the capital adjustment account in the MiRS.

Assets are then carried in the balance sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction - depreciated historical cost;
- Surplus assets – fair value, estimated at highest and best use from a market participant's perspective;
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.
Assets included in the balance sheet at current value are revalued sufficiently 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 to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

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);
- where the balance on the revaluation reserve is less than the decrease in value the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES;

- where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

When assets are formally revalued, the accumulated depreciation and impairment balances are written down. 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 an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

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

- Where the balance on the revaluation reserve is less than the impairment the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES;

- Where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, 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:

- Buildings and infrastructure assets – straight line allocation over the useful life of the property as estimated by the valuer;

- Vehicles, plant, furniture and equipment – on a straight line basis, generally over the useful life of the asset.

More detail on depreciation rates for asset categories is included in note 5 to the accounts.
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.

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 CIES. Gains in fair value are recognised only up to the amount of any previous loss recognised in the surplus or deficit on provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation 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.

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 CIES 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. Receipts are appropriated to the reserve from the general fund balance in the MiRS.

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 MiRS.

(xviii) 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 as an expense to the appropriate service line in the CIES when the authority has an 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 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.

Contingent assets

A contingent asset arises where an event has taken place that gives the council 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 council.

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.

(xix) Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the general fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the CIES. The reserve is then appropriated back into the general fund balance in the MiRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the council - these reserves are explained in the relevant note.

(xx) Revenue expenditure funded from capital under statute

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 CIES in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources, a transfer in the MiRS 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.

(xxi) Value Added 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.

(xxii) Fair Value Measurement

The council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

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

The council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the council's fair value measurement of its assets and liabilities 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.

(xxiii) Council Tax and Non-Domestic Rates (England)

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.

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 and prepayments and 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 collection fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Glossary of terms

Accounts – A generic term for statements setting out details of income and expenditure or assets and liabilities or both in a structured manner. Accounts may be categorised by the type of transactions they record e.g. revenue accounts, capital accounts or by the purpose they serve e.g. management accounts, final accounts, balance sheets.

Accounting policies – those principles, bases, conventions rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

a) recognising
b) selecting measurement bases for, and
c) presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in the financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or balance sheet it is to be presented.

Accounting standards - A set of rules explaining how accounts are to be kept. By law, local Councils must follow 'proper accounting practices', which are set out in Act of Parliament and in professional codes and statements of recommended practices. These standards make comparability, among other things, possible.

Accrual – a fundamental accounting principle is that income and expenditure should be accounted for in the period to which it relates, irrespective of the date of settlement. An accrual is a sum included in the accounts to cover income or expenditure attributable to goods or services received within the accounting period but for which payment has not been received or made.

Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions. Not charged to revenue.

Agency – the provision of services by one organisation on behalf of another organisation. The organisation directly providing the services is reimbursed by the responsible organisation.

Amortisation – the planned writing-down of the value of an asset (tangible or intangible) over its limited useful life.

Asset – the creation or purchase of an item/building that has a monetary value. Those assets of the council which are readily marketable are valued at market value. Those which have a specialised use, such as leisure centres, are valued at depreciated replacement cost, which assesses the cost of providing a similar facility as a replacement but also allows a discount for the age of the asset. Plant, equipment and community assets are valued at historic cost.

Asset register – a register listing the book values of all the Council's non-current fixed assets, both tangible and intangible.

Balance sheet – the balance sheet is a statement of the assets and liabilities at the end of the accounting period. It is a "snapshot" of the accounts at a single point in time.

Capital adjustment account - accumulates (on the debit side) the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (Revenue Expenditure Funded from Capital Under Statute). The balance on the account thus represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital expenditure – expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital financing – assembling the money to pay for capital expenditure. This will include capital receipts, government grants and contributions from developers. Also available are revenue monies and borrowing. The council does not currently borrow to finance capital expenditure.

Capital receipts – proceeds from the sale of an asset, e.g. land, buildings, equipment, vehicles.

Central administration charges – central administration charges are an allocation of the net cost of the administrative and professional departments that support all of an authority's services, e.g. finance, personnel.

Central support services – the costs of providing those central functions which are concerned with the whole range of services and undertakings of the council and are not in the main identifiable with any particular service, e.g. the cost of office accommodation.

CIPFA – CIPFA is the Chartered Institute of Public Finance and Accountancy, which is the leading professional accountancy body for public services.

Code of Practice – the CIPFA Code of Practice for Local Authority accounting developed as part of the accounting standards to be followed in compiling this statement of accounts.

Collection fund – a fund maintained by collecting authorities into which is paid council taxes, NDR, and community charges. The fund then meets the requirements of the county, district and parish councils and the Police and Crime Commissioner for the Thames Valley for council tax, and the county and central government for NDR.

Community assets – assets that the council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

Consistency – the principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingency - money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

Contingent asset – a potential asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the council's control.

Contingent liability – a contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or

- a present obligation arising from past events where it is not possible to measure the amount of obligation with sufficient reliability.

Council tax – a charge levied by all councils on domestic property values to contribute to the cost of providing local services. Council tax for the county council, the local police crime commissioner and local parishes is collected by this council and paid over to them throughout the year.

Council tax benefit - is the assistance provided by billing authorities to adults on low incomes to help them pay their council tax bill.

Council tax requirement - the estimated revenue expenditure on General Fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Creditor – the amount owed by the council for work done, goods received, or services rendered to the council within the accounting period but for which payment has not been made at the date of the balance sheet.

Current asset – an asset where the value changes on a frequent basis e.g. stores, cash, debtors (as distinct from a fixed asset such as land and buildings).

Current liability – an amount which will become payable or for which payment could be requested within the next accounting period, e.g. creditors, bank overdrafts, short term loans.

Current service costs (pensions) – the increase in pension liabilities as a result of years of service earned this year. Allocated to the revenue accounts of services for which the employees worked.

Debtor – an amount due to the council within the accounting period but not received at the date of the balance sheet.

Deferred capital receipts - capital income still to be received after disposals have taken place.

Defined benefit pension scheme – a pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

Defined contribution pension scheme – a pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation – the measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through either changes in technology, legislation or demand for goods and service produced by the asset.

Direct revenue financing – the financing of capital expenditure from the current year's revenue account.

Earmarked reserves - The council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

Events after the balance sheet date – events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date (normally 31 March) and the date when the statement of accounts is authorised for issue – also referred to as **Post Balance Sheet Events (PBSE)**. These may be classed as 'adjusting' or 'non-adjusting'.

Exceptional items – material items which derive from events of transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give a true and fair presentation of the accounts.

External audit - The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the council has made proper arrangements to secure value for money in its use of resources.

Extraordinary items – material items, possessing a high degree of abnormality, which derive from events of transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

Fair value – the fair value of an asset is the price at which it could be exchanged in an arms-length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Finance lease – this is a lease, usually of land or buildings, which is treated as capital borrowing and for which transfers substantially all the risks and rewards of ownership of the asset to the lessee; or where the residual interest in the asset transfers to the lessee on completion of the lease term.

Financial instrument – a financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial regulations - These are the written code of procedures approved by the council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

Financial Reporting Standard (FRS) – accounting practice recommended by the Accounting Standards Board (ASB) for adoption in the preparation of accounts by applicable bodies.

Fixed asset – fixed assets are assets of the council that continue to have value and benefit for a period longer than one financial year.

Gains/losses on settlements and curtailments – the results of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees. Debited to the net costs of services as part of non-distributed costs.

General fund – the main revenue account of an authority, which summarises the cost of all services provided by the council which are paid for from amounts collected from council tax payers, government grants and other income.

Going concern – the concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

Heritage asset - A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing benefit - This is an allowance to persons on low income (or none) to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

IAS 19 – International Accounting Standard 19 requires the council to account for assets and liabilities which are in held the pension fund administered by Oxfordshire County Council but relating to this authority, in the accounts of this authority.

IAS 40 - International Accounting Standard 40 relates to the accounting for investment properties.

iBoxx – iBoxx indices cover the cash bond market. Underlying bond prices and indices are available in real time.

Impairment – an unexpected or sudden decline in the value of a fixed asset, such as property or vehicle, below its carrying amount on the balance sheet.

Infrastructure assets - Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible fixed assets – some capital expenditure does not give rise to a physical asset, but the benefits last a number of years. These can be carried in the balance sheet as assets and written off over their useful life. An example is computer software.

International Accounting Standards (IAS) and **International Financial Reporting Standards (IFRS)** – defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Liabilities – these are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Liquid resources – current asset investments that are readily disposable without disrupting the authority's business and are readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

Non Domestic Rates (NDR) (also known as business rates) – NDR is a tax charged on commercial properties. It is calculated by multiplying a property's 'rateable value' by a nationally set amount (known as the 'NDR multiplier'). The council acts as a collecting agency for NDR and

the proceeds are then redistributed to central government, the county council and the balance retained by the council.

Net Book Value (NBV) – the amount at which fixed assets are included in the balance sheet; i.e.: their historical cost or current value less the cumulative amounts provided for depreciation.

Net current replacement cost – the cost of replacing or recreating the particular asset in its existing condition and in its existing use.

Net debt – the authority's borrowings less cash and liquid resources. Where the cash and liquid resources exceed borrowings, reference should be to Net funds rather than net debt.

Net realisable value – the open market value of an asset in its existing use, less the expenses to be incurred in realising the asset.

Non-operational assets – fixed assets held by the authority but not used or consumed in the delivery of services or for the service or strategic objectives of the authority. Examples of non-operational assets include investment properties and assets that are surplus to requirements, pending their sale.

Operating lease – this is a lease where ownership of the fixed asset remains with the lessor and the lease costs are revenue expenditure to the Council – generally any lease other than a finance lease.

Operational assets – fixed assets held and occupied, use or consumed by the authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

Past service cost – the increase in pension liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the net cost of services as part of non-distributed costs interest cost, and the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to net operating expenditure.

Post Balance Sheet Events (PBSE) – see events after the balance sheet date

Precept – the levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf. Precepts are paid from the Collection Fund.

Prior period adjustment – those material adjustments applicable to prior years arising from changes in accounting policies or form the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provisions - amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs is uncertain.
Related parties – This is defined under Financial Reporting Standard 8. The Council is required to disclose material transactions with related parties, which can include central government, subsidiary and associated companies, the Pension Fund, other Councils, and chief and senior officers. IAS24 requires attention to be drawn to the possibility that the reported financial position may have been affected by the existence of related parties and by material transactions with them.

Two or more parties are related parties when at any time during the financial period:

(a) one party has direct or indirect control of the other; or
(b) the parties are subject to common control from the same source; or
(c) one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing at all times its own separate interests; or
d) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Remuneration – all sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than cash. Pension contributions payable by the employer are excluded.

Reporting standards - the Code prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Revenue expenditure - expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS) – (formerly known as a deferred charge) arises where:

- Expenditure is charged to capital but there is no tangible asset e.g. improvement grants, compensatory payments. When the expenditure is incurred it is charged to the income and expenditure account with a compensating entry in the statement of movement on the general fund balance to ensure that there is no impact on the council tax; and

- Assets are transferred to another organisation and the associated transferred debt is being repaid over time. These charges are written-down by the loan repayments so that the total equates to the relevant loan debt outstanding.

Since there are no long-term economic benefits in the control of the council, these are written off to revenue (CIES) in the year incurred and no longer feature as assets in the balance sheet.

Revenue Support Grant (RSG) – this main non-specific grant paid by central government to local authorities to help fund the services that they provide. The allocation to each authority is determined by a complex formula. This comprises the council's general government grant income.

Service Reporting Code of Practice (SeRCOP) - prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). It is reviewed annually to ensure that it develops in line with the needs of modern local government, transparency, best value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Trading account – a method of matching income and expenditure for a particular activity or group of activities. An example of this is building control.

Transferred debt – this is the term given to housing assets transferred to another council, for which the council receives repayment in the form of a loan.

Useful life – the period over which the authority will derive benefits from the use of a fixed asset.

Annual governance statement

The annual governance statement forms part of the audited accounts and can be found by accessing the link below:

http://www.southoxon.gov.uk/about-us/how-we-work/our-finances/annual-governance-statement-0