WEST OXFORDSHIRE
DISTRICT COUNCIL

STATEMENT OF ACCOUNTS
2016/2017

CONTENTS

West Oxfordshire District Council

West Oxfordshire District Council combines beautiful countryside with a thriving local economy and enviable visitor attractions. The District has high job growth and, despite an expanding population, rates of unemployment and crime are among the lowest in the Country.

The population is approximately 108,000; the three largest towns are Witney, Carterton and Chipping Norton, thought the majority of the population (57%) live in rural areas. The District also has an ageing population and estimates from 2014-2024 show the 65 years and over age group increasing by a further 5,300 people with two-thirds of this being outside the main towns.

Priorities for the Council include improving the provision of affordable housing, facilitating effective road and transport networks and improving access to key services such as GP surgeries and schools. The Council is also committed to the provision of ‘free’ car parking within its car parks across the district. At the same time the Council aims to ensure the environment is protected and improved where possible. All this has to be achieved in the most cost-effective way.

2020 Vision Partnership

Cotswold, Forest of Dean and West Oxfordshire District Councils, along with Cheltenham Borough Council agreed in June 2014 to form a four council partnership to make substantial savings whilst continuing to deliver services locally. This is known as the 2020 Vision Partnership and it is guided by the vision:

‘A number of Councils, retaining their independence and identity but working together and sharing resources to maximise mutual benefit leading to more efficient effective delivery of local services.’

The move is projected to save the councils collectively £41 million over 10 years with annual savings of £5.9 million per year forecast from 2020. It will mean we can preserve services and increase our resilience whilst respecting each council’s separate identity and retaining strong local knowledge.

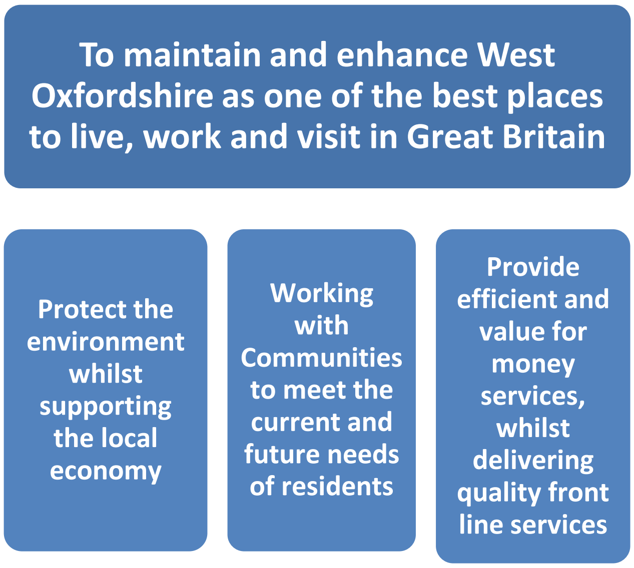
Each council will retain its own identity, still have its own elected members and will continue to make decisions taking account of the needs of its local community. There will be staff working in each location, as at present.

The partner councils have been sharing human resources, finance and payroll services since 2012 in what is known as GO (Gloucestershire Oxfordshire) Shared Service and, building on this foundation, in April 2016 extended the shared services to include Information Technology, Public Protection, Building Control, Legal, Property, Customer Services and Revenues and Benefits*.

The partners set up a Joint Committee in early 2016 to oversee the next stage of the Shared Services Programme, and are now working towards establishing local authority owned companies to run the services from Autumn 2017. The local authority owned companies will provide all the services currently provided by Cotswold, Forest of Dean and West Oxfordshire District Councils plus ICT, HR and finance for Cheltenham Borough Council.

**Not all councils are necessarily involved in each of these services as some have different arrangements.*

Our Aim and Priorities



The Council Plan 2016 to 2019 sets out the Council’s aim, priorities and objectives. Under each priority are the ‘key tasks’ which show what we will do to achieve each priority and objective. Service Delivery Plans have been developed for each of our services; and include a summary of what the service does, and how it supports the Council’s aim, priorities and objectives. They link the priorities and objectives in the Council Plan to the activities that demonstrate what we will do to achieve them.

During the year, we monitor the progress of the Council Plan and activities and performance measures in the Service Delivery Plans to ensure that the Council stays on track, and achieves what it set out to do.

The Council Plan 2016 to 2019 can be found on our website West Oxfordshire District Council - Council Plan 2016-2019.

Medium Term Financial Strategy (MTFS)

The Council operates a rolling 10 year MTFS, the latest being approved by Cabinet on 15th February 2017. This latest update reflected announcements in the provisional local government settlement for 2017/18 including

- Confirmation of the second year of funding of the multi-year settlement for those councils that accepted the Government's offer (including West Oxfordshire District Council) and illustrative figures for 2018/19 and 2019/20 in line with the multi-year settlement;
- reforms to the New Homes Bonus;
- the introduction of an Adult Social Care Support Grant to be funded from additional savings from the New Homes Bonus in 2017-18;
- confirmed approach to distributing funding through the improved Better Care Fund;
- Government's proposals for the council tax referendum principles for 2017-18;
- the approach for adjusting business rates tariff and top ups to cancel out, as far as is practicable, the impact of the 2017 business rates revaluation on local authorities' income.

The Council has robust and affordable plans to ensure that the Council remains financially viable for the duration of the coming 10-year period.

The latest Medium Term Financial Strategy can be found on the Council's website and viewing the documents of the Cabinet meeting of 15th February 2017.

Financial Performance

The Council's 2016/17 budget strategy assumed a balanced budget with a use of £131,531 of General Fund (Unallocated) balances. The outturn position resulted in a surplus of £51,446 after transfers to Earmarked Reserves.

The full Q4 outturn report can be viewed visiting the Council website and reading the Cabinet papers of 14th June 2017.

Capital Programme

The Council maintains a capital programme to support investment and manage its assets. In 2016/17 the Council invested £7.9m in:

Capital Investment in the year	£000
Property, Plant and Equipment	7,045
Computer software	107
Capital grants and flooding works	752
	7,904

The most significant of these was the purchase of the Des Roche Square office complex in Witney, for just over £6.6m as an investment and strategic property holding.

Financial Position

The Council continues to maintain a strong Balance Sheet despite financial challenges. Net Assets reduced in the year by approximately £2.5m. The major contributing factors were an increase in fixed asset values (£4.5m) which was offset by a negative movement (£8.9m) in the pension fund liability.

Net Assets 15/16	**£84.394m**
Net Assets 16/17	**£81.938m**
Movement	**-£2.456m**

Pension Liability

West Oxfordshire District Council is a member of the Oxfordshire County Council Pension Fund, for which Oxfordshire County Council is the administering authority. The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended).

At the balance sheet date the actuarial valuation had the pension fund in deficit (liabilities exceed assets). The valuation was represented as follows:

Pension assets and liabilities	£000
Fair value of employer assets	51,508
Present value of obligations	(88,948)
Surplus / (deficit) on the pension fund	(37,440)

This compared to a deficit at 31st March 2016 of £28,482,000. Whilst the scheme is in deficit it represents the net value of what the Council owes across all future years. The Council is making contributions to cover liabilities accruing for employees that are current members and lump-sum payments to fund the deficit.

Operational Performance and Efficiency

The Council has three Overview and Scrutiny Committees – Finance and Management; Economic and Social; and Environment – to monitor the Council's progress towards achieving the aims and priorities as set out in the Corporate Strategy and Plan.

Of the Council's 37 performance indicators, 29 achieved their target out of a possible 34 (85%), with three indicators not measured as the data was not available at the time of reporting.

Reports for 2016/17 giving more details on the year's performance are available from the Council website at: www.westoxon.gov.uk

Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The **Core Statements** are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area / directorate. The bottom half of the statement deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes that have taken place in the bottom-half of the Balance Sheet over the financial year.

Reserves are divided into "usable", which can be invested in service improvements or capital investment, and "unusable" which must be set aside for specific purposes.

The **Balance Sheet** is a 'snapshot' of the Council's assets, liabilities, cash balances and reserves as at the year-end, 31 March 2017.

The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment or financing activities (such as borrowing or other long term liabilities).

The **Supplementary Statements** are:

The **Collection Fund** summarises the transactions relating to council tax and business rates collection, and the redistribution of some of that money to 'preceptors' - Oxfordshire County Council, the Police and Crime Commissioner for Thames Valley, and the Town and Parish Councils.

The **Annual Governance Statement** which sets out the governance structures of the Council and its key internal controls.

Prior Period Re-presentation

The 2016/17 Code of Practice changed the segmental reporting arrangements for the Comprehensive Income and Expenditure Statement and introduced the Expenditure and Funding Analysis (Note B1). This change means that the Council is no longer required to report the cost of services in accordance with the format specified in the *Service Reporting Code of Practice* but instead use an analysis on the basis of organisational structure and according to how the Council operates, monitors and manages financial performance.

This means that the prior year comparative figures in the Comprehensive Income and Expenditure Statement have been re-presented from those published in the 2015/16 Statement of Accounts. A reconciliation of these changes is included at Note F11 to these accounts.

This re-presentation has not affected either the previously reported Surplus or Deficit on Provision of Services nor any other balance as at the 31 March 2016.

Facing the Challenges Ahead

Politically, 2016/17 was an extraordinary twelve month period with the UK voting to leave the European Union and Donald Trump elected as the new President of the USA. 2017/18 has started in a similar vein with Prime Minister, Theresa May, calling a snap general election on 8th June 2017.

UK inflation had been subdued in the first half of 2016 as a consequence of weak global price pressures, past movements in sterling and restrained domestic price growth. However the sharp fall in the Pound following the referendum had an impact on import prices which, together with rising energy prices, resulted in CPI rising from 0.3% year on year in April 2016 to 2.3% in March 2017. Analysts forecast inflation peaking at just over 3% this year, but then expect levels to fall back towards the Bank of England target of 2%.

Despite growth forecasts being downgraded, economic activity was fairly buoyant and GDP grew 1.8% over the past three quarters in 2016. The labour market also proved resilient, with the official unemployment rate dropping to 4.7% in February 2017, its lowest level in 11 years.

One of the biggest financial challenges the Council faces is the change to central government funding from New Homes Bonus and the implementation of 100% Business Rates Retention. Whilst some changes to New Homes Bonus have been announced, changing the award period from six years to four years and introducing a baseline of 0.4% for housing growth, further changes may be introduced from 2018/19 which would reduce the value of the grant to the Council.

The impact of the change to 100% Business Rate Retention and the additional burdens which will be placed upon the Council are still uncertain with progress at national government stalling as a result of the snap election. The Council updated its Medium Term Financial Strategy in February 2017 to include the latest forecast implications and will continue to keep the Strategy under review as further information becomes available.

Operationally, the Council is undertaking the transition to commissioning services from three newly established wholly-owned local authority companies collectively known as the Publica group. The Council's employees will transfer to the employment of the Publica companies during autumn 2017 and Publica will begin to provide services on behalf of the Council.

This is an evolution from the current 2020 Joint Committee and the Council will ensure that robust governance arrangements are put in place to enable the Council to be confident that Publica delivers quality, value for money services on its behalf.

Oxfordshire County Council has submitted a bid to the Department for Communities and Local Government (DCLG) outlining their plans to create an Oxfordshire Unitary Council. West Oxfordshire District Council believe that this will have a negative impact on the services that its taxpayers currently receive and increase the cost to taxpayers, and have made representations emphasising these points. The Council awaits a decision on whether the Secretary of State is minded to support the scheme.

In terms of risk, the Council (like the rest of the country) wait and see how the new UK government and the implications of "Brexit" evolve over the coming months.

Further information

For further information on the accounts please contact: Frank Wilson, Chief Finance Officer, West Oxfordshire District Council, Woodgreen, Witney, Oxfordshire OX28 1NB; or via email at Frank.Wilson@westoxon.gov.uk.

Frank Wilson CPFA
Chief Finance Officer

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 affairs. In this Authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Chief Finance Officer's responsibility

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

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.

CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the authority at the accounting date and of its income and expenditure for the year ended 31st March 2017.

______________________________ Date: ______________

Frank Wilson
Chief Finance Officer

In accordance with regulation 10(3) Accounts and Audit Regulations 2016, the statement of accounts is approved by the Chairman of the Audit and General purposes Committee, on behalf of West Oxfordshire District Council.

______________________________ Date: ______________

Councillor Alvin Adams
Chairman of the Audit and General Purposes Committee

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2015/2016 Gross Expenditure £	2015/2016 Gross Income £	2015/2016 Net Expenditure £		Note	2016/2017 Gross Expenditure £	2016/2017 Gross Income £	2016/2017 Net Expenditure £
			Joint Committee				
1,360,936	(677,397)	683,539	Environmental and Regulatory Services		1,413,394	(869,156)	544,238
961,628	(84,754)	876,874	GO Shared Services		861,450	(26,715)	834,735
2,583,596	(1,038,654)	1,544,942	ICT, Change and Customer Services		2,815,885	(1,229,985)	1,585,900
1,084,984	(435,660)	649,324	Land, Legal and Property Services		1,147,377	(361,757)	785,620
1,348,724	(1,270,331)	78,393	Partnership MD and 2020 Programme Costs		20,408	140,006	160,414
28,113,971	(26,838,668)	1,275,303	Revenues and Housing Support Services		27,021,845	(26,722,424)	299,421
			Strategic Directors				
1,023,318	(99,800)	923,518	Democratic Services		1,087,025	(239,858)	847,167
6,979,902	(2,831,580)	4,148,322	Environmental Services		7,526,050	(2,725,476)	4,800,574
2,376,070	(431,544)	1,944,526	Leisure and Communities Services		2,363,372	(463,272)	1,900,100
1,993,399	(1,133,431)	859,968	Planning and Strategic Housing Services		2,276,379	(1,758,886)	517,493
640,459	(165,823)	474,636	Other Retained Services		879,428	(107,976)	771,452
48,466,987	**(35,007,642)**	**13,459,345**	**Cost of Services**		**47,412,613**	**(34,365,499)**	**13,047,114**
3,201,377	(620,806)	2,580,571	Other Operating Expenditure	*B3*	4,167,584	(312,537)	3,855,047
1,345,296	(5,023,005)	(3,677,709)	Financing and Investment Income and Expenditure	*B4*	6,177,567	(4,122,727)	2,054,840
0	(13,693,172)	(13,693,172)	Taxation and Non-Specific Grant Income	*B5*	0	(15,522,265)	(15,522,265)
53,013,660	**(54,344,625)**	**(1,330,965)**	**(Surplus) / Deficit on Provision of Services**	*B1 / B2*	**57,757,764**	**(54,323,028)**	**3,434,736**
		(3,267,658)	(Surplus) / deficit on revaluation of non current assets				(6,807,924)
		439,407	(Surplus) / deficit on revaluation of available for sale financial assets				(1,126,595)
		(3,652,000)	Remeasurement of the net defined benefit liability				6,956,000
		(6,480,251)	**Other Comprehensive Income and Expenditure**				**(978,519)**
		(7,811,216)	**Total Comprehensive Income and Expenditure**				**2,456,217**

THE MOVEMENT IN RESERVES STATEMENT

	Note	Usable Reserves					Unusable Reserves £	TOTAL RESERVES £
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £		
Balance at 31 March 2015		**(10,568,372)**	**(4,964,446)**	**(4,180,748)**	**(2,117,801)**	**(21,831,367)**	**(54,751,666)**	**(76,583,033)**
Movements in reserves 2015/16		3,016,357	(3,016,357)	0	0	0	0	**0**
Total Comprehensive Income and Expenditure		(1,330,965)	0	0	0	(1,330,965)	(6,480,251)	**(7,811,216)**
Adjustments between accounting basis & funding basis under regulations	*C1*	(2,376,031)	0	(556,865)	(422,754)	(3,355,650)	3,355,650	**0**
(Increase) / Decrease in Reserves 2015/16		**(690,639)**	**(3,016,357)**	**(556,865)**	**(422,754)**	**(4,686,615)**	**(3,124,601)**	**(7,811,216)**
Balance at 31 March 2016		**(11,259,011)**	**(7,980,803)**	**(4,737,613)**	**(2,540,555)**	**(26,517,982)**	**(57,876,267)**	**(84,394,249)**
Movements in reserves 2016/17		1,581,048	(1,581,048)	0	0	0	0	**0**
Total Comprehensive Income and Expenditure		3,434,736	0	0	0	3,434,736	(978,519)	**2,456,217**
Adjustments between accounting basis & funding basis under regulations	*C1*	(5,510,230)	1,118,400	259,650	(690,291)	(4,822,471)	4,822,471	**0**
(Increase) / Decrease in Reserves 2016/17		**(494,446)**	**(462,648)**	**259,650**	**(690,291)**	**(1,387,735)**	**3,843,952**	**2,456,217**
Balance at 31 March 2017		**(11,753,457)**	**(8,443,451)**	**(4,477,963)**	**(3,230,846)**	**(27,905,717)**	**(54,032,315)**	**(81,938,032)**

BALANCE SHEET

31st March 2016 £		Note	31st March 2017 £
46,049,993	Property, Plant & Equipment	*D1*	50,830,888
91,084	Heritage Assets		91,084
41,046,367	Investment Property	*D2*	43,340,552
245,265	Intangible Assets	*D3*	246,224
23,324,589	Long Term Investments	*F2*	20,687,147
682,696	Long Term Debtors	*D7*	608,815
111,439,994	**Long Term Assets**		**115,804,710**
1,031,182	Short Term Investments	*F2*	5,869,999
48,357	Inventories		36,871
6,151,641	Short Term Debtors	*D4*	4,334,831
3,983,177	Cash and Cash Equivalents		7,015,144
11,214,357	**Current Assets**		**17,256,845**
(5,881,957)	Short Term Creditors	*D5*	(9,939,279)
(1,945,859)	Short Term Creditors - s.106 balances	*D5*	(1,895,874)
(1,539,713)	Provisions	*D6*	(1,102,544)
(9,367,529)	**Current Liabilities**		**(12,937,697)**
(28,482,000)	Defined Benefit Pension Liability	*F1b*	(37,440,000)
(228,502)	Other Long Term Liabilities		(17,924)
(182,070)	Capital Grants Receipts in Advance	*B9b*	(727,900)
(28,892,572)	**Long Term Liabilities**		**(38,185,824)**
84,394,249	**Net Assets**		**81,938,034**
(26,517,982)	Usable reserves		(27,905,717)
(57,876,267)	Unusable Reserves		(54,032,315)
(84,394,249)	**Total Reserves**		**(81,938,032)**

These financial statements replace the unaudited statements that were certified on 8th June 2017.

Frank Wilson
Chief Finance Officer

CASH FLOW STATEMENT

	Note	2015/16 £	2016/17 £
Net surplus or (deficit) on provision of services		1,330,965	(3,434,736)
Adjustments to net surplus or (defecit) on the provision of services to exclude non-cash movements	*E1a*	(1,885,780)	16,780,084
Adjustments for items included in the net surplus or (defecit) on the provision of services that are investing or financing activities	*E1b*	(797,008)	(961,095)
Net cash flows from Operating Activites		**(1,351,823)**	**12,384,253**
Investing Activities	*E1c*	(67,104)	(8,768,722)
Financing Activities	*E1d*	(356,122)	(583,565)
Net increase or (decrease) in cash and cash equivalents		**(1,775,049)**	**3,031,967**
Cash and cash equivalents at 1 April		5,758,226	3,983,177
Cash and cash equivalents at 31 March		**3,983,177**	**7,015,144**
Comprising:			
Cash and bank current accounts		471,633	446,926
Short term investments		3,511,544	6,568,218
		3,983,177	**7,015,144**

B1. Expenditure and Funding Analysis

	2016 / 2017					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to /(from) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
Joint Committee						
Environmental and Regulatory Services	544,238	(96,946)	0	447,292	298,741	746,033
GO Shared Services	834,735	(38,326)	0	796,409	(796,409)	0
ICT, Change and Customer Services	1,585,900	(197,254)	0	1,388,646	(1,225,020)	163,626
Land, Legal and Property Services	785,620	(131,706)	0	653,914	(713,907)	(59,993)
Partnership MD and 2020 Programme Costs	160,414	(20,504)	0	139,910	(118,560)	21,350
Revenues and Housing Support Services	299,421	(138,611)	0	160,810	695,610	856,420
Strategic Directors						
Democratic Services	847,167	(338)	0	846,829	27,362	874,191
Environmental Services	4,800,574	(691,216)	0	4,109,358	1,391,080	5,500,438
Leisure and Communities Services	1,900,100	(903,966)	0	996,134	667,243	1,663,377
Planning and Strategic Housing Services	517,493	(162,162)	0	355,331	563,028	918,359
Other Retained Services	771,452	(930,142)	0	(158,690)	(1,002,910)	(1,161,600)
Cost of Services	**13,047,114**	**(3,311,171)**	**0**	**9,735,943**	**(213,742)**	**9,522,201**
Other Income and Expenditure	(9,612,378)	(2,199,059)	1,581,048	(10,230,389)	656,742	(9,573,647)
(Surplus) / Deficit on Provision of Services	**3,434,736**	**(5,510,230)**	**1,581,048**	**(494,446)**	**443,000**	**(51,446)**
Opening General Fund Balance (Unallocated) at 1 April				(11,259,011)		
(Surplus) / Deficit for the year				(51,446)		
Budgeted contribution to GF				(443,000)		
Closing General Fund Balance (Unallocated) at 31 March				**(11,753,457)**		

	2015 / 2016					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to /(from) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
Joint Committee						
Environmental and Regulatory Services	683,539	(151,847)	0	531,692	244,784	776,476
GO Shared Services	876,874	(102,117)	0	774,757	(774,757)	0
ICT, Change and Customer Services	1,544,942	(204,513)	0	1,340,429	(1,169,408)	171,021
Land, Legal and Property Services	649,324	(120,897)	0	528,427	(615,004)	(86,577)
Partnership MD and 2020 Programme Costs	78,393	(12,710)	0	65,683	(35,680)	30,003
Revenues and Housing Support Services	1,275,303	(531,668)	0	743,635	681,649	1,425,284
Strategic Directors						
Democratic Services	923,518	(14,097)	0	909,421	(5,520)	903,901
Environmental Services	4,148,322	(572,680)	0	3,575,642	1,637,591	5,213,233
Leisure and Communities Services	1,944,526	(928,764)	0	1,015,762	(282,742)	733,020
Planning and Strategic Housing Services	859,968	(213,172)	0	646,796	490,155	1,136,951
Other Retained Services	474,636	(107,920)	0	366,716	(955,901)	(589,185)
Cost of Services	**13,459,345**	**(2,960,385)**	**0**	**10,498,960**	**(784,833)**	**9,714,127**
Other Income and Expenditure	(14,790,310)	584,354	3,016,357	(11,189,599)	784,833	(10,404,766)
(Surplus) / Deficit on Provision of Services	**(1,330,965)**	**(2,376,031)**	**3,016,357**	**(690,639)**	**0**	**(690,639)**
Opening General Fund Balance (Unallocated) at 1 April				(10,568,372)		
(Surplus) / Deficit for the year				(690,639)		
Closing General Fund Balance (Unallocated) at 31 March				**(11,259,011)**		

Adjustments between accounting basis and funding basis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded compared with the resources consumed or earned by the Council in accordance with generally accepted accounting practices as shown in the Comprehensive Income and Expenditure Account. It also shows how these amounts are allocated for decision making purposes across the Council's Directorates and Services. The adjustments between these amounts are detailed below:

	2016 / 2017							
	Adjustments between funding and accounting basis (see MiRS Note C1)				chargeable to the General Fund and Management Reporting			
	Capital Adjs £	Pension Adjs £	Other Adjs £	Total adjs between funding and accounting £	Support Services £	Depreciation £	Other Segment Adjs. £	Total Management Reporting Adjustments £
Joint Committee								
Environmental and Regulatory Services	791	96,155	0	96,946	328,498	791	(30,548)	298,741
GO Shared Services	38,326	0	0	38,326	(834,735)	38,326	0	(796,409)
ICT, Change and Customer Services	188,013	9,241	0	197,254	(1,413,033)	188,013	0	(1,225,020)
Land, Legal and Property Services	115,067	16,639	0	131,706	(772,532)	115,067	(56,442)	(713,907)
Partnership MD and 2020 Programme Costs	0	20,504	0	20,504	(118,560)	0	0	(118,560)
Revenues and Housing Support Services	6,471	132,140	0	138,611	689,139	6,471	0	695,610
Strategic Directors								
Democratic Services	0	338	0	338	27,362	0	0	27,362
Environmental Services	629,882	61,334	0	691,216	431,237	566,833	393,010	1,391,080
Leisure and Communities Services	844,937	59,029	0	903,966	73,264	593,979	0	667,243
Planning and Strategic Housing Services	47,307	114,855	0	162,162	515,721	47,307	0	563,028
Other Retained Services	483,377	446,765	0	930,142	976,449	0	(1,979,359)	(1,002,910)
Cost of Services	**2,354,171**	**957,000**	**0**	**3,311,171**	**(97,190)**	**1,556,787**	**(1,673,339)**	**(213,742)**
Other Income and Expenditure	2,508,888	1,045,000	(1,354,829)	2,199,059	97,190	(1,556,787)	2,116,339	656,742
(Surplus) / Deficit on Provision of Services	**4,863,059**	**2,002,000**	**(1,354,829)**	**5,510,230**	**0**	**0**	**443,000**	**443,000**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2015 / 2016							
	Adjustments between funding and accounting basis (see MiRS Note C1)				chargeable to the General Fund and Management Reporting			
	Capital Adjs £	Pension Adjs £	Other Adjs £	Total adjs between funding and accounting £	Support Services £	Depreciation £	Other Segment Adjs. £	Total Management Reporting Adjustments £
Joint Committee								
Environmental and Regulatory Services	(791)	(151,056)	0	(151,847)	285,002	791	(41,009)	244,784
GO Shared Services	(102,117)	0	0	(102,117)	(876,874)	102,117	0	(774,757)
ICT, Change and Customer Services	(191,683)	(12,830)	0	(204,513)	(1,361,091)	191,683	0	(1,169,408)
Land, Legal and Property Services	(115,067)	(5,830)	0	(120,897)	(704,512)	115,067	(25,559)	(615,004)
Partnership MD and 2020 Programme Costs	0	(12,710)	0	(12,710)	(35,680)	0	0	(35,680)
Revenues and Housing Support Services	(298,105)	(233,563)	0	(531,668)	675,179	6,470	0	681,649
Strategic Directors								
Democratic Services	0	(14,097)	0	(14,097)	(5,630)	0	110	(5,520)
Environmental Services	(488,844)	(83,836)	0	(572,680)	464,247	780,306	393,038	1,637,591
Leisure and Communities Services	(836,386)	(92,378)	0	(928,764)	81,412	597,406	(961,560)	(282,742)
Planning and Strategic Housing Services	(11,784)	(201,388)	0	(213,172)	478,371	11,784	0	490,155
Other Retained Services	(1,013)	(106,907)	0	(107,920)	909,196	10,013	(1,875,110)	(955,901)
Cost of Services	**(2,045,790)**	**(914,595)**	**0**	**(2,960,385)**	**(90,380)**	**1,815,637**	**(2,510,090)**	**(784,833)**
Other Income and Expenditure	2,649,144	(1,015,405)	(1,049,385)	584,354	90,380	(1,815,637)	2,510,090	784,833
(Surplus) / Deficit on Provision of Services	**603,354**	**(1,930,000)**	**(1,049,385)**	**(2,376,031)**	**0**	**0**	**0**	**0**

Capital Adjustments
This column adjusts for depreciation and impairment, revaluations gains and losses in service lines and for transfers of income / net value of assets written off on disposals in Other Operating Income and Expenditure. Taxation and Non Specific Grant Income is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Pension Adjustments
This column removes the impact of IAS19 Employee Benefits. For services, this is the removal of current or past service costs and replaces them with the actual employer pension contributions payable. In Financing and Investment Income and Expenditure, the net interest on the net defined benefit liability is removed.

Other Adjustments
This adjustment represents the difference between the amounts chargeable under statutory regulations for Council Tax and Non Domestic Rates and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

B2. Expenditure and Income Analysed by Nature

	2015/16 £	2016/17 £
Expenditure		
Employee benefits expenses	8,791,148	8,848,933
Housing Benefit & Other Transfer Payments	25,264,068	24,371,394
Other service expenses	12,479,092	12,140,828
Depreciation, amortisation and impairment	1,818,547	1,564,343
Interest payments and similar expense	1,055,585	1,065,169
Precepts and Levies	3,053,189	3,242,905
Other expenditure	552,031	6,524,192
Total Expenditure	**53,013,660**	**57,757,764**
Income		
Fees, charges & other service income	(10,460,102)	(9,257,326)
Housing Benefit Subsidy	(25,180,578)	(24,305,913)
Other Government Grants	(4,840,037)	(5,544,229)
Income from Council Tax	(6,493,447)	(7,282,083)
Income from Non Domestic Rates	(2,421,134)	(2,999,554)
Non Government Grants & Contributions	(2,561,790)	(3,878,089)
Investment Interest and similar income	(1,169,438)	(743,297)
Other income	(1,218,099)	(312,537)
Total Income	**(54,344,625)**	**(54,323,028)**
(Surplus) / Deficit on Provision of Services	**(1,330,965)**	**3,434,736**

B3. Other Operating Expenditure

	2015/16 £	2016/17 £
(Gains) / losses on disposal of non current assets	(140,731)	795,914
Unattached capital reciepts	(480,075)	(312,537)
Town and Parish Council support grant	148,188	128,765
Town and Parish Council precepts	3,053,189	3,242,905
	2,580,571	**3,855,047**

B4. Financing and Investment Income and Expenditure

	2015/16 £	2016/17 £
Interest payable and similar charges	41,585	20,169
Interest receivable and similar income	(1,172,293)	(743,718)
Loss on disposal of investment	0	450,143
Movement in the fair value of investment property	(597,294)	4,316,719
Net investment property (income) / expenditure	(2,918,817)	(2,992,438)
Net interest on the net defined benefit pension liability	1,014,000	1,045,000
Trading activities - Markets & Fairs	(44,890)	(41,035)
	(3,677,709)	**2,054,840**

B5. Taxation and Non Specific Grant Income

	2015/16 £	2016/17 £
National Non Domestic Rates		
- Redistribution	(3,000,591)	(3,037,781)
- Renewable Energy	(294,335)	(260,832)
- Business rates levy	514,104	949,462
- Surplus from the pool	(453,338)	(650,403)
- (Surplus) / Deficit	813,026	(442,991)
	(2,421,134)	(3,442,545)
Council Tax income (Council and Town/Parish Council shares)	(6,493,447)	(6,839,092)
Revenue Support Grant	(1,568,222)	(1,057,445)
New Homes Bonus	(1,837,754)	(2,245,057)
S31 NDR Compensation Grant	(867,579)	(375,705)
Capital grants and contributions	(459,298)	(833,938)
Other non-ringfenced government grants	(45,738)	(728,483)
	(13,693,172)	**(15,522,265)**

B6. Members' Allowances

	2015/16 £	2016/17 £
Basic and Special Responsibility Allowances	327,330	331,165
Expenses	10,085	9,435
	337,415	**340,600**

B7. External Audit Costs

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

	2015/16 £	2016/17 £
External audit services carried out by the appointed auditor	46,139	46,139
Certification of grant claims and returns	16,850	11,963
	62,989	**58,102**

In addition to the statutory audit fees listed above, GO Shared Services subscribed to the Grant Thornton 'VAT and employment tax support service'. This service provides Tax and VAT support and advice to those organisations within the GO Shared Services. The cost of the service was £2,500 of which £417 was the West Oxfordshire District Council share. This service is not connected to Grant Thornton's statutory work as the Council's auditor.

B8. Officer Remuneration

Senior Officer Remuneration

The Council's senior employees are those represented on the Corporate Management Team and those with statutory responsibility.

2016/2017					
Post	Salary, allowances & other benefits £	Compensation for loss of office £	Total remuneration excl. pension contributions £	Pension Contributions £	Total Remuneration £
Partnership Managing Director[1]	133,040	0	133,040	18,223	151,263
Strategic Director - Resources (and Head of Paid Service)[1]	101,277	0	101,277	13,712	114,989
Strategic Director - Planning[2]	94,726	0	94,726	11,590	106,316
Strategic Director - Environment[2]	0	0	0	0	0
Monitoring Officer	66,252	0	66,252	8,366	74,618
	395,295	**0**	**395,295**	**51,891**	**447,186**

2015/2016					
Post	Salary, allowances & other benefits £	Compensation for loss of office £	Total remuneration excl. pension contributions £	Pension Contributions £	Total Remuneration £
Chief Executive and Clerk of the Council[1]	127,757	0	127,757	17,512	145,269
Strategic Director - Resources[1]	98,906	0	98,906	13,371	112,277
Strategic Director - Planning[2]	86,335	0	86,335	10,224	96,559
Strategic Director - Environment[2]	98,705	0	98,705	13,152	111,857
Strategic Director - Development[3]	30,097	0	30,097	3,734	33,831
Monitoring Officer	61,999	0	62,000	8,291	70,291
	503,799	**0**	**503,800**	**66,284**	**570,084**

[1] The Partnership Managing Director and Strategic Director (Resources) are employees of West Oxfordshire District Council, seconded for 50% of their time to Cotswold District Council. The figures shown above represent the full salary, allowances and pension costs incurred by West Oxfordshire District Council as the employing authority.

[2] The Council's Strategic Director (Planning) is an employee of Cotswold DC, seconded for 50% to West Oxfordshire DC. The figures shown above represent the full salary, allowances and pension costs incurred by Cotswold District Council as the employing authority.

[3] The post holder retired on 30 September 2015; the post has been deleted from the Council's establishment.

On a monthly basis the cost of any shared officers is re-charged between Cotswold District Council and West Oxfordshire District Council, between the employing authority and the authority buying the service.

Other Officer Remuneration

The Authority's total employees receiving more than £50,000 remuneration for the year, (excluding those above) were as follows:.

	2015/16 No. of Officers	2016/17
£50,000 to £54,999	7	8
£55,000 to £59,999	3	2
£60,000 to £64,999	1	1
£65,000 to £69,999	3	0
£70,000 to £74,999	2	5
£75,000 to £79,999	0	1

B9. Grant Income

The following significant grants and contributions were credited to the Comprehensive Income and Expenditure Statement during the year.

	2015/16 £	2016/17 £
Revenue grants credited to Cost of Services		
Housing Benefit Subsidy	(25,180,578)	(24,687,016)
Housing Benefit Administration Subsidy	(357,760)	(259,502)
Other grants	(163,237)	(496,934)
	(25,701,575)	**(25,443,452)**
Revenue grants credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	(1,568,222)	(1,057,445)
Council Tax Freeze	(35,945)	0
New Homes Bonus	(1,837,754)	(2,245,057)
Section 31 NNDR Compensation / Tariff	(867,579)	(396,729)
Other grants	(9,540)	(728,483)
	(4,319,040)	**(4,427,714)**
Capital grants credited to the Comprehensive Income and Expenditure		
Better Care Funding	(305,447)	(525,276)
S.106 Receipts & other capital grants	(475,729)	(833,938)
	(781,176)	**(1,359,214)**

Where the Authority has been given grants or contributions with conditions attached, which the Council has yet to meet, these grants are treated as receipts in advance until the conditions are met. The grants and contributions held at the balance sheet date are as follows:

	2015/16 £	2016/17 £
Environment Agency Grant [for specific Land drainage works]	(182,070)	(174,266)
Better Care Grant Funding	0	(28,743)
S106 Capital Contribution [due to third parties]	0	(524,891)
	(182,070)	**(727,900)**

B10. Termination Benefits

Redundancy and Compensation

An amount of £32,114 (2015/16 £129,719) has been reflected within the Comprehensive Income and Expenditure Statement in respect of severance payments during the year. All payments are within the limits permitted by statute and the superannuation and compensation regulations, applicable at the time of the payment.

Pension Strain

A sum of £27,341 (2015/16 £102,390) was charged to services in the Comprehensive Income and Expenditure Statement in respect of pension strain costs. Any additional contributions (strain contributions and augmentation contributions) that are due to be paid in the year by the Council under any agreement with the pension fund are recognised immediately as an expense.

The total amount charged and accrued for in the Comprehensive Income & Expenditure Statement is as follows:

	2015/16 No. of packages	2015/16 £	2016/17 No. of packages	2016/17 £
Severance Payments		129,719	2	32,114
Pension Strain Costs		102,390	1	27,341
	9	**232,109**	**3**	**59,455**

Exit Packages

The total cost of £52,455 (2015/16 £232,109) shown above reflects the value of the exit packages which have been charged to the Council's Comprehensive Income and Expenditure Statement for the current year.

The total number and value of the exit packages, grouped into bands of £20,000 up to £100,000 and bands of £50,000 thereafter, are as follows:

	2015/16 No. of packages	2015/16 £	2016/17 No. of packages	2016/17 £
£0 - £20,000	5	62,332	0	0
£20,001 - £40,000	2	41,630	2	32,114
£40,001 - £60,000	1	57,857	0	0
£60,001 - £80,000	1	70,290	0	0
	9	**232,109**	**2**	**32,114**

C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2016/2017			
	General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,564,343)	0	0	0
Revaluation losses on Property, Plant and Equipment	(86,853)	0	0	0
Movements in the fair value of Investment Properties	(4,316,719)	0	0	0
Capital Grants and Contributions applied	525,925	1,118,400	0	0
Revenue Expenditure funded from Capital Under Statute	(752,431)	0	0	0
Non current assets written off on disposal or sale	(915,914)	0	0	0
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	120,000	0	(120,000)	0
Capital expenditure charged against General Fund Balance	600,658	0	0	0
Statutory provision for the repayment of debt	372,986	0	0	0
Capital grants and contributions credited to CI&ES	841,095	0	0	(833,290)
Unattached Capital Reciepts	312,537	0	(312,537)	0
Adjustments to Capital Resources				
Application of grants to capital financing tfrd to CAA	0	0	0	142,999
Use of capital reciepts reserve to finance new capital expenditure	0	0	815,000	0
Transfer from Deferred Capital Receipts on reciept of cash	0	0	(122,813)	0
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	(2,002,000)	0	0	0
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	1,354,829	0	0	0
	(5,510,230)	**1,118,400**	**259,650**	**(690,291)**

	2015/2016			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,818,547)	0	0	0
Revaluation losses on Property, Plant and Equipment	300,461	0	0	0
Movements in the fair value of Investment Properties	597,294	0	0	0
Capital Grants and Contributions applied	321,878	0	0	0
Revenue Expenditure funded from Capital Under Statute	(852,493)	0	0	0
Non current assets written off on disposal or sale	(196,979)	0	0	0
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	337,710	0	0	0
Capital expenditure charged against General Fund Balance	618,535	0	0	0
Statutory provision for the repayment of debt	356,122	0	0	0
Capital grants and contributions credited to CI&ES	459,298	0	0	(459,298)
Unattached Capital Reciepts	480,075	0	(480,075)	0
Adjustments to Capital Resources				
Application of grants to capital financing tfrd to CAA	0	0	0	36,544
Use of capital reciepts reserve to finance new capital expenditure	0	0	75,848	0
Transfer from Deferred Capital Receipts on reciept of cash	0	0	(152,638)	0
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	(1,930,000)	0	0	0
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(1,049,385)	0	0	0
	(2,376,031)	**0**	**(556,865)**	**(422,754)**

C2. Usable Reserves

Earmarked Reserves

The Council's General Fund comprises an unallocated element, used to meet day-to-day spending and 'Earmarked Reserves' – amounts set aside to provide financing for future specific expenditure or projects.

Movements in 'Earmarked Reserves' during the year are shown below:

Earmarked Reserves	Balance 1 April 2016 £	Transfers between reserves £	Transfers Out £	Transfers in £	Balance 31 March 2017 £
Improvement & Change Management	(572,055)	0	500,000	0	**(72,055)**
High Speed Broadband	(1,578,851)	0	0	0	**(1,578,851)**
Investment Property Improvement	(950,734)	0	339,949	0	**(610,785)**
Business Rate Movement	(1,798,773)	0	298,773	0	**(1,500,000)**
Icelandic Exchange Rate & Valuation	(527,250)	0	504,048	0	**(23,202)**
2020 Programme	(1,227,000)	0	0	0	**(1,227,000)**
Carterton LC Phase 2	0	0	0	(413,626)	**(413,626)**
DCLG community housing fund	0	0	0	(376,966)	**(376,966)**
Garden Village Grant	0	0	0	(214,285)	**(214,285)**
Leisure contract 17/18 budget gap	0	0	0	(190,000)	**(190,000)**
Benefits subsidy smoothing reserve	0	0	0	(100,000)	**(100,000)**
Leisure capital funding reserve	0	0	0	(500,000)	**(500,000)**
Service resilience reserve	0	0	0	(150,000)	**(150,000)**
Environment service reserve	0	0	0	(150,000)	**(150,000)**
Parking strategy implementation reserve	0	0	0	(50,000)	**(50,000)**
Other earmarked reserves	(1,326,140)	0	400,489	(361,030)	**(1,286,681)**
	(7,980,803)	**0**	**2,043,259**	**(2,505,907)**	**(8,443,451)**

C3. Unusable Reserves

Summary of Unusable Reserves

	2015/16 £	2016/17 £
Revaluation Reserve	(16,906,599)	(21,779,486)
Capital Adjustment Account	(69,982,106)	(67,864,656)
Pension Reserve	28,482,000	37,440,000
Deferred Capital Receipts Reserve	(683,975)	(561,162)
Collection Fund Adjustment Account	1,136,442	(218,387)
Accumulated Absences Account	126,648	126,648
Available for Sale Financial Instruments Reserve	(38,871)	(1,165,466)
Unequal Pay Back Pay Account	(9,806)	(9,806)
	(57,876,267)	**(54,032,315)**

Revaluation Reserve

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

- re-valued 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 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2015/16 £ (restated)	2016/17 £
Opening Balance - 1 April	(13,928,319)	(15,844,359)
Upward revaluation of assets	(3,705,703)	(6,966,235)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	438,045	158,311
Surplus / deficit on revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services	*(3,267,658)*	*(6,807,924)*
Difference between fair value and historic cost depreciation	289,378	336,538
Revaluation correction (re.13/14)	1,062,240	
Balances written out on disposal	0	536,259
Amount written off to the Capital Adjustment Account	*1,351,618*	*872,797*
Closing Balance - 31 March	**(15,844,359)**	**(21,779,486)**

The 2015/16 column has been restated to include a transfer between the Revaluation Reserve and Capital Adjustment Account of £1,062,240, relating to the valuation of assets 2013/14 that was mis-posted at the time. Both sides of the adjustment are within unusable reserves. The correction does not affect the net worth of the Council.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007 [the date at which the Revaluation Reserve was created to hold such gains].

	2015/16 **£** (restated)	**2016/17** **£**
Opening Balance - 1 April	(70,254,065)	(71,044,346)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation of non current assets	1,818,547	1,564,343
Revaluation losses on Property, Plant and Equipment	(300,461)	86,853
Revenue expenditure funded from capital under statute	852,493	752,431
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure	196,979	915,914
	2,567,558	3,319,541
Adjusting amounts written out of the Revaluation Reserve		
Amounts written out on disposal or sale of non current assets	0	(536,259)
Re-valuation correction (re.13/14)	(1,062,240)	0
Historical cost depreciation adjustment	(289,378)	(336,538)
	(1,351,618)	(872,797)
Net written out amount of the cost of non current assets consumed in year	**1,215,940**	**2,446,744**
Capital financing applied in year		
Use of the Capital Receipts Reserve to finance new capital expenditure	(75,848)	(815,000)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(321,878)	(533,730)
Earmarked Reserves credited to Ci&ES to capital financing		(1,118,400)
Application of grants to capital financing from the Capital Grants Unapplied Account	(36,544)	(142,999)
Statutory provision for the repayment of debt	(356,122)	(372,986)
Capital expenditure charged against the General Fund Balance	(618,535)	(600,658)
	(1,408,927)	(3,583,773)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(597,294)	4,316,719
Closing Balance - 31 March	**(71,044,346)**	**(67,864,656)**

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

Statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or pays any pensions for which it is directly responsible. The negative balance on the Pensions Reserve represents a shortfall in the benefits earned by past and current employees and the resources the Authority 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.

	2015/16 £	2016/17 £
Opening Balance - 1 April	30,204,000	28,482,000
Return on plan assets	1,465,000	(8,190,000)
Remeasurement of the net defined benefit liability	(5,117,000)	15,146,000
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	2,793,000	2,983,000
Employers' pension contributions	(863,000)	(981,000)
Closing Balance - 31 March	**28,482,000**	**37,440,000**

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 Authority 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.

	2015/16 £	2016/17 £
Opening Balance - 1 April	(498,903)	(683,975)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(337,710)	0
Transfer to the Capital Receipts Reserve on reciept of cash	152,638	122,813
Closing Balance - 31 March	**(683,975)**	**(561,162)**

Collection Fund Adjustment Account

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

	Balance 1 April 2016 £	Transfers in £	Balance 31 March 2017 £
Amounts by which income credited to the Comprehensive Income and Expenditure Statement is different from income calcuated for the year in accordance with statutory requirements:			
Council Tax	(66,819)	(25,347)	**(92,166)**
NNDR	1,299,410	(1,425,631)	**(126,221)**
NNDR - Renewal Energy Scheme	(96,149)	96,149	**0**
	1,136,442	**(1,354,829)**	**(218,387)**

Accumulated Absences Adjustment 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 [the cost of the annual leave entitlement still owed by the Council to its employees at 31st March].

The process of calculating the liability is a time consuming exercise. Each year the ‘value’ of untaken leave only fluctuates by a small amount. Based upon experience, the Council has chosen to ‘freeze’ the value of untaken leave at its 31st March 2015 balance [£126,648] as this is materially correct and represents a reliable estimate of any potential cost to the Council.

Available-for-Sale Financial Instruments Reserve

The available for sale financial instruments reserve contains the gains made by the Council arising from changes in the value of its investments that have quoted marked prices or otherwise do not have fixed or determined payments. The balance is reduced when investments with accumulated gains are either revalued downwards and the gains are lost, or the investments are disposed of and the gains are realised.

	2015/16 £	2016/17 £
Opening Balance - 1 April	(478,278)	(38,871)
Upward revaluation of investments	(13,531)	(917,837)
Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	452,938	0
Surplus / deficit on revaluation of investments not posted to the Surplus/Deficit on the Provision of Services	*439,407*	*(917,837)*
Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	0	(208,758)
Closing Balance - 31 March	**(38,871)**	**(1,165,466)**

D1. Property, Plant and Equipment

Movements in 2016/17	Land & Buildings £	Vehicles, Plant & Equipment £	Infrastructure Assets £	Community Assets £	Surplus Assets £	TOTAL P,P&E £
Asset Cost or Valuation						
Asset values at 31 March	40,646,470	5,880,728	1,521,831	769,659	2,373,230	**51,191,918**
Additions	305,310	106,275	0	0	0	411,585
Revaluation increases / (decreases)	1,398,436	0	0	148,000	3,915,480	5,461,916
Derecognition - disposals	0	(2,205,888)	(379,654)	0	(536,260)	(3,121,802)
Transfers and reclassifications	(32,000)	0	0	0	54,260	22,260
Asset values at 31 March	**42,318,216**	**3,781,115**	**1,142,177**	**917,659**	**5,806,710**	**53,965,877**
Depreciation						
Accumulated depreciation at 31 March 2016	(624,069)	(4,517,856)	0	0	0	**(5,141,925)**
Depreciation charge for the year	(857,164)	(600,943)	0	0	0	(1,458,107)
Depreciation written out on revaluation	1,259,155	0	0	0	0	1,259,155
Derecognition - disposals		2,205,888	0	0	0	2,205,888
other movment	(10,014)	10,014	0	0	0	0
Accumulated depreciation at 31 March 2017	**(232,092)**	**(2,902,897)**	**0**	**0**	**0**	**(3,134,989)**
Net Book Value of Assets						
1st April 2016	40,022,401	1,362,872	1,521,831	769,659	2,373,230	46,049,993
31st March 2017	**42,086,124**	**878,218**	**1,142,177**	**917,659**	**5,806,710**	**50,830,888**

Movements in 2015/16	Land & Buildings £	Vehicles, Plant & Equipment £	Infrastructure Assets £	Community Assets £	Surplus Assets £	TOTAL P,P&E £
Asset Cost or Valuation						
Asset values at 31 March 2015	39,722,310	6,455,435	1,521,831	769,659	0	**48,469,235**
Additions	0	179,331	0	0	0	179,331
Revaluation increases / (decreases)	780,160	0	0	0	2,373,230	3,153,390
Derecognition - disposals	0	(754,038)	0	0	0	(754,038)
Transfers and reclassifications	144,000	0	0	0	0	144,000
Asset values at 31 March	**40,646,470**	**5,880,728**	**1,521,831**	**769,659**	**2,373,230**	**51,191,918**
Depreciation						
Accumulated depreciation at 31 March 2015	(219,510)	(4,159,470)	0	0	0	**(4,378,980)**
Depreciation charge for the year	(800,922)	(915,445)	0	0	0	(1,716,367)
Depreciation written out on revaluation	396,363	0	0	0	0	396,363
Derecognition - disposals	0	557,059	0	0	0	557,059
Accumulated depreciation at 31 March 2016	**(624,069)**	**(4,517,856)**	**0**	**0**	**0**	**(5,141,925)**
Net Book Value of Assets						
1st April 2015	39,502,800	2,295,965	1,521,831	769,659	0	44,090,255
31st March 2016	**40,022,401**	**1,362,872**	**1,521,831**	**769,659**	**2,373,230**	**46,049,993**

Asset valuation, amortisation and depreciation

Service areas are charged depreciation to represent the real cost of holding and using non-current assets. The value of an asset (less any residual value) will be written-down on a straight-line basis over the useful economic life of the asset. The following useful lives have been used in the calculation of depreciation and amortisation:

- Land assets are generally not depreciated
- Operational buildings are typically depreciated over 30 to 60 year useful lives, depending upon the particular asset and an estimate of the asset life from the Council's valuer
- Car Parks – over 20-years or lifetime agreed with the Council's valuer
- Vehicles, Plant and Equipment are depreciated over 5 to 7 years as appropriate
- Infrastructure, Heritage and Community Assets are not depreciated

Capital Commitments

At the balance sheet date the Council was part way through the procurement process for a number of new Environmental Services vehicles. No orders had been placed at the balance sheet date.

Effects of changes in estimates

The Council has not made any changes in its accounting estimates in either the life or depreciation methods of assets during the year.

Revaluations

Since 2010 the Council has adopted a methodology of revaluing approximately 20% of its assets each year. The 2016/17 valuations and impairment review were undertaken by Mr. D. Thurlow BSc (Hons) MRICS, of West Oxfordshire District Council, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and the Code of Practice on Local Authority Accounting in the United Kingdom .

Assets are valued as part of a rolling programme of revaluations. All assets are valued at least every 5-years with annual valuations for all assets classified as investment properties.

With the introduction and application of IFRS 13 in 2015/16, the Council's surplus assets have been reviewed and measured at fair value based upon 'highest and best use'. This valuation basis has replaced the fair value 'existing use' basis applied in previous years. IFRS13 has been applied prospectively and therefore no impact upon the 2014/15 asset valuations. IFRS 13 required no change to the valuation basis for operational Property, Plant and Equipment (PPE).

In estimating asset values it has been assumed that:

- The capacity of utility services [electricity, gas, water, mains drainage] are adequate for the future use of the properties
- All assets have planning consent for their existing uses
- Tenancies are not subject to any unusual or onerous restrictions
- No contamination exists in relation to property assets [land and buildings] sufficient enough to affect value.

D2. Investment Properties

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

	2015/16 £	2016/17 £
Rental income	(3,169,636)	(3,305,773)
Direct operating expenses	250,819	313,335
Net (gains) / losses from fair value adjustments	(597,294)	4,316,719
	(3,516,111)	**1,324,281**

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority'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 2016/17 Investment Property valuations were undertaken by Mr. D. Thurlow BSc (Hons) MRICS, of West Oxfordshire District Council, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (as outlined in Note D1 above).

Under the CIPFA Code the Council's Investment Properties are classified as 'level 2' within the fair-value hierarchy. The assets have been suitably valued, based upon current market conditions, sale prices for similar assets, or contractual income for the properties. These observable inputs have been used to classify the assets accordingly. There have been no movements between categories within the hierarchy during the year.

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

	2015/16 £	2016/17 £
Opening Balance - 1 April	40,574,693	41,046,367
Additions	0	6,633,164
Net gains / (losses) from fair value adjustments	615,674	(4,316,719)
Reclassification - transfer to Property, Plant & Equipment	(144,000)	(22,260)
Closing Balance - 31 March	**41,046,367**	**43,340,552**

Fair value hierarchy

International Financial Reporting Standard 13 (IFRS13) *'Fair Values'* requires all assets measured at fair value to be classified into one of three levels, depending upon the basis of valuation. The 'fair value' of an asset is the price that would be received if it were sold.

The Council's Investment Property assets are deemed to be categorised as Level 2 in the valuation hierarchy, as the fair value of the assets have been derived primarily from income streams. Authorities are required to maximise the use of level 1 inputs (available prices) and minimise the use of level 3 inputs (calculations based upon non-market data such as cash-flow forecasts and other non-market data).

D3. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased software only, as the Authority has no internally generated software.

All intangible assets are amortised on a straight-line basis over a 5 year period. This represents the period over which the software is expected to be of use to the Council.

Amortisation of intangible assets is charged to the Comprehensive Income & Expenditure Account. For service-specific systems, amortisation is charged direct to the service using the asset. For corporate systems amortisation is allocated across all services benefitting from the asset.

Movements in Intangible Assets

	2015/16 £	2016/17 £
Asset Cost or Valuation		
Asset values at 1 April	528,467	549,436
Additions	20,969	107,196
Asset values at 31 March	**549,436**	**656,632**
Amortisation		
Accumulated Amortisation at 1 April	(201,991)	(304,171)
Amortisation charge for the year	(102,180)	(106,237)
Accumulated Amortisation at 31 March	**(304,171)**	**(410,408)**
Net carrying amount at 31 March	**245,265**	**246,224**

D4. Short Term Debtors

	2015/16 £	2016/17 £
Government Departments	851,785	444,723
Other Local Authorities	1,437,815	1,161,293
Collection Fund debtors (WODC Share)	794,669	827,047
Housing Benefit recovery	1,300,193	1,287,944
Sundry Debtors	3,235,549	1,960,153
Finance Leases - principal outstanding	109,896	36,167
Other Debtors	257,844	534,102
Prepayments	192,747	169,617
	8,180,498	6,421,046
Less provision for impairment of receivables:		
Collection Fund provisions (WODC share)	(178,889)	(285,470)
Housing Benefit recovery	(1,300,193)	(1,287,944)
Sundry Debtors and NNDR appeals	(549,775)	(512,801)
	6,151,641	**4,334,831**

D5. Short Term Creditors

	2015/16 £	2016/17 £
Government Departments	(790,408)	(1,146,560)
Other Local Authorities	(1,599,490)	(2,067,469)
Collection Fund (NNDR and Council Tax)	(111,772)	(1,665,306)
Sundry Creditors	(973,153)	(988,444)
Finance Lease liabilities	(372,986)	(208,508)
Receipts in advance:		
Collection Fund - NNDR prepayment	(497,149)	(446,428)
Collection Fund - Council Tax prepayment	(106,824)	(1,460,581)
Sundry reditors receipts in advance	(1,430,175)	(1,955,983)
	(5,881,957)	(9,939,279)
S106 Balances	(1,945,859)	(1,895,874)
	(7,827,816)	**(11,835,153)**

D6. Provisions

	Opening Provision 1 April £	New provisions in-year £	Use of provisions £	Provisions returned to revenue £	Closing Provision 31 March £
Property Searches Litigation	(38,006)	0	22,538	0	**(15,468)**
Business Rates (NDR) Appeals	(1,215,561)	0	174,342	0	**(1,041,219)**
Exit Packages	(281,789)	0	235,932	0	**(45,857)**
MMI Scheme	(4,357)	0	4,357	0	**0**
	(1,539,713)	**0**	**437,169**	**0**	**(1,102,544)**

Property Searches Litigation

In 2013/14 the Council was named (along with all other English local authorities) in a litigation case regarding the charging of property searches. The Council has established a provision for its likely repayment of search fees. This case is now substantially completed. The remaining balance on the provision will be returned to revenue when any outstanding legal fees have been settled.

Business Rates (NNDR) appeals

The NNDR provision has been set aside for the potential cost to the Council in relation to outstanding appeals against property valuations.

Exit Packages

Provision for the cost of termination benefits payable to employees as a result of restructuring during the year.

MMI Scheme

Provision to finance the liabilities arising from the run-off of known claims made against Municipal Mutual Insurance (MMI), the Council's former insurers.

D7. Long Term Debtors

	31 March 2016 £	31 March 2017 £
Council's Equity Scheme	23,400	0
North Leigh Mem Hall Trustees	500	0
Equity Loans Scheme	388,296	388,296
Parish/Town Council Loans	161,157	151,714
Nexus Leisure equipment loan	4,704	0
Charge on former Unicorn Public House - Great Rollright	33,820	33,820
Vehicles Leases	70,819	34,985
	682,696	**608,815**

D8. Capital Expenditure and 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 that has yet to be financed.

The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to borrow during the year to fund capital investment which has not been funded immediately from resources such as grants, capital receipts and direct funding from revenue.

	2015/16 £	2016/17 £
Opening Capital Financing Requirement	**899,726**	**543,592**
Capital Investment in Year		
Property, Plant & Equipment	179,331	7,044,705
Intangible Assets	20,969	107,196
Loans from capital resources	72,000	0
Revenue Expenditure Funded from Capital under Statute	852,493	752,431
	1,124,793	7,904,331
Sources of Finance		
Capital Reciepts	147,848	815,000
Government grants & other cotnributions	358,422	676,728
Minimum Revenue Provision	356,122	372,986
Earmarked reserves	0	1,118,400
Direct Revenue Contributions	618,535	600,658
	1,480,927	3,583,772
Net Increase / (Decrease) in Capital Financing Requirement	**(356,134)**	**4,320,559**
Closing Capital Financing Requirement	**543,592**	**4,864,151**

E1. Notes to the Cash Flow Statement

a. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2015/16 £	2016/17 £
Depreciation, amortisation and impairment	1,541,303	1,564,343
Increase / (decrease) in creditors	(620,323)	2,697,375
(Increase) / decrease in debtors	(4,249,212)	3,473,287
Increase / (decrease) in provision for bad debts	431,921	9,927
(Increase) / decrease in inventories	5,666	11,487
Pensions' liability	1,930,000	2,002,000
Carrying amount of non current assets sold	196,979	915,914
Increase / (decrease) in provisions	(101,998)	0
Movements in the fair value of investment properties	(597,294)	4,316,719
Other non cash items charged to Surplus/Deficit on the Provision of Services	(422,822)	1,789,032
	(1,885,780)	**16,780,084**

b. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing or financing activities

	2015/16 £	2016/17 £
Capital grants and contributions	(459,298)	(841,095)
Proceeds from the sale of non current assets	(337,710)	(120,000)
	(797,008)	**(961,095)**

c. Investing Activities

	2015/16 £	2016/17 £
Purchase of property, plant & equipment and other capital investment	(271,094)	(7,153,120)
Purchase of short term and long term investments	(14,000,000)	(23,750,000)
Proceeds from the sale of non current assets	439,382	436,247
Proceeds from disposal of short term and long term investments	13,020,316	19,843,093
Other (reciepts) / payments from investing activities	744,292	1,855,058
	(67,104)	**(8,768,722)**

d. Financing Activities

	2015/16 £	2016/17 £
Finance lease repayments	(356,122)	(583,565)
	(356,122)	**(583,565)**

F1. Defined Benefit Pension Scheme

Participation in pension schemes

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

The Authority participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS) is administered locally by Oxfordshire County Council. It is a defined benefit scheme, based upon final salary scheme and length of service upon retirement. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits 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 payments as they eventually fall due.

Changes to the LGPS came into effect from 1st April 2014. Benefits accrued from this date will be based on a career average revalued salary. Various protections will be in place for those members and benefits accrued in the scheme before the changes take effect.

The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). It is contracted out of the State Second Pension.

Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge the Council makes to council tax is based upon the actual cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement (MiRS).

The following transactions have been charged to the Comprehensive Income & Expenditure account and General Fund Balance during the year:

	2015/16 £	2016/17 £
Comprehensive Income & Expenditure Statement		
Cost of Services:		
Current Service Cost	1,614,000	1,433,000
Past Service Cost	165,000	147,000
(Gains)/loss from settlements	0	358,000
Financing and Investment Income & Expenditure:		
Net Interest Expense	1,014,000	1,045,000
Net Charge to Surplus or Deficit on Provision of Services	**2,793,000**	**2,983,000**
Other post employment benefit charged to Comprehensive Income & Expenditure Statement		
Remeasurment of the net defined benefit liability comprising:		
Return on Plan Assets	1,465,000	(7,522,000)
Actuarial (gains) / losses arising on changes in financial assumptions	(5,124,000)	17,247,000
Actuarial gains and losses - demographic assumptions	0	(479,000)
Experience (gains) / losses on defined benefit obligation	7,000	(1,622,000)
Other actuarial (gains) / losses	0	(668,000)
	(3,652,000)	**6,956,000**
Total post employment benefits charged to the Comprehensive Income & Expenditure Statement	**(859,000)**	**9,939,000**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	**(2,793,000)**	**(2,983,000)**
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to the scheme	**863,000**	**981,000**

Pension Assets and Liabilities recognised in the Balance Sheet

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

	2015/16 £	2016/17 £
Present value of the defined benefit obligation - funded	(71,492,000)	(88,265,000)
Present value of unfunded obligations	(649,000)	(683,000)
Fair Value of Plan Assets	43,659,000	51,508,000
Net liability arising from defined benefit obligation	**(28,482,000)**	**(37,440,000)**

Reconciliation of Movements in the Fair Value of Scheme (Plan) Assets

	2015/16 £	2016/17 £
Opening Fair Value of Scheme Assets	44,518,000	**43,659,000**
Interest Income	1,456,000	1,535,000
Administration Expense	(27,000)	(29,000)
Remeasurement Gains / (Losses)	(1,465,000)	7,522,000
Other Actuarial gains/losses	-	668,000
Employers' Contributions [including Unfunded]	863,000	981,000
Employee Contributions	390,000	471,000
Benefits Paid [including Unfunded]	(2,076,000)	(2,679,000)
Settlement prices received /paid	-	(620,000)
Closing Balance 31 March	**43,659,000**	**51,508,000**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

		2015/16 £	2016/17 £
Opening Balance 1 April		**(74,722,000)**	**(72,141,000)**
Current Service Cost		(1,614,000)	(1,433,000)
Interest Cost		(2,443,000)	(2,551,000)
Contributions from Scheme Participants		(390,000)	(471,000)
Past Service Cost		(165,000)	(147,000)
Remeasurement Gains / (Losses)		5,117,000	(15,625,000)
Change in demographic assumptions		0	479,000
Liabilities assumed/extinguished on settlements		0	262,000
Benefits Paid		2,034,000	2,637,000
Unfunded Benefits Paid		42,000	42,000
Closing Balance 31 March		**(72,141,000)**	**(88,948,000)**
	Funded	(71,492,000)	(88,265,000)
	Unfunded	(649,000)	(683,000)

Composition Of Scheme Assets

	2015/2016 Quoted %	2015/2016 Unquoted %	2016/2017 Quoted %	2016/2017 Unquoted %
Fixed Interest Government Securities				
UK	5.4%		3.9%	
Overseas	2.7%		2.3%	
Index Linked Government Securities				
UK	5.2%		4.7%	
Overseas				
Corporate Bonds				
UK	3.1%		3.2%	
Overseas	0.4%		0.1%	
Equities				
UK	18.4%	14.4%	20.3%	12.9%
Overseas	10.6%	20.6%	11.3%	22.6%
Property				
All	0.0%	7.9%		6.5%
Others				
Limited Liability Partnerships	0.0	3.9%		3.4%
Diversified Growth Fund	0.0%	4.4%		4.5%
Cash / Temporary Investments	2.9%		3.9%	
Net Current Assets				
Debtors	0.8%		0.8%	
Creditors	-0.7%		-0.2%	
	48.8%	**51.2%**	**50.2%**	**49.8%**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, as an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries.

Mortality Assumptions	**Males**	**Females**
Current Pensioners	23.4 yrs	25.5 yrs
Future Pensioners (those aged 45 at March 2017)	25.6 yrs	27.8 yrs
Financial Assumptions	**2015/16**	**2016/17**
Rate of increase in pensions	2.3%	2.7%
Rate of increase in salaries	4.1%	4.2%
Discount Rate	3.6%	2.7%

These assumptions are set with reference to market conditions at 31st March 2017:

In addition the following assumptions have been made:

- Members will exchange half of their commutable pension for cash at retirement
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age
- 10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In accounting for the Pension Fund, the actuary applies a number of assumptions in measuring the scheme liabilities. Sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	87,315	88,948	90,613
Projected service cost	2,285	2,341	2,398
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	89,198	88,948	88,700
Projected service cost	2,341	2,341	2,341
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	90,362	88,948	87,561
Projected service cost	2,398	2,341	2,285
Adjustment to life expectancy assumptions	+1 Year	None	- 1 Year
Present value of total obligation	92,319	88,948	85,704
Projected service cost	2,416	2,341	2,269

Pension Prepayment

West Oxfordshire District Council is planning on making a prepayment of pension past-service deficit contributions in 2017/18. The payment will cover the proposed contributions for 2017/18, 2018/19 and 2019/20 and will be paid in one transaction. The payment of £1,298,000 will be made in April 2017 and will remove the requirement to make contributions to the past service cost deficit in 2018/19 and 2019/20.

The estimated employer's contributions for the year to 31st March 2018 will be approximately £1,302,000.

F2. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

	Long Term 2015/16 £	Long Term 2016/17 £	Current 2015/16 £	Current 2016/17 £
Loans and Receivables				
Investments - cash equivalents	0	0	3,512,398	6,566,543
Investments - investments	6,317,676	5,039,321	1,031,182	4,783,814
Debtors	0	0	3,136,365	2,234,315
	6,317,676	5,039,321	7,679,945	13,584,672
Available for Sale Financial Assets				
Availbale-for-sale financial assets	17,006,913	15,647,826	0	1,086,185
Total Financial Assets	**23,324,589**	**20,687,147**	**7,679,945**	**14,670,857**
Financial Liabilities at Amortised Cost				
Creditors	0	0	(4,660,816)	(1,453,003)
Total Financial Liabilities	**0**	**0**	**(4,660,816)**	**(1,453,003)**

Not all short term debtors and creditors fall within the definition of “financial instruments”. The difference between the totals shown on the Balance Sheet and the values above is as follows:

	Long Term Debtors	Long Term Creditors	Current Debtors £	Current Creditors £
Total on Balance Sheet	608,815	(17,924)	4,334,831	(9,939,281)
Statutory & Government Debtors / Creditors	(573,830)	0	(1,523,383)	5,668,350
Prepayments / Receipts in Advance	0	0	(169,617)	1,955,983
Finance Lease Principal / Liabilities	(34,985)	17,924	(36,167)	208,508
Total Financial Instruments	**0**	**0**	**2,605,664**	**(2,106,440)**

The Council has a number of investments invested in Pooled funds that under the strict guidance of the CIPFA Code would be classified as Available for Sale assets (short-term investments), due to the type and liquidity of the assets. The Council however has purchased these assets for the longer-term, looking towards their returns and capital appreciation over time. The Council has no intention of trading or disposing of the assets in the foreseeable future. The assets have therefore been included under the ‘long-term’ heading due to the reasons stated above.

Income, Expense, Gains and Losses

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

2015/2016				2016/2017		
Financial Assets		Financial Liabilities		Financial Assets		Financial Liabilities
Loans & Receivables	Available for Sale	Amortised Cost		Loans & Receivables	Available for Sale	Amortised Cost
£	£	£		£	£	£
0	0	0	Interest expense	0	0	0
20,000	1,000	0	Fee expense	18,312	1,000	0
20,000	**1,000**	**0**	**Total expense in Surplus / Deficit on Provision of Services**	**18,312**	**1,000**	**0**
(278,000)	(374,000)	0	Interest income	(263,615)	(470,361)	0
(278,000)	**(374,000)**	**0**	**Total income in Surplus / Deficit on Provision of Services**	**(263,615)**	**(470,361)**	**0**
(258,000)	**(373,000)**	**0**	**Net (Gain) / Loss for the Year**	**(245,303)**	**(469,361)**	**0**

Fair Values of Assets and Liabilities

For each class of financial assets and financial liabilities, the Council is required to disclose the fair value of that class of assets and liabilities in such a way that a comparison with the carrying amount is possible.

Investments consist of loan and receivables, available for sale and fair value through profit and loss investments. Loans and receivables are carried on the Balance Sheet at amortised cost, whereas the other two categories of investment are carried at fair value. The portion of debt and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under short term liabilities or short term investments. This also includes accrued interest for long term investments and borrowings, as well as accrued interest for cash and cash equivalents.

The CIPFA Code of Practice requires the fair values of these assets and liabilities to be disclosed for comparison purposes. ‘Fair value’ is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s-length transaction. The fair value of a financial instrument on initial recognition is generally the transaction price.

The Council deems the carrying amount of its short term instruments and deferred liabilities (i.e. finance leases) to be a reasonable approximation of the instruments fair value.

The fair values have been calculated as follows:

	2015/2016 Carrying Amount	2015/2016 Fair Value	2016/2017 Carrying Amount	2016/2017 Fair Value
	£	£	£	£
Investments	24,355,771	24,315,771	26,557,146	26,636,628
Cash and cash equivalents	3,512,398	3,512,398	6,566,543	6,566,543
Debtors	3,136,365	3,136,365	2,234,315	2,234,315
Total Financial Assets	**31,004,534**	**30,964,534**	**35,358,004**	**35,437,486**
Creditors	(4,660,816)	(4,660,816)	(1,453,003)	(1,453,003)
Total Financial Liabilities	**(4,660,816)**	**(4,660,816)**	**(1,453,003)**	**(1,453,003)**

Fair value hierarchy

International Financial Reporting Standard 13 (IFRS13) indicates that when measuring fair value, the following must be considered:

- The asset or liability being measured, including its condition, location and any restrictions on sale
- The principal (or most advantageous) market in which an orderly transaction would take place for the asset or liability
- For a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis
- The assumptions that market participants would use when pricing the asset or liability

The Code requires all assets measured at fair value to be classified into one of three levels, depending upon the basis of valuation.

- Level 1 - unadjusted quoted prices for identical assets and liabilities in active markets.
- Level 2 - other observable inputs for the asset or liability such as quoted prices in active markets for similar assets or liabilities or quoted prices for identical assets or liabilities in markets which are not active.
- Level 3 - unobservable inputs developed by an entity using the best information available where there is little or no market activity for the asset or liability at the measurement date.

The council’s financial assets and liabilities are deemed to be categorised as Level 1 in the valuation hierarchy, as the fair value of the assets have been derived primarily from active markets.

Soft Loans

Where loans are advanced at preferential or below market rates they are classed as 'Soft Loans'. The Code of Practice sets out specific accounting and disclosure requirements for soft loans.

The Authority makes available loans at less than market rates to its employees specifically for car purchases. These loans are included within the Councils debtor's balances. The value of loans outstanding at the balance sheet date is as follows:

	31 March 2016 £	31 March 2017 £
Employee Car Loans [2% interest]	84,525	46,019
	84,525	**46,019**

The Council is currently debt-free and does not have to borrow to finance its activities. Therefore, the notional cost of granting these loans equates to the investment interest which the Council would have made if the balance had been available to invest as part of its other treasury management investing activity.

However, the interest rate charged for staff car loan is at 2% which is higher than average gross return of 1.87% on the treasury investment activities.

F3. Nature and extent of risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The Council does not require debt financing and currently does not have any external borrowing. As such, the key risks are in relation to its financial assets. These are as follows:

- Credit risk – the possibility that other parties may fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a rest of changes in such measures as interest rate movements.

Overall procedures for managing risk

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

- By formally adopting the requirements of the CIPFA code of Practice for Treasury Management Services

- By approving annually in advance prudential indicators for the following three years limiting:
  - Limits on the Council's overall debt [external borrowing]
  - The Council's maturity structure of its borrowing [currently £0]
  - The Council's upper limit for exposure to fixed and variable rate investments
  - The maximum exposure to investments maturing beyond a year

- By annually approving a Treasury Management Investment Strategy for the forthcoming year, setting out criteria for investments and specifying the minimum requirements for all counterparties

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

The Authority has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in November 2011).

As part of the adoption of the Treasury Management Code, the Authority approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the CLG's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Authority's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

These policies are implemented by a central treasury team. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices.

Credit Risk

The Authority manages credit risk by ensuring that investments are placed with the Debt Management Office, other local authorities, AAA-rated money market funds and Banks and Building Societies of sufficiently high credit quality as set out in the Treasury Management Strategy. A limit of £7m of the total portfolio is placed on the amount of money that can be invested with a single counterparty. The Authority also sets a total group investment limit for institutions that are part of the same banking group. No more than £15m in total can be invested for a period longer than one year.

It must also be noted that although credit ratings remain a key source of information, the Authority recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Authority's Treasury Management Strategy Statement for 2016/17, approved by Full Council in February 2016. The 2016/17 Treasury Strategy can be found via the following web link: www.westoxon.gov.uk.

The ratings of the financial institutions holding Council investments (and investments classified as cash equivalents) at the Balance Sheet date is as follows:

	Investment Balance
Fixed duration deals	
Banks - Fitch rating F1	£5,700,000
Building Societies - Fitch rating F1	£0
Glitnir escrow account - original balance (not rated)	£0
Call accounts and other 'cash equivalent' investments	
Fitch rating F2	£0
Fitch rating AAAmmf	£6,565,000
Pooled funds	
Non-rating agency rated pooled fund	£12,000,000
separately approved by the Council's Treasury Management advisors	

The table below summaries the nominal value of the Authority's investment portfolio at 31st March 2017 and confirms that all investments were made in line with the Authority's approved credit rating criteria at the time of placing the investment:

	Investment values - maturing within:			
	0-3 mths	**3-6 mths**	**6-12 mths**	**1 year +**
	£	***£***	***£***	***£***
Internally managed funds				
Call Accounts	6,565,000	0	0	0
UK Banks	1,700,000	0	3,000,000	0
Foreign Banks	0	1,000,000	0	0
UK Building Societies	0	0	0	0
UK Local Authorities	0	0	0	0
Externally managed funds				
Pooled Funds	0	0	0	12,000,000

 # The Council holds one remaining investment with the Icelandic-based bank KSF. Based upon guidance from the Local Authority Accounting Panel (LAAP) Bulletin 82 (update 7) the Council has opted to classify the balance as a short-term investment, despite the precise maturity date for the return of the investments remaining uncertain.

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has access to borrowing facilities via the Public Works Loan Board, commercial banks, bond issues, medium term notes, tax increment financing, the European Investment Bank, and other local authorities. There is no perceived risk that the Authority will be unable to raise finance to meet its commitments.

The Authority also has to manage the risk so that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Authority would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities. The Authority has no outstanding borrowing as at 31st March 2017.

Market risk – interest rate risk

The Authority is exposed to risks arising from movements in interest rates. The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 100% on external debt that can be subject to variable interest rates. It should be noted that 100% is a maximum proportion, but this is a reflection of the Council's debt-free status and minimal requirements to borrow.

Investments are also subject to movements in interest rates. As investments are made at fixed rates, but for shorter periods of time, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

If all interest rates had been 1% higher (with all other variable held constant) the financial effect would be:

	2016/17 **£**
Increase in interest payable on borrowing	0
Increase in interest receivable from investments	340,106
Impact on the Surplus / Deficit on Provision of Services	**340,106**

Foreign Exchange Risk

The Authority holds one remaining deposit of £23,202 with the Icelandic bank KSF. This investment, however is denominated in £ sterling. The Council deals in £ sterling wherever possible.

F4. Leases

The Council as Lessee [obtaining assets under a leasing arrangement]

Finance Leases

The Authority entered into a 7 year contract for waste collection and recycling with effect from 1st October 2010. This arrangement has been determined to be an embedded finance lease as the vehicles utilised in performing the service are used solely upon the WODC contract. Therefore an element of the contract sum has been attributed to the lease of the vehicles. The assets acquired under this lease are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2016 £	31 March 2017 £
Vehicles, Plant, Furniture & Equipment	**701,119**	**366,048**

The Authority is committed to making minimum payments under this lease comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years, while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2016 £	31 March 2017 £
Finance Lease liabilities	601,488	228,502
Finance costs payable in future years	24,360	4,336
Minimum Lease Payments	**625,848**	**232,838**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2016 £	31 March 2017 £	31 March 2016 £	31 March 2017 £
Not later than one year	393,533	214,672	372,000	210,579
Later than one year & not later than five years	232,315	18,167	229,488	17,924
	625,848	**232,839**	**601,488**	**228,503**

Operating Leases

The Authority leases several vehicles, printer/copiers and a number of premises in the local area. Minimum lease payments due under non-cancellable leases in future years are as below:

	31 March 2016 £	31 March 2017 £
Not later than one year	159,296	158,246
Later than one year & not later than five years	517,994	515,200
Later than five years	800,189	679,227
	1,477,479	**1,352,673**

The expenditure charged and income credited to the cost of services is as follows:

	31 March 2016 £	31 March 2017 £
Minimum Lease Payments	109,823	111,891
Sublease payment receivable	(147,858)	(141,893)

<u>Authority as Lessor [leasing assets out]</u>

Finance Leases

The Council leases a number of Waste Collection and recycling vehicles to Ubico Ltd.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the asset and finance income that will be earned by the Authority for the period while the debt remains outstanding.

	31 March 2016 £	31 March 2017 £
Present value of principal payments outstanding on non current assets	179,819	71,153
Unearned finance income	6,000	2,598
	185,819	**73,751**

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

	Gross Investment in the Lease		Minimum Lease Payments (excl. int)	
	31 March 2016	31 March 2017	31 March 2016	31 March 2017
	£	£	£	£
Not later than one year	112,000	37,469	109,000	36,167
Later than one year & not later than five years	68,000	33,450	70,819	32,205
Later than five years	6,000	2,831	6,000	2,780
	186,000	**73,750**	**185,819**	**71,152**

The Council has not included any allowance for uncollectable debts in the table above. Any outstanding debts would be accounted for within the Sundry Debtors bad-debt provision calculation.

Operating Leases

The Authority leases out a number of premises within the local area. The future minimum lease payment receivable under non – cancellable leases in future years are:

	31 March 2016	31 March 2017
	£	£
Not later than one year	2,449,650	2,872,388
Later than one year & not later than five years	7,798,587	9,859,729
Later than five years	43,432,246	39,904,254
	53,680,483	**52,636,371**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the balance sheet date.

F5. Accounting Policies

i) General Principles

The Statement of Accounts summarises the Authority's transactions for the financial year and its position at the 31st March year-end. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, those regulations which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* supported by International Financial Reporting Standards (IFRS).

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 it takes place, not when physical cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- 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 [stock] on the Balance Sheet, where the value is material.
- 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 is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument ('what is due') rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. For all debts outstanding at the balance sheet date the balance of debtors is written down and a charge made to revenue for the income that might not be collected (bad debts).

iii) Cash and Cash Equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable, without penalty, on notice of not more than 24 hours. This includes bank call-accounts, Money Market Funds (MMF) and any other 'overnight-type' investments.

iv) Charges to Revenue for Non-Current Assets

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

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

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

v) 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.

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 (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlement (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Overtime is only paid on limited occasions and requires prior Head of Service approval. Overtime is not contractual or regular, and therefore any holiday leave potentially accruing on overtime worked is not significant. The Council does not accrue for holiday pay due on overtime.

Termination benefits

Termination benefits are amounts payable as a result of decisions by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or 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 Authority to the pension fund or the employee in the year, not the amount calculated according to the relevant accounting standards.

vii) Post-employment Benefits

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

The Local Government Pension Scheme

The Local Government Pension Scheme 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 future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the gross redemption yield on the Iboxx Sterling Corporate Index, AA over 15 years, at the IAS19 valuation date. This is a high quality corporate bond of equivalent term and currency to the liability.
- The assets of the Oxfordshire County Council pension fund attributable to the Authority 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

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

Discretionary Benefits

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

viii) Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

ix) Financial Instruments

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

Any borrowing that the Authority may undertake would be presented in the Balance Sheet at the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and receivables
Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

Where loans are repaid in advance of the settlement date the Council will recognise any interest paid in respect of the loan in the financial year in which settlement is received.

x) Government Grants and Contributions

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

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is only then credited to Comprehensive Income and Expenditure Statement.

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

Most Section 106 grant contributions which the Council holds have conditions which require the contribution to be returned if the contribution remains unspent after 5 years. Although it is highly probable that the conditions will be met, it is not guaranteed. Section 106 contributions are therefore held on the balance sheet as creditors. Similarly, where grants have been received for specific projects these are treated as grants with conditions [creditors] until the project has begun or the item of equipment to which the grant relates has been purchased.

xi) Heritage Assets

Heritage Assets are those assets which are held and maintained principally for their historical, cultural, artistic, or educational significance. The Authority's Heritage Assets are held as tangible assets, being public art in locations around the district. They are recognised and measured in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Authority's heritage assets are accounted for as follows:

- Art Collection – this consists of public art such as sculptures and statues, and is reported in the Balance Sheet at historic cost which is deemed to be a proxy for market value. The Authority considers that obtaining valuations for its public art would involve a disproportionate cost in comparison to the benefits to the users of the Authority's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The assets are deemed to have indeterminate lives and a high residual value, hence the authority does not consider it to be appropriate to charge depreciation.

- Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuation provided by the external valuers and with reference to appropriate commercial markets for the asset using the most relevant and recent information (eg. from sales at auctions).

The carrying amounts of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment – see note (u) in this summary of significant accounting policies.

The proceeds of any heritage asset disposal will be accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

xii) Intangible Assets

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

The depreciable amount of an intangible asset is amortised over its useful life (usually 5 years) to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The Council carries no internally generated intangible assets on its balance sheet.

xiii) Inventories and Long Term Contracts

Inventories [stocks] are included in the Balance Sheet at cost.

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

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 if is classified as held for sale.

Investment properties are measured initially at cost and subsequently at 'highest and best' valuation method. Properties are not depreciated but are subject to a review at year end to determine whether market conditions require properties to be revalued. Any gains or losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xv) Leases

Leases are classified as finance leases when 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 building 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 Authority as Lessee

<u>Finance leases</u>
Property, plant and equipment held under a finance lease 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 authority may be added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability, and

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

Property, plant and equipment recognised under finance leases is accounted for using the polices 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 Authority at the end of the lease period).

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

Operating leases
Lease payments made under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased asset.

The Authority as Lessor

Finance leases
Where the Authority 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.

Lease rentals receivable are apportioned between:

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

Any gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement on 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. 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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases
Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the "Other Operating Expenditure" line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset (if material) and charged as an expense over the lease term on the same basis as rental income.

xvi) Overheads and Support Services

The costs of overheads and support services are charged to those internal reporting directorates that benefit from the supply or service 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 Authority 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 (e.g. repairs and maintenance) is charged as an expense when it is incurred.

The Council's capitalisation de minimis is £10,000, except for where the sum of a group of assets is significant, such as waste collection bins and boxes or ICT equipment.

Measurement
Assets are initially measured at cost, comprising:

- the purchase price
- any costs directly 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 'cost' of an asset acquired other than by purchase is deemed to be its fair value, unless the acquisition was for no monetary value. Where the purchase of an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are carried in the Balance sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- Surplus assets – "highest and best use"
- all other classes of asset – "current cost", determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of 'current cost' because of the specialist nature of an asset, depreciated replacement cost (DRC) is used an estimate of current cost".

Items of equipment, which have short useful lives or low values (or both) are held on the balance sheet at depreciated historical cost, as an approximation of current cost.

Assets included in the balance sheet at current cost are revalued to ensure that their carrying amount is not materially different from their value at year-end. All land and buildings are revalued at least every 5-years as part of a rolling programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where items or property plant and equipment are revalued, and the valuers identifies an asset which has component parts that have significantly different useful lives, where one or more parts represent a significant proportion of the overall asset, then the asset may be componentised. With componentisation, one or more constituent parts may be identified, and the component parts separately valued for the accounts and depreciated over different useful lives to the main asset. Useful economic lives (and therefore depreciation calculations) will be based upon the asset lives recommended by the Council's valuers.

Upon revaluation, 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 gain)

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, 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 there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation
Depreciation is provided for on all Property, Plant and Equipment assets. Assets are written-down over the useful life of the asset. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are under construction (and not yet available for use).

Depreciation is calculated on the following bases:

- Operational buildings and surplus property – depreciated on a straight-line basis, over a 40 year period (unless an asset life is deemed to be materially different to this by the Council's Valuer).
- Car Park depreciable components (surface) – 20 years
- Land is not depreciated
- Vehicles, plant, furniture and equipment – depreciated on a straight-line basis, over a 5-year period
- Investment property is not depreciated

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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 current cost less costs to sell.

If assets no longer meet the criteria to be classified as Assets Held for Sale, it will be reclassified back to non-current assets and valued at the lower of their carrying amount before being 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 is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any accumulated revaluation gains held for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposal in excess of £10,000 are categorised as capital receipts.

xviii) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and certainties.

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 (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 Authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority 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 authority. 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.

Any material contingent liabilities are disclosed in the notes to the accounts.

Contingent Assets

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

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

xix) Reserves

The Authority 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, via the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then charged back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement & employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

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 is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account to reverse out the amounts charged so there is no impact on the level of council tax.

xxi) Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

F6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note F5 above, 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:

- The Council has a one-sixth share in Ubico Limited. The company provides a range of integrated environmental services including, commercial refuse collection and grounds maintenance services on behalf of the Council. The separate operating practices, management structure and the application of majority-voting on the Ubico Limited board do not constitute the Council having joint-control or significant influence over the company. The Council's interest has therefore been classified as an investment in Ubico and group accounts have not been prepared.
- There is a high degree of uncertainty about the future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- A significant level of risk remains due to the volume of outstanding business rates appeals which are being processed by the Valuation Office. Where appeals are successful, refunds of business rates are generally repayable back to the latest valuation date which reduces the business rates yield in the year in which the refund is made. This set of accounts includes a provision for appeal losses. The value has been assessed using information of outstanding appeals supplied by the valuation office, as at 31st March, and using experience of previous appeals rates, and Government guidance upon appeals rates.

F7. Accounting Standards Not Yet Adopted

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. There is also the requirement for an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

Changes to the 2017/18 code are limited to
- amendment of reporting of pension fund scheme transaction costs
- amendment to the reporting of investment concentration

Neither of these changes is expected to have significant impact on the Council's accounts.

F8. Assumptions and Other Major Sources of Estimation

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Significant assumptions affecting the statement of accounts include:

Item	Uncertainties	Effect if actual result differs from assumption
Property, Plant & Equipment	Operational assets are depreciated over the best estimate of an assets useful economic life. These asset lives are based upon assumed repairs and maintenance being carried out to maintain an asset. Asset lives are based upon information provided by the Council's valuer.	If the useful economic life of an asset is reduced, depreciation increases and the carrying value of an asset will fall.
Pension Liability	The estimation of the pension liability is based upon a number of factors and judgements applied by the scheme's actuary. Estimates are made upon judgements and conditions as seen by the actuary at a point in time.	The effect of changing assumptions will result in changes in the valuation of the pension funds' assets and liabilities.
Bad debt provisions (impairment of receivables)	Debtors on the balance sheet assume an element of bad debt (when debtors cannot/will not settle their debt to the Council).	Income receivable included in the accounts will differ from that actually received. The CI&E could be overstated. The effect is offset by establishing a suitable provision based upon the best information available on the likelihood of invoices not being settled.
Bad debt provision – HB overpayments	Where it has been found that Housing Benefit has been overpaid the Council is able to recover the overpayment from on-going benefit. The Council has established a 100% provision against such overpayments due to the difficulty surrounding recovering such debts from individuals who are already short of money. Potential changes in the delivery of Housing Benefit with a possible transfer of the service to Central Government (with changes to Universal Credit), there is a risk that the Council will be left with all outstanding debt at the point of transfer.	If the Council has overprovided then the income to the revenue account will have been understated. A share of the provision will then need to be written-back to the Income & Expenditure account.

Where other assumptions have been made these will be disclosed in the appropriate note to the accounts.

F9. Contingent Liabilities and Contingent Assets

The Council is currently seeking compensation from one of its contractors for breach of contract in the poor design and workmanship (as the Council sees it) in respect of roofing works at one of the Council's leisure centres. A legal decision in the Council's favour will result in a payment of compensation to the Council to enable part, or all, of the roof to be replaced. A decision against the Council may result in legal costs falling upon the Council.

The Council has no other significant contingent assets or liabilities to report.

F10. Related Parties

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

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant element of the Council's funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (e.g. council tax bills and housing benefits). Details of any significant grants received in the year are listed under Note B9, *Grant Income.*

Members of the Council

Members of the council have direct control over the council's financial and operating policies. The total of Members' allowances paid in 2016/17 is disclosed in Note B6, *Members' Allowances*.

All elected Members are required to complete a questionnaire detailing any areas where potential conflicts of interest may occur between their private interests and their position as the elected representatives of the Council. Details are recorded in the register of members' interest, open to public inspection at the Council Offices during office hours. There are no significant related party transactions to report.

Officers

By virtue of the Officer Code of Conduct, employees of the Council are required to declare any relationship with individuals, organisations or companies that might prejudice, or could be viewed as influencing, their professional judgement. Senior officers and officers within positions of influence within the Council are required to complete a standard "Register of Officers" Interests" Declaration Form. The declaration requests details on any interests officers may have within the District and any external bodies to which they belong which may transact with the Council. Signed declarations are held even where no conflicts of interest have been reported.
Completed forms are held by the Monitoring Officer, as part of a Register of Officers" Declarations of Interest. There were no declarations that required further disclosure in this statement of accounts.

Cotswold District Council

West Oxfordshire District Council shares a number of officers with Cotswold District Council under a joint working relationship. Although the officers in these positions have influence over operational activities, decisions on overall policy and the strategic direction are still set by Cabinet and Council. The shared senior posts as at 31st March are as follows:

Employed by West Oxfordshire District Council	Employed by Cotswold District Council
MD Partnership	Strategic Director (Planning)
Strategic Director (Resources)	Group Manager – GO Shared Services
Group Manager – ICT, Change & Customer Services	Group Manager – Land, Legal & Property
Group Manager – Revenues & Housing Support	Head of Environmental Services
Group Manager – Environmental & Regulatory Services	
Head of Leisure & Community Services	

In addition to the senior positions listed above, a number of operational staff are shared in a bid to boost efficiency and reduce costs. Each shared officer has one 'parent' Council who employs them (and deals with all employment issues). The employing Council then charges the cost of the employee to the corresponding Council for any work done.

Other Public Bodies

The Council collects precepts on behalf of Oxfordshire County Council, Thames Valley Police & Crime Commissioner and the Town and Parish Councils within the Council area. Precepts for the County Council and Police Authority are shown in the Collection Fund. Town and Parish precepts are shown in the Comprehensive Income and Expenditure Account.

The Council provides retirement benefits to its employees. The Local Government Pension Scheme is administered by Oxfordshire County Council (see note E1).

Ubico Ltd

Ubico Ltd. was established in 2011/12 by Cheltenham Borough Council and Cotswold District Council to deliver a range of integrated environmental services including household and commercial refuse collection, recycling, street cleansing and grounds maintenance. It commenced operations on 1 April 2012.

During 2015/16 West Oxfordshire District Council became a shareholder of Ubico Ltd. The Council holds an equal $1/7^{th}$ shareholding in the Company.

The company provides services to the shareholder councils on a not-for-profit basis and therefore qualifies for the teckal exemption (named after the EU case that established the principle). As a teckal company, Ubico Ltd must ensure that the percentage of work undertaken outside of the shareholder contracts is less than 20% of its total activity.

While the Council has a $1/7^{th}$ shareholding in Ubico Ltd, and a place on the Board of Ubico Ltd, the Council is not deemed to have significant influence over the company. The separate operating practices, management structure and majority-voting on the Ubico board do not constitute any means of joint-control over the company. The Council's interest is therefore classed as an investment in Ubico.

Mr. D. Neudegg, holds the position of non-executive Director on the board of Ubico Ltd on behalf of the Council.

F11. Prior-year re-presentation (Comprehensive Income & Expenditure Statement)

The 2016/17 Code of Practice on Local Government Accounting in the United Kingdom removed the requirement for local authorities to present their Comprehensive Income & Expenditure Statement in accordance with SERCOP Service Expenditure Analysis. The following table shows how the lines in the 2015/16 statement have been re-presented in this year's accounts.

SERCOP Classification	As Published 2015/2016 £	*Recharges Adjs.* £	*Re-classification* £	Total Adjs. £	Represented 2015/2016 £	Internal Reporting Directorates
Cultural & Related Services	1,972,899	*(186,287)*	*157,914*	(28,373)	1,944,526	Leisure & Communities
Environmental & Regulatory Services	5,003,839	*46,921*	*(4,367,221)*	(4,320,300)	683,539	Environmental & Regulatory Services
Planning Services	1,840,559	*(541,162)*	*(439,429)*	(980,591)	859,968	Planning & Strategic Housing
Highways, Roads & Transport Services	41,134	*(106,449)*	*4,213,637*	4,107,188	4,148,322	Environmental Services
Housing Services	1,530,097	*(407,733)*	*152,939*	(254,794)	1,275,303	Revenues & Housing Suppport
Corporate & Democratic Core	1,947,731	*(988,256)*	*(35,957)*	(1,024,213)	923,518	Democratic Services
	0	*0*	*474,636*	474,636	474,636	Other Retained Services
Non Distributed Costs	165,000	*0*	*(165,000)*	(165,000)	0	
Central Services to the Public	867,706	*2,273,346*	*(3,141,052)*	(867,706)	0	
	0	*0*	*876,874*	876,874	876,874	GO Shared Services
	0	*0*	*1,544,942*	1,544,942	1,544,942	ICT, Change & Customer Services
	0	*0*	*649,324*	649,324	649,324	Land, Legal & Property
	0	*0*	*78,393*	78,393	78,393	Partnership MD and 2020 Programme Costs
Cost of Services	**13,368,965**	***90,380***	***0***	**90,380**	**13,459,345**	
Other Operating Expenditure	2,580,571	*0*	*0*	0	2,580,571	
Financing and Investment I&E	(3,587,329)	*(90,380)*	*0*	(90,380)	(3,677,709)	
Taxation & Non-specific Grant Income	(13,693,172)	*0*	*0*	0	(13,693,172)	
(Surplus) / Deficit on Provision of Services	**(1,330,965)**	***0***	***0***	**0**	**(1,330,965)**	

THE COLLECTION FUND

This “Agent’s” statement shows the transactions of the Council as a billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and National Non Domestic Rates (Business Rates).

2015/2016 Business Rates £	2015/2016 Council Tax £	2015/2016 Total £		Note	2016/2017 Business Rates £	2016/2017 Council Tax £	2016/2017 Total £
0	(64,773,819)	(64,773,819)	Council Tax receivable	*G1*	0	(68,164,634)	(68,164,634)
(32,106,341)	0	(32,106,341)	Business Rates Receivable	*G2*	(35,433,104)	0	(35,433,104)
17,768	0	17,768	Transitional Protection Payments		(21,973)	0	(21,973)
0	0	0	Contribution to previous year's deficit / (Surplus)		(2,715,780)	0	(2,715,780)
(32,088,573)	**(64,773,819)**	**(96,862,392)**	**Total Income**		**(38,170,857)**	**(68,164,634)**	**(106,335,491)**
			Apportionment of previous year's surplus				
220,952	0	220,952	Central Government		0	0	0
176,764	114,249	291,013	West Oxfordshire District Council		0	78,325	78,325
44,191	899,035	943,226	Oxfordshire County Council		0	619,669	619,669
0	119,416	119,416	Thames Valley Police & Crime Commissioner		0	82,307	82,307
441,907	1,132,700	1,574,607			0	780,301	780,301
			Precepts, Demands and Shares				
16,625,798	0	16,625,798	Central Government		16,779,576		16,779,576
13,300,638	6,414,370	19,715,008	West Oxfordshire District Council		13,423,662	6,839,092	20,262,754
3,325,159	50,747,539	54,072,698	Oxfordshire County Council		3,355,916	53,203,478	56,559,394
0	6,740,480	6,740,480	Thames Valley Police & Crime Commissioner		0	6,930,849	6,930,849
33,251,595	63,902,389	97,153,984			33,559,154	66,973,419	100,532,573
			Charges on the Collection Fund				
387,890	59,866	447,756	Write-offs of uncollectable amounts		822,918	58,487	881,405
16,144	37,404	53,548	Increase / (decrease) in Bad Debt / Appeals Provisions	*G3*	(200,280)	85,330	(114,950)
163,844	0	163,844	Cost of Collection		164,154	0	164,154
294,335	0	294,335	Disregarded Amounts - Renewable Energy Schemes	*G4*	260,832	0	260,832
7,327	0	7,327	Interest on refunds		0	0	0
869,540	97,270	966,810			1,047,624	143,817	1,191,441
34,563,042	**65,132,359**	**99,695,401**	**Total Expenditure**		**34,606,778**	**67,897,537**	**102,504,315**
2,474,469	**358,540**	**2,833,009**	**(Surplus) / Deficit for the Year**		**(3,564,079)**	**(267,097)**	**(3,831,176)**
774,052	(1,062,443)	(288,391)	(Surplus) / Deficit brought forward		3,248,521	(703,903)	2,544,618
3,248,521	**(703,903)**	**2,544,618**	**(Surplus) / Deficit carried forward**	*G5*	**(315,558)**	**(971,000)**	**(1,286,558)**

THE COLLECTION FUND

G1. Council Tax System

Under the council tax system, West Oxfordshire District Council must collect each year enough money from local residents to cover the cost of the services we provide, which are not funded by other sources such as government grants and fees and charges.

Council Tax was introduced on 1 April 1993, and is a property based tax. The District Valuer valued all domestic property in the area and placed them into one of nine bands. In order to set the Council Tax, the Council estimates the number of dwellings in each of the nine valuation bands and convert these estimates into an "equivalent number of Band D dwellings". The table below shows the calculation for 2016/17.

BAND	Total CHARGEABLE DWELLINGS	BAND 'D' CONVERSION	BAND 'D' EQUIVALENT CHARGEABLE DWELLINGS	NEW Regulation ADJUSTMENT	NEW BAND D EQUIVALENT CHARGEABLE DWELLINGS
A*	1.00	5/9	0.56	0.00	0.56
A	1,179.25	6/9	786.17	22.99	809.16
B	3,956.00	7/9	3,076.89	21.01	3,097.90
C	14,261.75	8/9	12,677.11	49.78	12,726.89
D	9,522.32	1	9,522.35	-2,656.07	6,866.28
E	6,378.00	11/9	7,795.33	89.84	7,885.17
F	3,588.25	13/9	5,183.03	51.28	5,234.31
G	2,314.50	15/9	3,857.50	100.84	3,958.34
H	301.25	2	602.50	44.00	646.50
Total					41,225.10
Collection rate %					98.50%
Plus MOD contribution					905.30
TAXBASE					**41,512.03**

The total number of "equivalent Band D dwellings" is divided into the total cost of services to arrive at an "average Band D Tax" per dwelling. Dwellings in bands below "Band D" will pay proportionately less than this average and dwellings in bands above "Band D" will pay proportionately more than this average.

The above calculations resulted in an "average Band D Tax" of £1,613.35 per dwelling for 2016/17 (2015/16 - £1,551.94.

G2. National Non Domestic Rates

In April 2013 the government introduced the Business Rates Retention Scheme which replaced the Business Rates Pooling Scheme that was previously in place.

Under the new Scheme the Council acts as both principal and agent, in that it is able to retain 40% of the net standard business rates collected within the local area as income within its own budget, as well as 100% of net rates from new properties within designated areas and also those relating to renewable energy schemes (Disregarded Amounts). The Council distributes the remaining net balance of standard business rate income to Central Government, who are allocated 50%, with the final 10% to Oxfordshire County Council.

	2015/16	2016/17
Total Non Domestic Rateable Value at 31 March	£81,965,166	£83,546,397
National Non-domestic Rate Multiplier - Higher	49.3p	49.7p
National Non-domestic Rate Multiplier - Lower [Small Business]	48.0p	48.4p

The Business Rates receivable amount on the face of the Collection Fund Account is lower than the total of Non-domestic Rateable Value multiplied by the Non-domestic Rate Multiplier due to the award of various reliefs including Small Business Rate Relief and other mandatory and discretionary rate reliefs.

G3. Tax Payers' Arrears & Provisions for Uncollectable Amounts

Provision has been made for uncollectable tax payers' debts. At 31 March the provisions on the Collection Fund were as follows:

	2015/16 £	2016/17 £
Council Tax	(861,617)	(946,947)
National Non Domestic Rates	(3,106,912)	(3,081,428)
	(3,968,529)	**(4,028,375)**

G4. Business Rates – Disregarded Amounts

From April 2013 the Council was allowed to retain 100% of the growth from the business rates associated with renewable energy sites. All such growth is transferred to the Council's General Fund.

G5. Collection Fund Balance Sheet Apportionment

The apportionment of the balances on the Collection Fund as at 31 March is as follows:

2016/17	West Oxon. District Council £	Oxfordshire County Council £	Central Govt. £	Thames Valley P&CC £
Council Tax				
Debtors	221,327	1,863,441	n/a	247,448
Bad Debt Provision	(89,865)	(756,611)	n/a	(100,471)
Prepayments and Overpayments	(138,609)	(1,167,005)	n/a	(154,967)
(Surplus) / Deficit at 31 March	(92,148)	(775,828)	n/a	(103,023)
Business Rates				
Debtors	605,152	151,288	756,439	n/a
Bad Debt / Appeals Provision	(1,232,569)	(308,143)	(1,540,716)	n/a
Prepayments and Overpayments	(91,030)	(22,758)	(113,788)	n/a
(Surplus) / Deficit at 31 March	(126,222)	(31,555)	(157,778)	n/a

2015/16	West Oxon. District Council £	Oxfordshire County Council £	Central Govt. £	Thames Valley P&CC £
Council Tax				
Debtors	203,767	1,715,591	n/a	227,815
Bad Debt Provision	(81,767)	(688,432)	n/a	(91,418)
Prepayments and Overpayments	(72,000)	(606,197)	n/a	(80,497)
(Surplus) / Deficit at 31 March	(66,800)	(562,418)	n/a	(74,684)
Business Rates				
Debtors	294,244	73,561	367,806	n/a
Bad Debt / Appeals Provision	(1,312,682)	(328,171)	(1,640,855)	n/a
Prepayments and Overpayments	(90,107)	(22,527)	(112,634)	n/a
(Surplus) / Deficit at 31 March	1,299,408	324,852	1,624,261	n/a

We have audited the financial statements of West Oxfordshire District Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. 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 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, 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 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report, and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:
- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:
- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or

- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Authority and auditor

The Authority is responsible for putting in place proper arrangements for securing 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.

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made 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.

Scope of the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Authority 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 criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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 Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Act and the Code of Audit Practice.

Julie Masci

Julie Masci
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

55-61 Hartwell House
Victoria Street
Bristol
BS1 6FT

6th September 2017

1. SCOPE OF RESPONSIBILITY

West Oxfordshire District Council is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards;
- Public money is safeguarded and properly accounted for
- Public money is used economically, efficiently and effectively; and
- There is a sound system of governance, incorporating the system of internal control

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of national best practice as set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (Amendment) (England) Regulations 2011 and, from 1 April 2015, the Accounts and Audit Regulations 2015 in relation to the publication of a statement on annual governance.

In addition to this, CIPFA issued its Statement on the Role of the Chief Finance Officer in Local Government (2015). The Annual Governance Statement (AGS) reflects compliance of this statement for reporting purposes. The Council's Chief Finance Officer is the Statutory Section 151 Officer (S151 Officer).

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values, by which the Council is directed and controlled including activities through which the Council accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and cost effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
- Evaluate the likelihood of those risks occurring;
- Assess the impact should those risks occur; and
- Manage the risks efficiently, effectively and economically

3. THE GOVERNANCE ENVIRONMENT

The key elements of the Council's governance arrangements are outlined in the Local Code of Corporate Governance. The governance framework includes arrangements for:

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users
- Reviewing the Council's vision and its implications for the Council's governance arrangements
- Measuring the quality of services for users, ensuing that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources
- Defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the Council and partnership arrangements
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained
- Ensuring effective management of change and transformation
- Ensuring the Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and, where they do not, explain why and how they deliver the same impact
- Ensuring the Council's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Audit (2010) and, where they do not, explain why and how they deliver the same impact
- Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function
- Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function
- Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- Whistleblowing and for receiving and investigating complaints from the public
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council's overall governance arrangements.

The main areas of the Council's governance framework, and key evidence of delivery, are set out below, under the headings of the seven CIPFA/SOLACE principles of governance:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
The roles and responsibilities of Members generally and all office holders are set out in the Council's Constitution, along with the way in which the various elements of the Council interact and complement each other. The Constitution is supported and underpinned by separate Codes of Conduct for Members and Officers, and a joint Member / Officer Protocol, which set out guidelines as to behaviour and practical issues. A comprehensive induction programme provides further assistance to Members and Officers as to their roles and responsibilities. The Constitution is also reviewed regularly reflecting legislative changes, guidance and best practice. Declarations are made at meetings by Members, and Officers, where appropriate and are recorded in the minutes of the meeting. The Members Code of Conduct requires Members to make declarations of interest when necessary, these are also recorded. Registers of interest are completed annually by Members and Officers and a register of gifts and hospitality is maintained. Officers undergo annual performance appraisals. Statutory Officers' responsibilities are defined in the Council's Constitution and are employed in accordance with statutory guidance. Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures / statutory legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit Committee. Whistleblowing policies have been updated and have been ratified by Cabinet. Review has found

that these have not been made available to employees as yet. A complaints procedure is available to members of the public and explains the ways that a complaint can be made and the responsibility of the Council.

A Gloucestershire wide counter-fraud unit, including West Oxfordshire DC, has been established to help prevent and detect fraud and corrupt practices, including misuse of power.

B. Ensuring openness and comprehensive stakeholder engagement

A report is produced annually regarding the performance of the council and the achievement of its aims and objectives. The report is published on the Council's website.

The Council publishes on its website data such as: supplier payments, Senior Management Structure Charts, Annual Pay Policy Statement, trade union recognition and facilities time. Where data is required that is not available in these datasets, instructions are available on how to make a Freedom Of Information request and the procedure that will be followed to answer the request.

All committee meeting agendas and minutes are published in accordance with the calendar of dates. Publication of agendas is made in accordance with the Local Government Act 1972.

Stakeholders are consulted during the annual budget setting process. Stakeholders include town and parish councils, businesses and residents. Final budgets are discussed at Cabinet and Council at the appropriate budget setting meeting.

A formal partnership arrangement has been created between Cotswold, West Oxfordshire and Forest of Dean District Councils to deliver services to these local authorities, which includes sharing knowledge and resources. Cheltenham Borough Council is also part of this partnership in a more limited capacity as it is part of the Human Resources, Finance and IT shared services.

The Council's Corporate Strategy sets out the aspirations for the District and is refreshed annually with a full refresh following the Council election cycle. Appropriate consultation with stakeholders such as town and parish councils and the public is carried out to support the development of the Corporate Strategy. The Council's Corporate Strategy identifies the key tasks which support delivery of the Council Aim and Priorities.

The Council also consults upon strategic documents and decisions. Examples of significant consultation include the development of the Local Plan, significant changes to services (e.g. waste and recycling collection, car parking).

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

The Council's vision is contained within the Corporate Plan 2016-19, which also states the Aim and Priorities of the organisation. Corporate and Service Plans are drafted and updated annually to support the delivery of the Council's Aim and Priorities.

The Council's Aim 'To maintain and enhance West Oxfordshire as one of the best places to live, work and visit in Great Britain' is being measured using a basket of indicators based on cost, outputs and outcomes. Progress on the Council's efficiency measures is reported to the Economic and Social Overview and Scrutiny Committee and Cabinet on a quarterly basis for review and challenge.

The Aim and Priorities in the Corporate Strategy are supported by a series of Top Tasks. Underpinning the Priorities and Top Tasks are Service Delivery Plans (SDPs) for each service. The SDPs contain, amongst other things, the key tasks and the performance indicators for each Council service.

Risk management strategy and policy are both in need of review to reflect recent organisational changes but processes for identifying, scoring and reporting risks are sound.

The Corporate Strategy deals with the Council's approach to environment and sustainability issues. Detailed proposals arising from the Corporate Strategy are Individually assessed as they are developed and are included within decision making reports to Members.

The financial implications of delivering against the Council’s Aim and Priorities are included within the Council’s Medium Term Financial Strategy, Revenue Budgets and Capital Programme. These key financial documents are updated annually in advance of the forthcoming financial year.
The Council has produced its Local Plan and a hearing has reconvened. The Local Plan sets out the detailed plans for delivering sustainable economic, social and environmental benefits across the District.

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

The Council’s Medium Term Financial Strategy highlights the requirement for the Council to make further savings and efficiencies in order to balance its revenue budget over the medium term. The Council is one of three councils looking to transform and share all of its services (2020 Vision programme). The Environmental Regulatory Service (ERS) was the first service in this programme to go live. Processes have been aligned between three of the Councils to ensure consistency and that the service is efficient and effective in its duties. Further savings were identified through outsourcing the internal audit function to the South West Audit Partnership.

In addition to the 2020 Programme changes, the Council continues to secure savings through its procurement processes and through making changes to the way services are delivered.

The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, development and delivery of Corporate and Service Plans, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.

Risk registers for West Oxfordshire DC and Cotswold DC have been combined and are discussed and reported quarterly.

KPIs are identified and included in the service delivery plans for each service, these are reported quarterly

Budgets are prepared annually in accordance with objectives, strategies and the Medium Term Financial Strategy, following consultation with customers, stakeholders and officers.

The Medium Term Financial Strategy is a live document and can be reviewed, updated and reported as necessary, to respond to the changing environment.

E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it

One of the reasons behind the 2020 Vision Programme is to increase capacity across the three partner councils by sharing common processes and procedures and eliminating (as far as possible) single points of failure. By working in partnership, the Councils are able to share the cost of commissioning bespoke, specialist advice. The Programme is engaging with specialist legal, financial, HR and actuarial advisers to enable the Councils to take well informed decisions regarding future governance arrangements as the sharing of services and transfer to an external (wholly owned) provider progress.

The move to provision of services via wholly owned companies is providing the opportunity to engage with a number of Non-Executive Directors that bring a wealth of experience from a range of different economic sectors. In preparation for the move to the new companies, the existing management team has undergone leadership development training and are introducing the use of new skills and techniques introduced as part of the training. New software applications are also being employed to support the new way of working.

There is a Scheme of Delegation at Member level covering the Council, Cabinet, Individual Cabinet Members and Other Committees. Similarly, there is a scheme of Delegation for officer decisions at Executive, Non-Executive and Regulatory. These are reviewed and revised as structures at Council and Officer level change.

Financial Rules were published in 2012, minor changes to the Rules to reflect operational practice were made by the Council's Chief Finance Officer in July 2015 and reported to the Cabinet. The Financial Rules are due to be updated during 2017/18 to reflect changes resulting from the introduction of the new service delivery companies and other operational updates.

Officers are appointed to positions with job descriptions which specify essential or desirable qualifications and experience. Human Resource processes also validate the applicants statements in their job applications and references are sought before employment commences.

An induction programme is available to new employees and members alike. Training is also provided for both Members and Officers on an on-going basis as appropriate and necessary. Members on certain Committees (e.g. Planning and Licensing) are required to undertake training before attending the Committee meetings.

Officers undertake regular performance reviews by way of an appraisal process. Officers discuss actions and training for the forthcoming year and plan how this will be actioned. Typically two review meetings are scheduled for the year to ensure key objectives are being met and finally a review of the year meeting is scheduled to discuss the officer's performance over the year. Officers are encouraged to complete Continuing Professional Development as relevant to their professional qualifications and service areas hold budgets to ensure that training can be undertaken to maintain skills and knowledge.

During 2016/17, the Strategic Director (Resources) was appointed to the role of Head of Paid Service which provided capacity for the former Chief Executive to be released to undertake a new role of Partnership Managing Director to be responsible for the delivery of the 2020 Shared Services and take forward the 2020 Programme.

The Head of Paid Service and The Leader of the Council have clear responsibilities, roles and responsibilities are contained within the Constitution along with the Member/Officer Protocol.

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

The Council has a Risk Management Strategy and policy. The Strategy is due to be reviewed to reflect current operational practice, which has evolved over time.

The Council's Risk Management Group meets quarterly and reviews the Corporate Risk Register and any high scoring service risks that warrant inclusion in the Corporate Risk Register. Decisions are made regarding risk scores, removing obsolete risks and adding new risks to the register. Service/Corporate risks are allocated to Service Managers/Head of Service for review and control.

Risks are identified when undertaking internal audit reviews and reported when necessary.

Performance is measured on a regular basis and reported to Overview and Scrutiny Committees and Cabinet. The performance report includes performance against Key Tasks, exception reporting from the Council's risk management process, performance against Key Performance Indicators and financial performance including budget monitoring at cost centre level.

Minutes of meetings are published and highlight the challenge made by Members to Officers/Cabinet Members.

A calendar for all Council formal meetings is created annually in advance of the municipal year and published on the Council's website

During 2016/17 there was an in-house audit team who conducted the internal audits and offered advice and consultancy when necessary.

A risk based Audit Plan is drafted annually following consultation with Officers, Members and the S151 Officer. The Audit Plan is approved at Audit and General Purposes Committee prior to the financial year

Audit reports, once completed are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to Audit and General Purposes Committee, on a quarterly basis.

Recommendations made in audit reports are followed up 6 months after the completion the audit and findings reported to Audit and General Purposes Committee.

The Audit and General Purposes Committee's Terms of Reference are contained within the Constitution, members have experience of a scrutiny role and training is provided when appropriate.

A Counter Fraud Unit has been established at Cotswold District Council and will support the other Gloucestershire Local Authorities, and West Oxfordshire District Council and other third parties. Where investigations identify possible improvements to the internal control framework. The Counter Fraud Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by Management.

An ICT Audit and Compliance Manager has responsibility for Data Protection policies and ensuring officers are informed. Information sessions were conducted during 2016/17.

Audit reviews ensure data is held securely whether electronic or hard-copy.

The MTFS is reviewed and updated on regular basis to ensure the S151 Officer, Directors and Members are aware of the financial standing of the Council

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

Data in respect of transparency is published on the Council's website.

The Council's Statement of Accounts is produced and published annually in accordance with statutory legislation. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met it's governance reporting obligations

External Audit recommendations are reported to Audit and General Purposes Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported

Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed-up and reported to Audit and General Purposes Committee, further follow-up is planned if recommendations haven't been actioned in full.

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers, the annual opinion from the Acting Head of Audit Cotswolds and comments made by the external auditors and other review agencies and inspectorates.

The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:
Heads of Service complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement. Corporate Team (including the S151 Officer and the Monitoring Officer) review the Corporate Risk Register on a quarterly basis and Service Risk Registers being maintained by each Manager/Head of Service. The Acting Head of Audit Cotswolds provides the Audit Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements. Investigation of, and decisions on, allegations of failure to comply with Members Code of Conduct are considered and determined by an Independent Person(s). Induction processes are carried out for newly elected members. The S151 Officer ensures training and awareness sessions are carried out for the Audit Committee periodically. The External Auditors (Grant Thornton) present progress reports to Audit Committee. The External Auditor's Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit Committee. Quarterly performance reports, including the Corporate Risk Register and budget position, are presented to Economic and Social Overview and Scrutiny Committee and Cabinet, demonstrating performance management against agreed Service Plans, performance indicators and budgets. The Audit and General Purposes Committee review the Annual Governance Statement. The Audit and General Purposes Committee review the Annual Statement of Accounts, the Treasury Management Strategy and reports from both Internal Audit (Audit Cotswolds) and External Audit (Grant Thornton), including quarterly progress reports. Full Council approves the annual budget, reviews and approves the Treasury Management Strategy, following recommendations from the Audit and General Purposes Committee. Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the relevant Service Manager/Head of Service. The Annual Internal Audit Opinion for 2016/2017, in respect of the areas reviewed during the year, was 'Satisfactory'.

The Council's Financial Rules and Contract Rules are kept under review and revised periodically.

Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government Ombudsman and reports from Audit Cotswolds or Grant Thornton.

5. SIGNIFICANT GOVERNANCE ISSUES DURING 2016/17

In preparing this statement and reviewing the effectiveness of the governance arrangements a number of areas have been identified where the Council needs to focus attention and improve arrangements over the next financial year. These areas of work are planned to strengthen the control framework and are set out in the table below:

No.	Key Area of Focus	Planned Actions
1	2020 Vision Partnership / Publica Ltd	The Council needs to ensure that robust governance arrangements are in place to enable the Council to have assurance over the Publica Ltd company set-up and subsequent service delivery and performance reporting.
2	General Data Protection Regulation (GDPR)	The Data Protection Regulatory framework is due to change in May 2018. The Council needs to take action to ensure it is compliant with the new requirements.
3	Compliance with Council policies and procedures	Some internal audit reviews are highlighting that there is a degree of non-compliance with Council policies and procedures. As service delivery will transfer to the Publica companies during 2017/18, the Council needs to ensure that Publica takes steps to addresses compliance issues to minimise risk to the Council.
4	Health & Safety processes – Personal Security	Due to the timing of the Health and Safety (Personal Security) audit, a follow-up review was conducted during 2016/17. The follow-up has identified that a number of recommendations are in progress and remain outstanding but good progress is being made by the services. Further follow-up will be planned for 2017/18.
5	Security	A number of recommendations were made to improve the Security arrangements in place for staff.
6	Business Continuity Management	A number of recommendations were made to improve the Business Continuity arrangements in place for the Council.
7	Shopmobility	A number of recommendations were made to improve the service arrangements in place for the Council.

The Annual Internal Audit Opinion, as drafted by the Acting Head of Audit Cotswolds, lists fifty seven pieces of audit work being conducted during 2016/17, which includes consultancy and advisory services. Twenty five assurance reviews were completed with only four scoring "limited assurance", therefore there is a sound system of internal control at the Council which will continue to help mitigate any risks to the organisation going forward.

The four "Limited assurance" audit reports which were issued during the year are captured in the table above (4 to 7 above). Recommendations and actions have been agreed with Management, follow-up reviews have been planned for 2017/18 to ensure actions are being implemented for all audit reviews conducted during 2016/17.

Internal Audit follow-up reviews were conducted during 2016/17 on areas where weaknesses were identified in the previous year. Some recommendations have not been actioned and therefore a further follow-up will be undertaken during 2017/18'

6. APPROVAL OF LEADER AND HEAD OF PAID SERVICE

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed on behalf of West Oxfordshire District Council:

James Mills
Leader of the Council

Date:

Frank Wilson
Head of Paid Service

Date:

A

Accounting Period
The period of time covered by the accounts, normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accounting Statements
The Council's Core Financial Statements and Supplementary Financial Statements.

Accruals
Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which no payment has yet been made or received at the Balance Sheet date.

Actuarial Gains and Losses (Pension Schemes)
Changes in the net pensions liability that arise because events have not matched assumptions at the last actuarial valuation or because actuarial assumptions have changed.

Amortisation
A term used to refer to the charging of the value of a transaction or asset (usually related to intangible assets or deferred charges) to the Income and Expenditure Account over a period of time, reflecting the value to the authority; similar to the depreciation charge for non-current assets.

Appointed Auditors
The Local Audit and Accountability Act 2014 includes a statutory requirement that a local authority's annual Statement of Accounts be subject to external review by a duly appointed external auditor. For 2016/17 the responsibility for the appointment of said external auditor has been devolved to Grant Thornton UK LLP.

Approved Institutions
Funds that are not immediately required may be invested but only with third parties meeting the credit rating criteria approved annually as part of the Council's Treasury Management Policies and Practices.

Asset
An item having value in monetary terms. See also Current Assets, Non-Current Assets and Financial Asset.

Audit of Accounts
An independent examination of the Council's financial affairs.

B

Billing Authority
A local authority responsible for collecting Council Tax and National Non-Domestic Rates.

Budget
The forecast of net revenue and capital expenditure over an accounting period.

C

Capital Expenditure
Expenditure for the acquisition, provision or improvement of non-current assets, which will be of long-term value to the Council, providing services beyond the current accounting period.

Capital Programme
The capital schemes the Council intends to carry out over a specified time period.

Capital Receipts
Money received from the disposal of non-current assets or the repayment of grants and loans, which is available for financing future capital expenditure.

Collection Fund
A statutory fund maintained by a billing authority, which is used to record local taxes and Non-Domestic Rates collected by the authority, along with payments to precepting authorities, the national pool of Non-Domestic Rates and the billing authority's General Fund.

Community Assets
Assets which the Authority intends to hold in perpetuity, that have no determinable finite useful life and that may have restrictions on their disposal, e.g. parks, historical buildings. See also Non-Current Assets.

Consistency
The concept 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.

Contingent Asset
A possible asset that arises 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 probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient liability.

Council Tax
The main source of local taxation for local authorities. Council Tax is levied on households within its area by the billing authority and the proceeds are paid into the Collection Fund for distribution to precepting authorities and the Authority's General Fund.

Creditors
Amounts owed by the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been made.

Current Assets
Assets which can be expected to be consumed or realised during the next accounting period.

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

Current Service Cost (Pensions)
The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

Curtailment (Pensions)
An event that reduces the expected years of future service of present employees, or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

D

Debtors
Amounts due to the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been received.

Depreciation
The estimated benefit of an asset consumed during the accounting period, owing to age, wear and tear, deterioration or obsolescence.

Direct Revenue Financing (DRF)
Resources provided from an authority's revenue budget to finance the cost of capital projects.

E

Equity
The Authority's value of total assets less total liabilities.

Equity Instrument
A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Events After the Reporting Period
Those (non-adjusting) events, both favourable and unfavourable, of such materiality that their disclosure is required for the fair presentation of the Statement of Accounts, which occur between the Balance Sheet date and the date on which the Accounts are signed by the responsible financial officer.

Exceptional Items
Events or transactions that fall within the ordinary activities of the Authority and need to be disclosed separately due to their size to give fair presentation of the accounts.

External Audit
The independent examination of the activities and accounts of local authorities in order to give an opinion as to whether the Statement of Accounts have been prepared in accordance with legislative requirements and proper practices, and to ensure the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

F

Fair Value (FV)
The price an asset could be exchanged for in an arm's length transaction less any grant.

Fees and Charges
Income raised by charging users of services for facilities, e.g. leisure centres, trade refuse, etc.

Finance Leases
A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Accounting guidance requires that it should be presumed that such transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment, amounts to substantially all (normally 90% or more) of the fair value of the leased asset. The present value is calculated using the interest rate implicit in the lease.

Financial Asset
A right to future economic benefits controlled by the Authority that is represented by:
- cash
- an equity instrument of another entity
- a contractual right to receive cash (or another financial asset) from another entity
- a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the Authority.

Financial Instruments
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Liability
An obligation to transfer economic benefits controlled by the Authority that is represented by:
- a contractual obligation to deliver cash (or another financial asset) to another entity
- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the Authority.

G

General Fund (GF)
The main revenue fund of a billing authority, used to meet day-to-day spending.

Government Grants
Grants made by the Government towards either revenue or capital expenditure to support the cost of providing the Authority's services. These grants may be specifically towards the cost of particular schemes or to support the revenue spend of the Authority.

Gross Expenditure
The total cost of providing the Authority's services before taking into account income from government grants and fees and charges for services.

Growth
Any increase in spending from one year to another which enables the Authority to pay for more services rather than to meet higher costs.

H

Housing Benefit (Rent Allowance)
An allowance to persons on low (or no) income 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 benefit provided and of the running costs of the service to local authorities.

I

Impairment
A reduction in the value of a fixed asset, below its carrying amount on the Balance Sheet.

Income
Amounts that the Authority receives or expects to receive from any source, including fees and charges, sales and grants.

Infrastructure Assets
Non-current assets belonging to the Authority which do not necessarily have a resale value e.g. highways, and for which a useful life span cannot be readily determined.

Intangible Assets
Non-financial assets which do not have physical substance but are identified and controlled by the Authority through legal rights e.g. IT Software.

Interest Receivable
The money earned from the investment of surplus cash.

Inventories
Items of raw materials and stores an authority has procured to use on a continuing basis and which it has not yet used.

Investment Property
Land and Buildings non-current assets held only for investment potential.

J

Joint Arrangement
An arrangement under which the participants engage in joint activities but do not create a legal entity because it would not carry on a trade or business of its own.

L

Liability
A liability is where the Authority owes payment to an individual or another organisation. See also Contingent Liability, Current Liabilities and Financial Liability

Local Council Tax Support Scheme
Assistance provided by billing authorities to adults on low incomes to help pay their Council Tax bill. The cost is borne by the Council.

Long-Term Assets
Non-current and other assets which can be expected to be of use or benefit the Authority in providing its service for more than one accounting period.

Long-Term Liabilities
Amounts which will become due or could be called upon beyond the next accounting period.

M

Materiality
The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements to a reader.

Minimum Revenue Provision (MRP)
The minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for repayment of debt as required by the Local Government Act 2003.

N

National Non-Domestic Rates (NNDR)
A levy on businesses, based on a national rate in the pound set by the Government, multiplied by the rateable value of the premises they occupy.

Net Book Value (NBV)
The amount at which non-current assets are included in the balance sheet.

Net Debt
The Authority's total borrowings less cash investments.

Net Expenditure
Gross expenditure less specific service income.

Net Interest on the Net Defined Benefit Liability (Pensions)
The net interest expense - the change during the period in the net benefit liability that arises from the passage of time.

Non-Current Assets
Property, plant and equipment and other assets that bring longer term benefit or service potential to the Authority.

Non-Operational Assets
Assets held by the Authority but not directly occupied, used or consumed in the direct delivery of services, e.g. assets in the course of construction and surplus land.

O

Operating Leases
A lease other than a Finance Lease (see above). The future obligations relating to operating leases are disclosed to provide the reader with an estimate of the outstanding un-discharged obligations in relation to such leases.

Operational Assets
Non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Outturn
Actual income and expenditure in a financial year (accounting period).

P

Past Service Costs (Pensions)
The increase in the present value of the defined benefit scheme liabilities, related to employee service in prior periods, arising as a result of, or improvement to, retirement benefits.

Pension Fund
An employees' pension fund maintained by an authority, or group of authorities, in order to make pension payments on the retirement of its participants; it is financed from contributions from the employing authority, the employee and investment income.

Precept
A levy made by one statutory body (Precepting Authority) on another to meet the net cost of its services.

Precepting Authorities
Those authorities that are not Billing Authorities; i.e. do not collect the Council Tax and National Non-Domestic Rates. Police authorities are 'major' precepting authorities and town and parish councils are 'local' precepting authorities.

Prior Period Adjustments
Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provisions
Amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g. bad debts.

Prudence
The concept that income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

Prudential Code
The CIPFA Prudential Code for Capital Finance in Local Authorities – the guidance applicable from April 2004 for the greater freedom for authorities to borrow to fund capital investment (under the Local Government Act 2003). This Code requires the Authority to set and monitor a suite of Prudential Indicators, including its Affordable Borrowing Limit, and establish its policy for using the new freedoms.

R

Rateable Value
The annual assumed rental value of a hereditament that is used for NNDR purposes.

Revenue Expenditure Funded by Capital Under Statue (REFCUS)
Expenditure of a capital nature but for which there is no tangible asset, e.g. renovation grants.

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

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- 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.

Examples of related parties to an authority include Central Government, Local Authorities and other bodies precepting or levying demands on the Council Tax, its Members, its Chief Officers and its Pension Fund.
For individuals identified as related parties, it is also presumed that members of the close family, or the same household, or any partnerships, companies in which the individual or a member of their close family, or the same household has a controlling interest, are deemed to be related parties.

Related Party Transactions
The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. The materiality of related party transactions is judged not only in terms of their significance to the Authority, but also in relation to its related party.

Reserves
Amounts set aside in the accounts for the purpose of meeting general, future expenditure. Reserves may also be used to smooth the cost of certain activities over a number of years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

Retirement Benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Return on Plan Assets (Pensions)
Changes during the period in the net benefit liability that arises from the passage of time excluding amounts included in Net Interest on the Net Defined Benefit Liability.

Revenue Expenditure
Spending on day-to-day items including employees' pay, premises and transport costs and supplies and services.

Revenue Support Grant
A general grant paid by the Government to Council's contributing towards the costs of their services.

S

Specific Grants
The term used to describe all government grants, including supplementary and special grants, to local authorities other than Revenue Support Grant and capital grants.

T

Total Cost
The actual cost of services reflecting all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

W

Work In Progress
The cost of work carried out on an uncompleted project at the Balance Sheet date, which should be accounted for within the accounting period.

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