WEST OXFORDSHIRE
DISTRICT COUNCIL

Financial Statements 2012/2013

CONTENTS

EXPLANATORY FOREWORD

1. Introduction

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the accounts and an explanation in overall terms of the Council's financial position. The foreword includes an explanation of the purpose of each statement.

2. The Council's Accounts

The accounts contain the following statements for the 2012/13 financial year.

Statement of Accounting Policies

This explains the basis on which the figures in the accounts have been prepared.

The Statement of Accounts

Movement in Reserves Statement

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

Comprehensive Income and Expenditure Statement

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

Balance Sheet

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

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

Supplementary Financial Statements:

The Collection Fund Statement

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

3. Summary Revenue Expenditure

At the beginning of the year the Council set a Net Expenditure Budget of £9.634million. This budget was revised during the year to £9.656 million. The increase of £23k is in respect of the use of Improvement and Change Reserve previously approved.

The table below shows how the actual revenue expenditure for 2012/13 compared with the Revised Budget. It is a management report at the end of the financial year before financial accounting adjustments:

	Budget £	Actual £	(Underspend) / Overspend £
Net Expenditure General Fund			
Environmental Services	3,382,300	3,683,976	301,676
Planning, Leisure and Housing Services	3,644,400	3,486,750	(157,650)
Resources	2,708,100	2,374,483	(333,617)
Chief Executives	1,764,000	1,624,354	(139,646)
Cost of Services	**11,498,800**	**11,169,563**	**(329,237)**
			0
Interest payable and similar charges	10,000	2,083	(7,917)
Capital Charges	(1,851,900)	(1,851,462)	438
Net Operating Expenditure	**9,656,900**	**9,320,184**	**(336,716)**
Financed By			
Investment Income	(490,000)	(471,640)	18,360
Investment Interest Smoothing Reserve	(200,000)	(200,000)	0
Improvement & Change Management Reserve	(22,600)	(22,617)	(17)
Deficit / (Surplus) Collection Fund	(84,600)	(84,600)	0
New Homes Bonus	(550,000)	(550,000)	0
Council Tax Freeze Grant	(86,158)	(86,615)	(457)
Other Government Grants		(149,934)	(149,934)
Revenue Support Grant	(81,360)	(81,360)	0
Non-Domestic Rates	(4,197,088)	(4,197,088)	0
Council Tax	(3,464,612)	(3,464,612)	0
(Use of) / Contribution to the Council's Reserves	(480,482)	(11,718)	468,764
Total Financing	**(9,656,900)**	**(9,320,184)**	**336,716**

4. Major Variations in expenditure

Provision Adjustment brought forward from 2011/12

Concessionary Fares – Underspend £62,013 / Recycling Income £142,374 Overspend

These variances have been reported throughout the year and are two provisions brought forward from 2011/12. One in respect of Concessionary Fares over £62,000 which will not be fully required and secondly within Recycling where credits of £142,000 from the financial arrangements with the Waste Partnership for diverting waste to be recycled, has been overstated in error. This credit will not be achieved . The impact of both provisions is shown above.

Key Underspends

Town Centre Properties – Underspend by £151,869
The significant movements include the Marriott's, Woolgate, Poole and Witney.

Council Tax and Council Tax Benefit – Underspend by £66,828 and £125,220 respectively
Council Tax is an accumulation of smaller underspends such as employee costs £27,000, support services recharge £7,000 plus additional court cost fees £27,000. The Council Tax Benefit is primarily additional subsidy and administration grant of £89,000 plus employees £14,000 and general underspends within supplies and services to account for the remainder.

Central Support Services Underspent - Administration £82,481 and Legal £83,112
Administration is underspent within employee costs by £35,000 due to vacant posts and reduced hours of some staff, whilst supplies and services are also under by £39,000. Legal Service accrued additional fee income of £17,000 during the year and due to a staff vacancy also underspent on employee costs by £29,000. A reduced level of external legal support and support service costs accounts for the balance. The new shared legal service also became effective during the year.

Key Overspends

Recycling £284,409 Overspend

Income from recycling credits shows a shortfall of £200k although this does include £78k from food waste that does not attract recycling credits and was included within the base budget. This level of shortfall has been forecast throughout the year and the 2013/14 base budget has been adjusted accordingly. Contract costs are over by £96,000, which is primarily due to the additional service for plastics at a cost of £88,000.

Trade waste – £59,278 Overspend

Trade waste is overspend for the year, due to agency staff costs exceeding the budget by £56,000.

Local Land Charges - £54,255 Overspend

Income this year is £173k, a shortfall of £32k compared to budget, which is £25k below the level achieved in 2011/12. The balance of the variance is redundancy cost, reflecting a staffing restructure that has been implemented in this service area.

5. Capital

Capital expenditure during the year totalled £5.629 million; within this sum £3.11 million was spent on acquiring two investment properties and £607,800 was spent on Disabled Facilities Grants. Other significant items included £333,000 on Council Building Improvements, £314,000 on IT systems and equipment, £293,000 for replacing Leisure equipment, £227,000 for Community grants and loans, £174,000 on Flood Prevention Works, £222,000 on Affordable Housing schemes and £132,000 for play Areas at Eynsham.

The capital programme was financed by capital receipts of £4.788 million, Government grants totalling £515,000 with the balance of funding from developers under S.106 agreements and other contributions.

As at 31st March 2013, the Council has capital receipts of just under £6.1 million plus a further £2.1 million in grants and contributions.

6. Pension Liability (IAS 19 Disclosure)

The estimated future costs of paying pensions to Council employees are shown in the Balance Sheet. This is based on actuarial advice. Although the charge is significant, it is offset by a reserve. The balance on the reserve at 31 March 2013 is £22.962 million. It should be noted that compliance with this financial reporting standard has no impact on the amount of council tax that needs to be levied.

7. Collection Fund

The Council is legally obliged to maintain this fund separately from all other funds and accounts. It shows the transactions that have arisen because West Oxfordshire is a billing authority responsible for collecting non-domestic rates and council tax on behalf of the precepting authorities – Oxfordshire County Council, Thames Valley Police Authority and Parish Councils, as well as for West Oxfordshire District Council. The Collection Fund records the income received from local tax payers and the money that is distributed as precepts. In West Oxfordshire, the Council Tax for a band D property was £81.63 in 2012/13. Council Tax has been held at this level since 2010/11 and continues to be the second lowest for a shire District Council in the country.

8. Significant Changes in Accounting Policies

Prior to 1st April 2010, the Council's Statement of Accounts has been prepared in accordance with Generally Accepted Accounting Principles (UK GAAP). GAAP was interpreted and applied to Local Authorities, via the Statement of Recommended Practice (the SORP).

From 2010/11 the statement of accounts has been prepared based upon International Financial Reporting Standards, in accordance with the local authority adaptation of the standards, documented within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

There have been no significant changes in accounting standards or accounting policy during 2012/13.

STATEMENT OF RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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 Strategic Director;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts

The statement of accounts is approved by the Audit and General Purposes Committee meeting 26 September 2013 on behalf of West Oxfordshire District Council.

Councillor Alvin Adams
Chairman

The Responsibilities of the Chief Financial Officer:

The Chief Financial 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 Financial 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 Financial Officer has also:

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

I certify the Statement of Accounts gives a true and fair view of the financial position of the authority at 31 March 2013 and of its income and expenditure for the year ended 31 March 2013.

Frank Wilson
Strategic Director

THE STATEMENT OF ACCOUNTS

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement 2012/13

	General Fund Balance £000	Earmarked Reserves £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2012	**10,699**	**1,968**	**1,607**	**10,061**	**24,335**	**51,512**	**75,847**
Surplus/(deficit) on provision of services (accounting basis)	(2,804)	0	0	0	(2,804)	0	**(2,804)**
Other Comprehensive Expenditure and Income					0	3,012	**3,012**
Total Comprehensive Income & Expenditure	**(2,804)**	**0**	**0**	**0**	**(2,804)**	**3,012**	**207**
Adjustments between accounting basis & funding basis under regulations	2,622	0	0		2,622	(916)	**1,706**
Other movements in reserves			434	(3,969)	(3,535)	1,823	**(1,711)**
Net Increase / (Decrease) in GF balance before Transfers to Earmarked Reserves	**(183)**	**0**	**434**	**(3,969)**	**(3,718)**	**3,919**	**202**
Transfers to / from Earmarked Reserves	171	(171)			0	0	
Increase / (Decrease) in Year	**(12)**	**(171)**	**434**	**(3,969)**	**(3,718)**	**3,919**	**202**
Balance at 31 March 2013	**10,687**	**1,797**	**2,041**	**6,092**	**20,617**	**55,432**	**76,049**

Movement in Reserves Statement 2011/12

2011/12	General Fund Balance £000	Earmarked Reserves £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2011	**8,896**	**2,372**	**1,123**	**11,524**	**23,915**	**55,957**	**79,872**
Surplus/(deficit) on provision of services (accounting basis)	5,580				5,580	0	**5,580**
Other Comprehensive Income and Expenditure					0	(9,607)	**(9,607)**
Total Comprehensive Income & Expenditure	**5,580**	**0**	**0**	**0**	**5,580**	**(9,607)**	**(4,027)**
Adjustments between accounting basis & funding basis under regulations (note 7)	(38)		484	(5,607)	(5,161)	5,161	**0**
Other movements in reserves	(4,144)			4,144	0	0	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves	**1,398**	**0**	**484**	**(1,463)**	**419**	**(4,446)**	**(4,027)**
Transfers to / (from) Earmarked Reserves (note 8)	404	(404)			0	0	**0**
Increase / Decrease in Year	**1,802**	**(404)**	**484**	**(1,463)**	**419**	**(4,446)**	**(4,027)**
Balance at 31 March 2012	**10,699**	**1,968**	**1,607**	**10,061**	**24,335**	**51,511**	**75,846**

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2011/12 Gross Expenditure £000	2011/12 Income £000	2011/12 Net Expenditure £000		2012/13 Gross Expenditure £000	2012/13 Income £000	2012/13 Net Expenditure £000	Note
2,292	(273)	2,019	Cultural and related service	2,005	(262)	1,743	
8,034	(3,229)	4,805	Environmental and regulatory services	7,949	(2,999)	4,950	
2,970	(1,762)	1,208	Planning services	3,471	(1,785)	1,686	
607	(339)	268	Highways, Roads and Transport Services	523	(330)	193	
24,719	(22,493)	2,226	Housing Services	25,992	(24,307)	1,684	
2,808	(487)	2,321	Corporate and Democratic Core	2,892	(465)	2,427	
420	0	420	Non Distributed Costs	487	0	487	
11,056	(10,248)	808	Central Services to the Public	10,696	(9,837)	859	
52,906	(38,831)	14,074	**Cost of Services - continuing operations**	54,014	(39,985)	14,029	
2,451	(482)	1,969	Other Operating Expenditure	2,371	(456)	1,915	9
3,068	(12,202)	(9,134)	Financing and Investment Income and Expenditure	2,397	(3,537)	(1,139)	10
0	(12,490)	(12,490)	Taxation and Non-Specific Grant Income	0	(12,000)	(12,000)	11
		(5,580)	**(Surplus) or Deficit on Provision of Services**	58,782	(55,977)	2,804	
		(95)	(Surplus) or deficit on revaluation of non current assets			(572)	
		0	(Surplus) or deficit on revaluation of available for sale financial assets			0	
		9,702	Actuarial (gains) / losses on pension assets and liabilities			(2,440)	
		0	Other (gains) and losses			0	
		9,607	**Other Comprehensive Income and Expenditure**			(3,012)	
		4,027	**Total Comprehensive Income and Expenditure**			(207)	

BALANCE SHEET

31st March 2012 £000		Note	31st March 2013 £000
41,579	Property, Plant & Equipment	12	41,314
99	Heritage Assets	13	109
35,723	Investment Property	14	37,811
100	Intangible Assets	15	247
2,320	Long Term Investments	16	2,124
469	Long Term Debtors	16	609
80,290	**Long Term Assets**		**82,215**
26,925	Short Term Investments	16	23,210
54	Inventories	17	58
4,399	Short Term Debtors	19	3,604
1,664	Cash and Cash Equivalents	20	5
0	Assets held for sale		0
33,042	**Current Assets**		**26,877**
0	Bank Overdraft	20	(52)
(8,814)	Short Term Creditors	22	(6,339)
(1,978)	Short Term Creditors - s.106 balances	22	(1,928)
0	Provisions	23	(159)
(10,792)	**Current Liabilities**		**(8,478)**
0	Long Term Creditors		0
(26,418)	Other Long Term Liabilities	16	(24,260)
(274)	Capital Grants Receipts in Advance	38	(306)
(26,692)	**Long Term Liabilities**		**(24,565)**
75,846	**Net Assets**		**76,049**
24,335	Usable reserves	24	20,618
51,511	Unusable reserves	25	55,431
75,846	**Total Reserves**		**76,049**

CASHFLOW STATEMENT

31/03/2012 £000		Note	31/03/2013 £000
(5,580)	Net (surplus) or deficit on the provision of services		2,804
2,942	(A) Adjust net surplus or deficit on the provision of services for non-cash movements		(548)
1,156	(B) Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		1,386
110	(C) Reversal of operating activity items included in the net surplus or deficit on the provision of service that are shown separately in (D) below		92
(110)	(D) Cash flows from Operating Activities include the following items (required to be disclosed separately)	26	(92)
(1,482)	Net cash flows from Operating Activities		3,642
170	Investing Activities	27	(1,605)
926	Financing Activities	28	(326)
(386)	**Net (increase) or decrease in cash and cash equivalents**		**1,711**
1,278	Cash and cash equivalents opening balance		1,664
1,664	Cash and cash equivalents at closing balance		(47)
386	**Movement in Cash (Decrease negative, Increase positive)**		**(1,711)**

NOTES TO THE ACCOUNTS

1. Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Authority's transactions for the financial year and its position at the year-end of 31st March. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the Service Reporting Code of Practice 2012/13, 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.

The summary of significant accounting policies includes the following items where they have a significant effect on the amounts recognised in the financial statements:-

(b) Accruals of Income and Expenditure

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

- Revenue from 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 on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and interest payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

(c) Acquisitions and Discontinued Operations

Acquisitions and discontinuation of operations are disclosed in the body of the statement, where material.

(d) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable, without penalty, on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.
In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

(e) Exceptional Items

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

(f) Prior Period Adjustments, Changes in Accounting Polices and Estimates and Errors

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

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

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

(g) Charges to Revenue for Non-Current Assets

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

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. 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 amortisation 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.

(h) 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 (e.g. 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 entitlements (or any form of leave, e.g. 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.

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 appropriate service in 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 pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

(i) Post Employment Benefits

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

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 Authority 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, based upon a discount rate derived from the yield on the iBoxx AA rated 15-year corporate bond index, as at the Balance Sheet date.
- 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
- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - gains/losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve
  - contributions paid to the Oxfordshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the 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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority 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.

(j) Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

Non – Adjusting event after the reporting period for Non-Domestic Rates – Appeals outstanding at 31 March 2013.

Under CIPFA LAAP bulleting 96 guidance, when the new arrangements for the retention of business rate come into effect on 1 April 2013, the local authorities will assume that the liabilities for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This will include amounts that were paid over to Central Government in respect of 2012/13 and prior year. The share of liability due to the Council was £834,495.

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

(k) 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 are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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.

(l) Foreign Currency Translation

The Authority had dealings in currencies other than pounds sterling from Icelandic deposit repayments. The Authority uses its own bank to accept all foreign exchange transactions. The transactions are converted into sterling at the exchange rate applicable on the date the transaction was effective. Amounts outstanding at the year end are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

(m) 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 reasonable 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 contribution has been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

(n) 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 paintings using the most relevant and recent information from sales at auctions.

Heritage Assets - General
The carrying amounts of heritage assets are reviewed where there is evidence of impairment eg 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 are 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 (see notes (x) and (u) in this summary of significant accounting policies.

(o) 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 is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are not capitalised. Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

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

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

(p) Interests in Companies and Other Entities

The Authority is required to consider all its interests (including those in local authorities and similar bodies) and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. The Council has no such interests.

(q) Inventories and Long Term Contracts

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

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

(r) Investment Property

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

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

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

(s) 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 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 are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

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

The Authority as Lessor

<u>Finance leases</u>
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. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement 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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the 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 and charged as an expense over the lease term on the same basis as rental income.

The Council is also a lessee/lessor, renting in/out predominately industrial units at market rental value. Income and expenditure is taken to the Comprehensive Income and Expenditure Statement over the term of the lease.

(t) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2012/13 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

The basis of recharge is determined by the most appropriate cost for the service. For example, payroll and human resources (employee numbers) and office overheads (floor areas).

(u) 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 number of similar assets is significant. Additionally, items below the de minimis limit may be capitalised and included on the asset register if, for example, they are deemed portable and attractive.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- reasonable costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other classes of asset – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated 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(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end as to whether there is any indication that 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 by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, infrastructure, Heritage and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- All operational buildings – straight-line allocation over the life of the property as estimated by the Authority's valuers
- vehicles, plant, furniture and equipment – straight line allocation over the estimated useful life of the asset

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. Componentisation is not considered for assets valued at under £1m.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for disposal in excess of £10,000 are categorised as capital receipts. They are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

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

(v) 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. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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 uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the 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.

Contingent liabilities are not recognised in the Balance Sheet, but disclosed in a note to the accounts.

Contingent Assets

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

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

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

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

(x) Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

(y) 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. VAT receivable is excluded from income.

2. Accounting Standards that have been issued but have not yet been adopted

The 2012/13 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 by the Code.

Accounting standards have seen amendments to IAS19 Employee Benefits, IAS1 Presentation of Financial Statements, IFRS 7 *Financial Instruments Disclosures – Offsetting Financial Assets* and Liabilities and IAS12 *Deferred Tax: Recovery of Underlying Assets* during the year.

The changes to the standards will have no material impact upon the financial statements of the Council.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, 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:

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.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31st March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Property Plant and Equipment – assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual charge for buildings would increase in these circumstances.

- Pension liability – the estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Barnett Waddingham, is engaged to provide the Council with expert advice about the assumptions to be applied.

5. Material items of income and expenditure

The Council has no material items of income or expenditure which have not been suitably disclosed in the Comprehensive Income & Expenditure Statement.

6. Events after the Balance Sheet date

National non-domestic rates – appeals outstanding at 31st March 2013.
New arrangements for the retention of business rates came into effect on 1st April 2013, whereby Local Authorities assumed the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the ratings list. The liability will include amounts that were paid over (to Central Government) in respect of 2012/13 and prior years.

As at 1st April 2013 the Council estimates it may have a potential liability in the region of £834,495. This item has not been adjusted for in the financial statements (other than in narrative form here) and has been treated as a non-adjusting post balance sheet event.

There have been no other significant events after the balance sheet date that requires reporting (as at 30th June 2013).

7. Adjustments between accounting basis and funding basis under regulations

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grant Unapplied Reserve

The Capital Grant Unapplied Reserve holds the grants and contributions that have yet to be used to finance capital expenditure. Amounts in this reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

2012/13 Adjustments between accounting and funding basis	General Fund Balance **£000**	Capital Grants Unapplied **£000**	Capital Receipts Reserve **£000**	Total Usable Reserves **£000**	Unusable Reserves **£000**
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement					
Charges for depreciation of non-current assets	(1,746)			(1,746)	1,746
Revaluation gains/losses on PPE	416			416	(416)
Movements in the market value of Investment Properties	(1,134)			(1,134)	1,134
Amortisation of intangible assets	(106)			(106)	106
Application of grants credited to revenue	474			474	(474)
Gains/losses on the disposal of fixed assets	193		(411)	(218)	218
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment	310			310	(310)
Capital expenditure charged against the General Fund	31			31	(31)
REFCUS w/o from CAA	(1,281)			(1,281)	1,281
Adjustments primarily involving the Capital Grants Unapplied Account					
Grants credited from the CI&E statement	770	(770)			
Application of grants to CAA		336		336	(336)
Adjustments primarily involving Usable Capital Receipts					
Unattached capital receipts transferred to useable reserves	408		(408)	0	0
Use of Capital Receipts to finance new expenditure	0		4,788	4,788	(4,788)
Payments from Capital Receipts re. Capital Pooling	(1)		1	0	0
Repayment of Mortgages [deferred capital receipts income]	0		(1)	(1)	1
Adjustments primarily involving the pensions reserve					
Reversal of items relating to retirement benefits credited to CI&E	(2,440)			(2,440)	2,440
Employer's pensions contributions and payments to pensioners in year	1,524			1,524	(1,524)
Adjustments primarily involving the Collection Fund Adjustment Account					
Differences between CI&E and statutory requirments	(5)			(5)	5
Adjustments primarily involving the Accumulated Absences Account					
Amount by which officer remuneration in the CI&E on an accruals basis is different to the amounts chargeable under statutory requirements	(35)			(35)	35
Total adjustments:	(2,622)	-434	3,970	913	(913)

2011/12 Adjustments between accounting and funding basis	General Fund Balance **£000**	Capital Grants Unapplied **£000**	Capital Receipts Reserve **£000**	Total Usable Reserves **£000**	Unusable Reserves[1] **£000**
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement					
Charges for depreciation and impairment of non-current assets	(1,736)			(1,736)	1,736
Revaluation losses on Property, Plant & Equipment	0			0	0
Movements in the fair value of Investment Properties	1,530			1,530	(1,530)
Amortisation of intangible assets	(16)			(16)	16
Capital grants and contributions applied	1,156	(1,156)		0	0
Revenue expenditure funded from capital under statute	(1,429)			(1,429)	1,429
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure	(43)			(43)	43
Deferred credit - equity loan scheme	239			239	(239)
MRP	283			283	(283)
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	35	(35)		0	0
Application of grants to capital financing transferred to the Capital Adjustment Account		707		707	(707)
Adjustments primarily involving the Capital Receipts Reserve					
Use of the Capital Receipts Reserve to finance new capital expenditure			5,846	5,846	(5,846)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(2)		2	0	0
Contribution from Deferred Capital Receipts Reserve upon receipt of cash	241		(241)	0	0
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement (see Note 47)	(1,579)			(1,579)	1,579
Employer's pensions contributions and direct payments to pensioners payable in the year	1,383			1,383	(1,383)
Adjustments primarily involving the Collection Fund Adjustment Account					
Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(30)			(30)	30
Adjustments primarily involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	6			6	(6)
Total adjustments:	**38**	**(484)**	**5,607**	**5,161**	**(5,161)**

8. Transfer to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure 2012/13.

2012/13	Balance at 31/03/2012 £000	Transfers out 2012/13 £000	Transfers In 2012/13 £000	Balance at 31/03/2013 £000
Earmarked reserves:				
Improvement & Change Management Reserve	615	(53)	-	562
Investment Interest Smoothing Reserve	664	(200)	-	464
Performance / WOSP Reward Grant funding	134	-	-	134
Other	555	(64)	146	637
Total	**1,968**	**(317)**	**146**	**1,797**

2011/12	Balance at 01/04/2011 £000	Transfers out 2011/12 £000	Transfers In 2011/12 £000	Balance at 31/03/2012 £000
General Fund:				
Direct Service Organisations' Surplus	591	(591)	-	-
Improvement & Change Management Reserve	513	(66)	168	615
Investment Interest Smoothing Reserve	664	-	-	664
LABGI and Performance Reward Grant funding	63	(13)	-	50
Other	541	(55)	153	639
Total	**2,372**	**(725)**	**321**	**1,968**

9. Other operating expenditure

The Other Operating Expenditure line on the Comprehensive Income and Expenditure account can be broken down as follows:

2011/12 Net Expenditure £000		2012/13 Net Expenditure £000
2,406	Parish Council precepts	2,516
2	Payments to the Government Housing Capital Receipts Pool	1
43	(Gains)/losses on the disposal of non-current assets	(193)
(242)	Deferred credit - equity loan scheme	-
(240)	Other income - Unattached receipts	(408)
1,969	**Total**	**1,915**

10. Financing and investment income and expenditure

The 'Financing and investment income and expenditure' line on the Comprehensive Income and Expenditure account can be broken down as follows:

2011/12 Net Expenditure £000		2012/13 Net Expenditure £000
94	Interest payable and similar charges	85
(5,283)	Loan Impairment (Icelandic deposits)	-
(420)	Interest and similar income	(477)
(3,841)	Income and expenditure in relation to investment properties and changes in their fair value	(1,442)
(39)	Trading activites - Markets & Fairs	(29)
355	Pension interest cost and expected return on pensions assets	724
(9,134)	**Total**	**(1,139)**

11. Taxation and non-specific grant income

The 'Taxation and non-specific grant income' line on the Comprehensive Income and Expenditure account can be broken down as follows:

2011/12 £000		2012/13 £000
(5,959)	Council tax income	(6,060)
(1,156)	Capital grant and contributions	(730)
(1,805)	Non-ringfenced government grants	(1,008)
(3,570)	Non-domestic rates	(4,202)
(12,490)	**Total**	**(12,000)**

12. Property, Plant and Equipment

Movement on balances:

2012/13	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Total PPE £000
Cost or valuation						
Opening balance at 1st April 2012	36,769	9,199	1,522	770	-	48,260
Restatement of b/fwd balances	(704)	(3,285)				(3,989)
	36,065	5,914	1,522	770	-	44,271
Additions	256	534				790
Revaluation increases/(decreases):						-
In the Revaluation Reserve	(675)					(675)
In the Surplus/Deficit on Provision of Services						-
Derecognition - disposals of assets	(213)	(22)				(235)
Transfers to 'assets held for sale'						-
Other reclassifications						-
Closing balance	35,433	6,426	1,522	770	-	44,151
Accumulated Depreciation and Impairment						
Opening balance at 1st April 2012	(2,011)	(4,670)	-	-	-	(6,681)
Restatement of b/fwd balances	704	3,285				3,989
	(1,307)	(1,385)	-	-	-	(2,692)
Depreciation charge for the year	(761)	(892)				(1,653)
Impairment losses (reversals):						
In the Revaluation Reserve	1,662					1,662
In the Surplus/Deficit on Provision of Services						-
Derecognition - disposals of assets	4	12				16
Other movements		(170)				(170)
Closing balance	(402)	(2,435)	-	-	-	(2,837)
Net Book Value of assets:						
at 31st March 2013	35,031	3,991	1,522	770	-	41,314

2011/12	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Total PPE £000
Cost or valuation						
Opening balance at 1st April 2011	36,201	8,495	1,522	744	-	46,962
Additions	473	704		26		1,203
Revaluation increases/(decreases):						-
In the Revaluation Reserve	95					95
In the Surplus/Deficit on Provision of Services						-
Derecognition - disposals of assets						-
Transfers to 'assets held for sale'						-
Other reclassifications						-
Other movements						-
Closing balance	36,769	9,199	1,522	770	-	48,260
Accumulated Depreciation and Impairment						
Opening balance at 1st April 2011	(1,275)	(3,671)	-	-	-	(4,946)
Depreciation charge for the year	(736)	(999)				(1,735)
Impairment losses (reversals):						
In the Revaluation Reserve						-
In the Surplus/Deficit on Provision of Services						-
Derecognition - disposals of assets						-
Other movements						-
Closing balance	(2,011)	(4,670)	-	-	-	(6,681)
Net Book Value of assets: at 31st March 2012	34,758	4,529	1,522	770	-	41,579

Depreciation:

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

- 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
- Vehicles, Plant and Equipment are depreciated over 5 to 7 years as appropriate
- Infrastructure, Heritage and Community Assets are not depreciated

Revaluations:

The authority carries out revaluations on all Land and Property to ensure assets are measured at fair value, at least every five years. All valuations are carried out by external valuers, Lambert Smith Hampton. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. A full revaluation exercise was carried out as at 1st April 2010.

Since 2010 the Council has adopted a methodology of revaluing approximately 20% of its assets each year.

In estimating fair 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.

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Total PPE £000
Carried at historical cost	32,529	1,636	1,420	28	4,592	40,205
valued at fair value as at:						
31 March 2013	35,433	6,519	1,522	770		44,244
31 March 2012	36,769	9,199	1,522	770		48,260
31 March 2011	36,201	8,495	1,522	744		46,962
31 March 2010	35,425	4,672	1,607	780		42,484
31 March 2009	35,912	4,344	1,420	613		42,289

13. Heritage Assets

2012/13	Ceramics £000	Art Collection £000	Pottery Machinery £000	Total Assets £000
Cost or valuation				
1st April 2012	-	99	-	99
Additions		10		10
Disposals				-
Revaluations				-
Impairment Losses / (reversals) recognised in the Revaluation Reserve				-
Impairment Losses / (reversals) recognised in the Surplus or Deficit on the Provision of Services				-
Depreciation				-
Valuation as at 31st March 2013	**-**	**109**	**-**	**109**

2011/12	Ceramics £000	Art Collection £000	Pottery Machinery £000	Total Assets £000
Cost or valuation				
1st April 2011		109		109
Additions		33		33
Disposals		(43)		(43)
Revaluations				-
Impairment Losses / (reversals) recognised in the Revaluation Reserve				-
Impairment Losses / (reversals) recognised in the Surplus or Deficit on the Provision of Services				-
Depreciation				-
31st March 2012	**-**	**99**	**-**	**99**

14. Investment Properties

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

	2011/12 £'000	2012/13 £'000
Rental Income from Investment Property	(2,635)	(2,979)
Direct Operating expenses arising from investment property	324	1,537
Net (gain)/loss	(2,311)	(1,442)

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 authority has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.
The following table summarises the movement in the fair value of investment properties over the year:

	2011/12 £'000	2012/13 £'000
Opening balance - 1st April	30,149	35,724
Additions		
Purchases	4,043	3,221
Construction	1	
Subsequent expenditure		
Disposals		
Net gain/(loss) from fair value adjustments (valuations)	1,530	(1,134)
Transfers to/from Property, Plant and Equipment		
Other changes	-	-
Balance at 31st March	35,723	37,811

15. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system. Items of IT hardware are accounted for as equipment within the Property, Plant and Equipment category. The intangible assets include purchased licenses and other software. The Council 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 within the Comprehensive Income & Expenditure Account, Net Expenditure to Services. For 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.

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

	2011/12 £000	**2012/13 £000**
Balance at the start of the year:		
Gross value [purchase cost]	105	166
Accumulated amortisation	(50)	(66)
Net carrying amount at the start of the year	55	100
Movements in the year:		
Purchases	61	163
Amortisation	(16)	(94)
Adjustments from PPE:		
Reclassified assets	-	171
Transferred amortisation	-	(93)
Net carrying amount at the end of the year	100	247
Comprising		
Gross carrying amount	166	500
Accumulated depreciation	(66)	(253)
	100	247

16. Financial Instruments

(a) Financial Instruments - Classifications

The accounting standards in respect of financial instruments were incorporated into the Local Authority SORP in 2007. The Code of Practice states that where they continue to be relevant, the transitional provisions of the UK standards adopted by the 2007 SORP remain.

The definition of a financial instrument is: 'Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity'.

The term 'financial instrument' covers both financial assets and financial liabilities. These range from straightforward trade receivables and trade payables to more complex transactions such as financial guarantees, derivatives and embedded derivatives. The Council's borrowing, service concession arrangements (PFI and finance leases), and investment transactions are classified as financial instruments.

Financial Liabilities
A Financial Liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

The Council has no outstanding borrowing as at 31st March 2013.

Financial Assets
A Financial Asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

The three classifications for financial assets under the Code of Practice are:

- Loans and Receivables;
- Available for Sale; and
- Fair Value through Profit and Loss.

The Council's portfolio of investments consists of fixed term deposits, money market funds, and call/notice accounts. Term deposits and call accounts are classed as 'Loans and Receivables' and are measured at amortised cost. This form of measurement does not change the amount of cash received under the terms of the investment. Trade Receivables (Debtors) are classified as Loans and Receivables. These have been measured at cost on the Balance Sheet. Money Market Funds are classified as Available for Sale.

Balances in call accounts at 31st March 2013 are shown under 'cash and cash equivalents' in the Balance Sheet, as they represent highly liquid investments that are readily convertible to known amounts of cash, with an insignificant risk of changes in value.

The Council does have investments required to be measured at Fair Value through Profit or Loss.

Transaction Costs
Measurement at amortised cost permits transaction costs relating to financial instruments to be attached to the loan or investment and charged to the Comprehensive Income and Expenditure Statement over the life of the instrument. Where these are considered to be immaterial they can be charged in full to the Comprehensive Income and Expenditure Statement in the financial year in which they are incurred. The Council has adopted this latter approach in 2011/12.

(b) Financial Instruments – Balances

The financial assets and liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Instruments balances	Long - term 31/03/2012 £000	Long - term 31/03/2013 £000	Current 31/03/2012 £000	Current 31/03/2013 £000
Investments:				
Loans and receivables	2,320	2,124	4,192	231
Available-for-sale financial assets	-	-	-	-
Unquoted equity investment at cost	-	-	-	-
Financial assets at fair value through profit & loss		-	22,733	22,979
Total investments	2,320	2,124	26,925	23,210
Debtors:				
Loans and receivables	469	609	4,399	3,604
Financial assets carried at contract amounts	-	-	-	-
Total Debtors	469	609	4,399	3,604
Borrowings:				
Financial liabilities at amortised cost	-	-	-	-
Financial liabilities at fair value throught profit & loss	-	-	-	-
Total borrowings	-	-	-	-
Other Long Term Liabilities:				
Finance Leases	(1,932)	(1,298)		
Liability related to defined benefit pension scheme	(24,486)	(22,962)		
Total other long term liabilities	(26,418)	(24,260)	-	-
Creditors:				
Financial liabilities at amortised cost	-	-	(10,792)	(8,267)
Financial liabilities carried at contract amount	-	-	-	-
Total creditors	-	-	(10,792)	(8,267)

Soft Loans - Balances

Where loans are advanced at below market rates they are classed as 'Soft Loans'. The 2011-12 Code of Practice sets out specific accounting and disclosure requirements for soft loans.

The Authority makes loans at less than market rates (soft loans) for car purchase to its employees. These loans are included within debtors and are detailed in the table below:

	Long - Term 31/03/2012 £000	Long - Term 31/03/2013 £000	Current 31/03/2012 £000	Current 31/03/2013 £000
Car loans to employees	81	135	63	16

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 much higher than average return of 1.07% on the treasury investment activities.

(c) Financial Instruments – 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:

Financial Instruments Income, Expense, Gains and Losses	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Assets and Liabilities at Fair Value through Profit and Loss	Total
2012/13	£000	£000	£000	£000	£000
Interest expense					-
Losses on derecognition					-
Reductions in fair value					-
Impairment losses					-
Fee expense					-
Total expense in Surplus or Deficit on the Provison of Services	-	-	-	-	-
Interest income		(94)			(94)
Interest income accrued on impaired financial assets		(131)			(131)
Increases in fair value		(247)			(247)
Gains on derecognition					-
Fee income					-
Total income in Surpluse or Deficit on the Provision of Services	-	(472)	-	-	(472)
Gains on revaluation					-
Losses on revaluation					-
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment					-
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure					-
Net gain/(loss) for the year	-	(472)	-	-	(472)

Financial Instruments Income, Expense, Gains and Losses	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Assets and Liabilities at Fair Value through Profit and Loss	Total
2011/12	£000	£000	£000	£000	£000
Interest expense					-
Losses on derecognition					-
Reductions in fair value					-
Impairment losses					-
Fee expense					-
Total expense in Surplus or Deficit on the Provison of Services	-	-	-	-	-
Interest income		130			130
Interest income accrued on impaired financial assets		150			150
Increases in fair value		140			140
Gains on derecognition					-
Fee income					-
Total income in Surpluse or Deficit on the Provision of Services	-	420	-	-	420
Gains on revaluation					-
Losses on revaluation					-
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment		5,282			5,282
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure					-
Net gain/(loss) for the year	-	5,702	-	-	5,702

(d) Financial Instruments - Fair Values

For each class of financial assets and financial liabilities, an authority 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 2011-12 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 has no long term investments at the Balance Sheet date. In the case of short term instruments and deferred liabilities (i.e. finance leases) the authority deems the carrying amount to be a reasonable approximation of the fair value.

	31/03/2012 Carrying Amount £000	31/03/2012 Fair Value £000	31/03/2013 Carrying Amount £000	31/03/2013 Fair Value £000
Fund Manager - Investec Asset Manager	22,733	22,733	22,979	22,979
In - House Investment	3,725	3,725	0	0
Icelandic Deposits	2,787	2,787	2,354	2,354
	29,245	29,245	25,333	25,333

Financial Assets

The fair value for long term investments at the Balance Sheet date can vary from the carrying amount because the interest rate on similar investments may be different to that obtained when the investment was originally made.

17. Inventories [Stock]

The Authority holds a small balance of inventories. These are primarily internal consumables and small items for resale. The value of these is as follows:

	2011/12 £000	2012/13 £000
Balance at 1st April	47	54
Movement in inventories	7	4
Closing balance at 31st March	**54**	**58**

18. Construction Contracts

At 31st March 2013 the Authority had no major works or construction contracts in progress.

19. Debtors

The Authority's debtors (net of the provision for bad and doubtful debts) are as follows:

	31/03/2012 £000	31/03/2013 £000
Central government bodies	859	1,443
Other local authorities	291	614
Public corporations and trading funds	-	-
Other entities and individuals	3,249	1,547
Net Debtors Total	**4,399**	**3,604**

20. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash will also include bank overdrafts that are repayable on demand and that are integral to the authority's cash management.

Balances classified as 'Cash Equivalents' fit the definition of being short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The net balance of Cash and Cash Equivalents is made up of the following elements at the Balance Sheet date:

31/03/2012 £000		31/03/2013 £000
5	Cash held by the Authority	5
213	Bank current accounts	(52)
1,446	Money Market Fund / Call Account	-
-	Short-term deposits with building societies	-
1,664		**(47)**

21. Assets held for sale

At 31st March 2013 the Authority had no assets held for sale.

22. Creditors

	31/03/2012 £000	31/03/2013 £000
Central government bodies	(4,022)	(2,256)
Other local authorities	(1,556)	(1,672)
Other entities and individuals	(3,235)	(2,412)
Short Term Creditors	(8,814)	(6,339)
Short Term Creditors - S 106 balances	(1,978)	(1,928)
Total	**(10,792)**	**(8,267)**

23. Provisions

Other than provisions for bad and doubtful debts (which have been disclosed under the debtors note to the accounts), at 31st March 2013 the Council had the following provisions:

MMI Insurance

The Council has a potential liability in respect of the run-off of Municipal Mutual Insurance (MMI) to the value of £43,578. The liability will only materialise if the assets of the company do not cover the insurance claims yet to be settled.

In 2012/13 Ernst & Young (who managed MMI's business affairs and assets) set a levy of 15% (£6,537) against clients/owners potential liabilities as an estimate of the amount that would be needed to achieve a solvent run-off. This figure has been included in the 2012/13 accounts as a provision. The likelihood and timing of any additional liabilities is unknown at this stage.

Icelandic Investments

The Council has set aside a provision against future losses in its treasury investments resulting from fluctuations in exchange rates (£72,776) and changes in the recoverable about of the Council's investments (£79,960). At the balance sheet date the provision was set at £152,736.

24. Usable Reserves

Movement in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

31/03/2012 £000		31/03/2013 £000
1,968	Earmarked reserves	1,797
10,699	General fund	10,687
1,607	Capital Grants Unapplied	2,041
10,061	Capital Receipts	6,093
24,333	**Total Usable Reserves**	**20,618**

25. Unusable Reserves

31/03/2012 £000		31/03/2013 £000
9,499	Revaluation Reserve	9,457
66,119	Capital Adjustment Account	68,459
387	Deferred Capital Receipts Reserve	529
(24,486)	Pension Reserve	(22,962)
79	Collection Fund Adjustment Account	70
(97)	Accumulated Absences Account	(132)
10	Unequal Pay Back Pay Account	10
51,511	**Total Unusable Reserves**	**55,431**

25a. 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:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

31/03/2012 £000	Revaluation Reserve		31/03/2013 £000
9,404	**Balance at 1 April**		9,499
	Upward revaluation of assets	1,753	
	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,181)	
95	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		572
	Difference between fair value depreciation and historical cost depreciation	(614)	
	Accumulated gains on assets sold or scrapped		
0	Amount written off to the Capital Adjustment Account		(614)
9,499	**Balance at 31 March**		9,457

25b. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the 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 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

31/03/2012 £000	Capital Adjustment Account		31/03/2013 £000
60,977	**Balance at 1 April**		**66,119**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(1,736)	> Charges for depreciation and impairment of non-current assets	(1,746)	
	> Revaluation Gain/ losses on Property, Plant and Equipment	416	
(16)	> Amortisation of intangible assets	(107)	
(1,429)	> Revenue expenditure funded from capital under statute	(1,425)	
(43)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(218)	
(3,224)			(3,079)
	Adjusting amounts written out of the Revaluation Reserve		614
(3,224)	Net Written out amount of the cost of non-current assets consumed in the year		(2,465)
	Capital financing applied in the year:		
5,846	> Use of the Capital Receipts Reserve to finance new capital expenditure	4,788	
	> Capital grants and contribution credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		
707	> Application of grants to capital financing from the Capital Grants Unapplied Account	810	
283	> Statutory provision for the financing of capital investment charged against the General Fund	310	
	> Capital expenditure charged against the General Fund	31	
6,836			5,939
1,530	Movement in the market value of Investment properties debited or credited to the Comprehensive Income and Expenditure Statement		(1,134)
	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		
66,119	**Balance at 31 March**		**68,459**

25c. Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council has no investments requiring adjusting through the Financial Instruments Adjustment Account.

25d. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The 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. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the 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.

31/03/2012 £000	Pensions Reserve	31/03/2013 £000
(14,588)	**Balance at 1 April**	**(24,486)**
(9,702)	Actuarial gains or (losses) on pensions assets and liabilities	2,440
(1,579)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of services in the Comprehensive Income and Expenditure Statement	(2,178)
1,383	Employer's pensions contributions and direct payments to pensioners payable in the year	1,262
(24,486)	**Balance at 31 March**	**(22,962)**

25e. 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.

31/03/2012 £000	Deferred Capital Receipts Reserve	31/03/2013 £000
148	**Balance at 1 April**	**387**
242	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	143
(3)	Transfer to the Capital Receipts Reserve upon receipt of cash	(1)
387	**Balance at 31 March**	**529**

25f. Collection Fund Adjustment Account

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

31/03/2012 £000	Collection Fund Adjustment Account	31/03/2013 £000
109	**Balance at 1 April**	**79**
(30)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(9)
79	**Balance at 31 March**	**70**

25h. Accumulated Absences Account

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

31/03/2012 £000	Accumulated Absences Account	31/03/2013 £000
(103)	**Balance at 1 April**	**(97)**
6	Change in provision required as at 31st March	(35)
(97)	**Balance at 31st March**	**(132)**

26. Cash Flow Statement – Operating activities

The cash flows for operating activities include the following items:-

31/03/2012 £000		31/03/2013 £000
(112)	Interest received	(94)
2	Interest paid	2
(110)		(92)

27. Cash Flow Statement – Investing activities

31/03/2012 £000		31/03/2013 £000
5,105	Purchase of property, plant and equipment, investment property and intangible assets	4,196
22,900	Purchase of short-term and long-term investments	23,502
	Other payments for investing activites	
	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(352)
(26,401)	Other receipts from investing activities	(27,917)
(274)	Capital Grants Received (Gov't)	(300)
(1,160)	Capital Grants Received (Non Gov't)	(734)
170	**Net cash flows from investing activities**	**(1,605)**

28. Cash Flow Statement – Financing activities

31/03/2012 £000		31/03/2013 £000
-	Cash receipts of short-and long-term borrowing	-
	Other receipts from financing activities	
	Payment of short and long term borrowing	
926	Other payments for financing activities	(326)
926	**Net cash flows from financing activities**	**(326)**

29. Amounts reported for resource allocation decisions (Segmental Reporting)

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

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year

- expenditure on some support service is budgeted for centrally and not charged to services

The income and expenditure of the Authority's principal service areas recorded in the budget reports for the year is as follows:

2012/13	Environmental Services £	Planning, Leisure & Housing £	Resources £	Chief Executives £	Total £
Fees, charges & other service income	(6,813,689)	(1,963,556)	(4,943,973)	(272,743)	(13,993,961)
Government Grants	(21,566)	(118,238)	(28,442,156)		(28,581,961)
Total income	(6,835,256)	(2,081,794)	(33,386,129)	(272,743)	(42,575,922)
Employee Expenses	2,645,400	2,387,576	3,463,300	343,027	8,839,302
Other service expenses	7,118,870	2,053,340	30,961,570	503,065	40,636,844
Support service recharges	750,871	1,127,628	1,586,896	804,058	4,269,454
Total expenditure	10,515,140	5,568,544	36,011,766	1,650,150	53,745,600
Net expenditure	**3,679,885**	**3,486,750**	**2,625,637**	**1,377,407**	**11,169,679**

2011/12	Environmental Services £	Planning, Leisure & Housing £	Resources £	Chief Executives £	Total £
Fees, charges & other service income	(3,489,901)	(2,829,498)	(5,534,791)	(2,373,473)	(14,227,663)
Government Grants	(34,567)	(51,278)	(26,671,174)	(167,198)	(26,924,216)
Total income	(3,524,468)	(2,880,776)	(32,205,965)	(2,540,671)	(41,151,880)
Employee Expenses	2,527,813	2,174,785	3,582,354	1,064,053	9,349,005
Other service expenses	5,261,141	1,973,307	29,035,677	2,217,927	38,488,051
Support service recharges	799,193	946,422	1,368,325	1,018,190	4,132,130
Total expenditure	8,588,146	5,094,514	33,986,356	4,300,170	51,969,186
Net expenditure	**5,063,678**	**2,213,738**	**1,780,391**	**1,759,499**	**10,817,306**

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

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

	2011/12 £	2012/13 £
Net expenditure in the Service Analysis [from above]	10,817,306	11,169,679
Annual Leave adjustment not included in the analysis	(5,853)	35,151
Net expenditure of services and support services not included in the analysis		
Add / (Deduct): IAS 19 adjustments	(155,435)	192,000
Increase on current asset valuation		(415,335)
Removal of other trading activities & DSOs - not to be included in CI&E NCS	38,592	170,600
Removal of investment activities - not to be included in CI&E NCS	2,311,070	2,440,310
Revenue expenditure funded from capital under state - expenditure	1,429,483	1,124,414
Revenue expenditure funded from capital under state - funding		(173,919)
Rent in advance & Rental deposit	14,731	22,578
Other adjustments not reported in budget analysis	-	(143,486)
Waste Contract MRP charge	(374,843)	(393,010)
	14,075,051	14,028,983
Net Cost of Services in CI&E Statement	**14,075,051**	**14,028,983**

Reconciliation to subjective analysis

This reconciliation aims to show how the figures presented in the analysis of service income and expenditure relates to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income & Expenditure Statement.

2012/13 Reconciliation to subjective analysis of total income & expenditure	Service Analysis £	Services not in Analysis £	Not reported to mgt £	Not to be in NCS £	Net Cost of Services £	Corporate Amounts £	Total £
Fees, charges & other service income	(11,016,506)		(173,919)	87,580	(11,102,845)	(495,894)	(11,598,739)
Interest and investment income	(2,977,455)			2,977,455	-	(3,449,095)	(3,449,095)
Income from council tax					-	(6,059,802)	(6,059,802)
Government grants and contributions	(28,581,961)				(28,581,961)	(5,940,407)	(34,522,367)
Total Income	**(42,575,922)**	**-**	**(173,919)**	**3,065,035**	**(39,684,805)**	**(15,945,198)**	**(55,630,003)**
Employee expenses	8,839,302		227,151	(3,569)	9,062,885	727,667	9,790,552
Other service expenses	38,785,382		195,161	(415,034)	38,565,510	414,684	38,980,194
Support Service recharges	4,269,454			(32,372)	4,237,082	32,372	4,269,454
Depreciation, amortisation and impairment	1,851,462			(3,151)	1,848,311	1,137,338	2,985,649
Interest Payments					-	85,123	85,123
Precepts & Levies					-	2,515,690	2,515,690
Payments to Housing Capital Receipts Pool					-	712	712
(Gain)/Loss on disposal of Non-Current Assets					-	(192,877)	(192,877)
Total Expenditure	**53,745,600**	**-**	**422,312**	**(454,125)**	**53,713,788**	**4,720,708**	**58,434,496**
(Surplus) / deficit on the provision of services	**11,169,679**	**-**	**248,393**	**2,610,911**	**14,028,983**	**(11,224,490)**	**2,804,493**

2011/12 Reconciliation to subjective analysis of total income & expenditure	Service Analysis £	Services not in Analysis £	Not reported to mgt £	Not to be in NCS £	Net Cost of Services £	Corporate Amounts £	Total £
Fees, charges & other service income	(11,592,965)			79,034	(11,513,931)	(560,516)	(12,074,447)
Interest and investment income	(2,634,698)			2,634,698	-	(3,054,844)	(3,054,844)
Income from council tax					-	(5,957,809)	(5,957,809)
Government grants and contributions	(26,924,216)				(26,924,216)	(6,531,777)	(33,455,993)
Total Income	**(41,151,880)**	**-**	**-**	**2,713,732**	**(38,438,148)**	**(16,104,946)**	**(54,543,093)**
Employee expenses	9,349,005		(161,288)		9,187,717	355,000	9,542,717
Other service expenses	36,736,227		1,069,371	(331,241)	37,474,358	331,241	37,805,598
Support Service recharges	4,132,130			(30,431)	4,101,699	30,431	4,132,130
Depreciation, amortisation and impairment	1,751,824			(2,400)	1,749,424	(6,769,198)	(5,019,774)
Interest Payments	-				-	94,342	94,342
Precepts & Levies					-	2,406,552	2,406,552
Payments to Housing Capital Receipts Pool	-				-	2,010	2,010
(Gain)/Loss on disposal of Non-Current Assets	-				-		-
Total Expenditure	**51,969,186**	**-**	**908,083**	**(364,072)**	**52,513,197**	**(3,549,623)**	**48,963,575**
(Surplus) / deficit on the provision of services	**10,817,306**	**-**	**908,083**	**2,349,661**	**14,075,050**	**(19,654,569)**	**(5,579,519)**

30. Acquired and Discontinued Operations

The Authority acquired no operations in 2012/13.

31. Trading Operations

The Authority lets 18 units in industrial estates located in Witney. As part of the Council's economic development strategy, rents can be set at less than the market rate to support small businesses.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. The net surplus on trading operations is charged as Financing and Investment Income.

32. Agency Services

The collection of National Non-Domestic Rates (NNDR) is administered under an agency agreement. Cash collected by the Council [as billing authority] is collected on behalf of the Government and does not belong to the Council. At 31st March 2013 any amount collected, but not yet paid to the Government is included on the Balance Sheet as a creditor balance, with any amounts owed to the Council as a debtor balance. At 31st March 2013 the Council owed the Government £101,518 in relation to NNDR collection (In 2011/12 the Council owed the Government £938,925).

33. Woodstock & District Swimming Pool (Registered Charity No. 304394)

The leasehold title for the Woodstock & District Swimming Pool is vested in the Official Custodian for Charities. Under the terms of a scheme dated November 1977, the District Council has acted as Trustee of the Charity and accordingly is required to account separately for income and expenditure relating to the Woodstock & District Swimming Pool.

The management of Woodstock & District Swimming Pool transferred to Wycombe Leisure Ltd on 5 April, 2002. Wycombe Leisure Ltd changed their name on 25th March 2008 to Nexus Community. A merger with Greenwich Leisure Ltd took place on 1 January 2011 and the company was renamed GLL Nexus. GLL Nexus is a non-profit distributing organisation, which is contracted to manage the Council's leisure facilities until 2016.

Under the terms of the contract the Council paid Nexus Community £48,954 to manage Woodstock & District Swimming Pool. Additionally, the Council incurred £16,647 of expenditure, including depreciation charges, in respect of the Swimming Pool.

The direct income and expenditure for the year ended 31st March 2013 incurred by GLL Nexus in managing Woodstock & District Swimming Pool, excluding the management fee paid by the Council, is as follows:

2011/2012 £'000	Woodstock & District Swimming Pool	2012/13 £'000
	Expenditure	
42	Employees	46
27	Premises Related Expenditure	38
7	Supplies & Services	7
-	Capital Charges	-
75		**91**
	Income	
(53)	Fees and charges for services	(48)
(53)		(48)
22	**Net (surplus)/deficit**	**43**

34. Pooled Budgets

The Authority has no pooled budgets arrangement with third parties.

35. Members Allowances

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

	2011/12 £	2012/13 £
Allowances	325,816	319,255
Expenses	7,860	10,367
Total	333,676	329,622

36. Officer Remuneration

2012/13

Position	Salary, Fee and Allowances	Supplements	Honorarium	Benefit in Kind	Pension Contribution	Total Remuneration (£)
Chief Executive and Clerk of the Council	101,691		15,000	5,383	16,837	138,911
Strategic Director (Development)	73,812		8,858	5,816	11,938	100,424
Strategic Director (Environment)	90,727				12,883	103,610
Strategic Director (Resources)	73,812	1,341	8,857	2,994	11,904	98,908
Head of Legal and Democratic Services	50,496	1,027	3,074	2,800	7,714	65,111

2011/12

Position	Salary, Fee and Allowances	Supplements	Honorarium	Benefit in Kind	Pension Contribution	Total Remuneration (£)
Chief Executive and Clerk of the Council	101,691		15,000	5,348	16,859	138,898
Strategic Director (Development)	73,812		9,398	5,277	12,042	100,528
Strategic Director (Environment) - (Left)	18,953		1,260		2,870	23,084
Strategic Director (Environment)	12,302	908	808	67	1,897	15,982
Strategic Director (Resources)	73,812	1,578	8,857	2,888	11,904	99,040
Head of Legal and Democratic Services	50,496	1,215	3,074	2,213	7,714	64,711

The Chief Executive and Strategic Director (Resources) provide services for both the West Oxfordshire and Cotswold District Council. They are formally employed by West Oxfordshire and 50% of their salaries and other remunerations are recharged to Cotswold District Council. The Strategic Director (Environment) is an employee of Cotswold District Council. He is seconded for 50% of his time to West Oxfordshire District Council. The figure included in above table have been obtained from Cotswold District Council and represent the full salary, allowances and Pension Cost incurred by Cotswold District Council (as the employer).

The Authority's total employees receiving more than £50,000 remuneration for the year, (excluding those in note 36 above) were as follows:

Remuneration band	2011/12 Number of employees	2012/13 Number of employees
£50,000 - £54,999	3	3
£55,000 - £59,999	4	3
£60,000 - £64,999	2	2
£65,000 - £69,999		
£70,000 - £74,999		
£75,000 - £79,999		
£80,000 - £84,999		
£85,000 - £89,999		
£90,000 - £94,999		
£95,000 - £99,999		
£100,000 - £104,999		
£105,000 - £109,999		
£110,000 - £114,999		
£115,000 - £119,999		

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

Exit package cost bank (including special payments)	No. of compulsory redundancies		No. of other departures agreed		Total no. of exit package by cost band		Total cost of exit packages in each band (£)	
£	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
0-20,000	1			3	1	3	4,034	35,390
20,001-40,000	2				2		47,864	
40,001-60,000								
60,001-80,000								
80,001-100,000								
100,000+								
Total	3	0	0	3	3	3	51,898	35,390

37. 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):

External audit costs	2011/12 £000	2012/13 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	93	62
Fees payable in respect of statutory inspections	0	0
Fees payable for the certification of grant claims and returns for the year	29	15
Fees payable in respect of other service provided during the year	0	0
Total	**122**	**77**

38. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13:

Miscellaneous government grants	2011/12 £000	2012/13 £000
Credited to taxation and non-specific grant income		
Demand on the Collection Fund	(5,959)	(6,060)
Capital Grants received	(1,156)	(730)
General Government Grants	(1,805)	(1,008)
Non Domestic Rates Redistribution	(3,570)	(4,202)
Total	(12,490)	(12,000)
Credited to services	(27,274)	(29,056)
Total	(27,274)	(29,056)

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

Capital grants receipts in advance	2011/12 £000	2012/13 £000
Environment Agency - land drainage grant	(274)	(306)
Total	(274)	(306)

39. Related Parties

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

Central Government

Central government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (eg Council Tax bills, Housing Benefits). Grants received from government departments are set out in the subjective analysis in Note 29 on reporting for resource allocation decisions. Grant receipts outstanding at 31st March, are shown in Note 38.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in the year is shown in Note 35. 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

Cotswold District Council

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

Shared post:	Officer is employed by:
Chief Executive Officer	West Oxfordshire District Council
Strategic Director – Resources	West Oxfordshire District Council
Strategic Director – Environment	Cotswold District Council
Head of Revenues and Benefits	West Oxfordshire District Council
Head of Environmental Services	Cotswold District Council
Head of Business Improvement and Change	West Oxfordshire District Council
Head of Communications and Reception Services	Cotswold District Council

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

In addition to those listed above, there is a number of additional operational staff which the Council shares in a bid to boost efficiency and reduce costs.

GO Shared Services

GO Shared Services provides Human Resources, Payroll, Procurement and Financial Services advice to Cotswold District Council, Cheltenham Borough Council, the Forest Of Dean District Council and West Oxfordshire District Council. All GO staff are employees of Cotswold District Council. Each Council pays Cotswold District Council for its share of the services consumed.

While providing advisory and transactional services to West Oxfordshire District Council, these services do not interfere with, or affect the strategic direction of the Council. Decisions on policy and the strategic priorities are still set by Cabinet and Council.

Other Public Bodies

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

The Council provides retirement benefit to its employees. The Local Government Pension Scheme is administered by Oxfordshire County Council.

Entities Controlled or Significantly Influenced by the Authority

There are no entities controlled or significantly influenced by the Authority.

40. Capital Expenditure and Capital Financing

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

	2011/12 (restated) '£000	2012/13 £000
Opening Capital Financing Requirement	1,951	1,885
Capital investment:		
Property, Plant and Equipment	1,203	790
Heritage Assets	33	10
Investment Properties	4,044	3,221
Intangible Assets	61	163
Revenue Expenditure Funded from Capital under Statute	1,429	1,425
Total Capital Expenditure	6,770	5,609
Sources of finance		
Capital receipts	(5,846)	(4,788)
Government grants and other contributions	(707)	(810)
Sums set aside from revenue:		
Direct revenue contributions		
MRP/Loans fund principal	(283)	(310)
Total Capital Fund	(6,836)	(5,908)
Closing Capital Financing Requirement	1,885	1,586
Explanation of movements in year		
Increase in underlying need to borrow (supported by government financial assistance)		
Increase in underlying need to borrow (unsupported by government financial assistance)	(283)	(310)
Assets acquired under finance leases (Waste Contract)	213	
Increase/(decrease) in Capital financing requirement	(70)	(310)

41. Leases

Authority as Lessee

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:

	31/03/2012 £000	31/03/2013 £000
Other Land and Buildings		
Vehicles, Plant, Furniture and Equipment	2,042	1,750
	2,042	1,750

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:

	31/03/2012 £000	31/03/2013 £000
Finance lease liabilities (net present value of minimum lease payments) on non-current assets	1,932	1,622
plus		
Finance Costs payable in future years	265	182
Minimum lease payments	2,197	1,804

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/2012 £000	31/03/2013 £000	31/03/2012 £000	31/03/2013 £000
Not later than one year	392	393	309	325
Later than one year and not later than five years	1,572	1,411	1,394	1,297
Later that five years	233	0	229	0
	2,197	1,804	1,932	1,622

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,

	31/03/2012 £000	31/03/2013 £000
Not later than one year	159	161
Later than one year and not later than five years	482	532
Later than five years	1,266	1,198

The expenditure charged to the cost of services is as follows,

	31/03/2012 £000	31/03/2013 £000
Minimum lease payments	159	176
Sublease payment receivable	(127)	(144)

Authority as Lessor

Finance Leases

The Authority has no finance lease arrangements within its property portfolio.

Operating Leases

The Authority leases out property under operating leases for several vehicles, printer/copiers and a number of premises within the local area. The future minimum lease payment receivable under non – cancellable leases in future years are:

	31/03/2012 £000	31/03/2013 £000
Not later than one year	2,514	2,411
Later than one year and not later than five years	8,912	7,982
Later than five years	39,641	38,220
Total	51,067	48,613

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

42. Private Finance Initiatives and Similar Contracts

The Council has no Private Finance Initiatives or similar Contracts.

43. Impairment Losses

On 28 October 2011 the Icelandic Supreme Court ruled that UK Local Authorities' claims in the administration of Glitnir and Landsbanki qualified as priority claims under Icelandic bankruptcy legislation. This means that the value of local authorities' claims in Icelandic administration qualifying for priority settlement are now final and will, at the very least, be equal to the value of the original deposit plus interest accrued to 22 April 2009. At the 31 March 2013 the Council had received £6.7m from Icelandic Banks. The Council has adopted latest (Update 7 - May 2013) CIPFA LAAP bulletin 82 guidance. The latest estimate of total recoveries was 83.5% for Kaupthing Singer & Friedlander and 100% for Landsbanki Island. As with Glitnir, Icelandic Kroner distribution already made to the Council have been placed into escrow which is earning interest at the following rate for 2012/13;

1 April 2012 to 20 May 2012	3.59%
21 May 2012 to 20 June 2012	3.93%
21 June 2012 to 31 March 2013	4.17%

The total interest of £130k was accrued and credited to the Comprehensive Income & Expenditure Statement in 2012/13.

44. Capitalisation of Borrowing Costs

The Council retains debt free status and there is no capitalisation of borrowing costs.

45. Termination Benefits

Termination benefits shall be recognised as a liability and an expense (and charged in the Surplus or Deficit on the Provision of Services) when the Council is demonstrably committed to either:

- Terminate the employment of an employee or group of employees before the normal retirement date, or
- Provide termination benefits as a result of an offer made in order to encourage voluntary termination of employment.

In 2012/13 the Authority terminated three employees' contracts and incurring liabilities of £35k. See Note 36 for the number of exit packages and total cost per band.

46. Pension Schemes accounted for as defined contribution schemes

The defined contribution scheme is not applicable to the Authority.

47. Defined Benefit Pension Schemes

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, administered locally by Oxfordshire County Council – this is a funded defined benefit final salary scheme, meaning that 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.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by the employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Defined Benefit Pension Schemes	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
>current service cost	1,224	1,454	-	-
>past service costs	-	-		
>settlements and curtailments				
Financing and Investment Income and Expenditure				
>interest cost	2,576	2,609	34	31
>expected return on scheme assets	(2,255)	(1,885)	-	-
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,545	2,178	34	31
Other PostEmployment Benefit Charged to the Comprehensive Income and Expenditure Statement				
>actuarial (gains) and losses	9,654	(2,440)	48	11
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	11,199	(262)	82	42
Movement in Reserves Statement				
>reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(1,545)	(2,178)	(34)	(31)
Actual amount charged against the General Fund Balance for pensions in the year:				
>employers' contributions payable to scheme	1,345	1,222		
>retirement benefits payable to pensioners			38	40

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure in the actuarial gains or losses on pension assets and liabilities line was at 31 March 2013 a gain £2.4m and at 31 March 2012 was a loss of £9.7m.

Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Reconciliation of PV of the scheme liabilities	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Discretionary Benefits	
	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000
Opening balance at 1 April	46,850	57,197	645	689
Current service cost	1,224	1,454		
Interest cost	2,576	2,609	34	31
Contributions by scheme participants	407	367		
Actuarial (gains) and losses	7,793	2,625	48	11
Benefits paid	(1,663)	(2,747)	(38)	(40)
Past service costs	-			
Entity combinations				
Curtailments	10			
Settlements				
Closing balance at 31 March	**57,197**	**61,505**	**689**	**691**

Reconciliation of fair value of the scheme (plan) assets:

Reconciliation of fair value of the scheme assets:	Local Government Pension Scheme	
	2011/12 £000	2012/13 £000
Opening balance at 1 April	32,907	33,400
Expected rate of return	2,255	1,885
Actuarial (gains) and losses	(1,861)	5,066
Employer contributions	1,355	1,262
Contributions by scheme participants	407	367
Benefits paid	(1,663)	(2,747)
Entity combinations		
Settlements		
Closing balance at 31 March	**33,400**	**39,233**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £6,972k (In 2011/12 £394k).

Scheme History

Scheme History	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Present value of liabilities:					
Local Government Pension Scheme	(44,430)	(61,814)	(46,850)	(57,197)	(61,504)
Unfunded LGPS	(650)	(725)	(645)	(689)	(691)
Fair value of assets in the Local Government Pension Scheme	22,180	30,164	32,907	33,400	39,233
Surplus/(deficit) in the scheme:					
Local Government Pension Scheme					
Discretionary Benefits					
Total	(22,900)	(32,375)	(14,588)	(24,486)	(22,962)

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £62.195m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance on the pension fund of £22,962m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (ie before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Projected pension expense for the year ending 31st March 2014

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31st March 2014 is £1.240m.

Expected contributions for the Discretionary Benefits scheme in the year to 31 March 2013 are nil.

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. Estimates for the Council are based on the latest full valuation of the scheme as at 31st March 2010.

The principal assumptions used by the actuary are as follows:

Basis for Estimating Assets and Liabilities	Local Government Pension Scheme		Discretionary Benefits	
	2011/12	2012/13	2011/12	2012/13
Long-term expected rate of return on assets in the scheme:				
Total	5.7%	5.7%		
Mortality assumptions:				
Longevity at 65 for current pensioners:				
>Men	19	19.2	19	19.2
>Women	23.1	23.2	23.1	23.2
Longevity at 65 for future pensioners:				
>Men	21	21.1	21	21.1
>Women	25	25.1	25	25.1
Rate of inflation	2.5%	2.6%	2.5%	2.6%
Rate of increase in salaries	4.7%	4.8%	4.7%	4.8%
Rate of increase in pensions	2.5%	2.6%	2.5%	2.6%
Rate for discounting scheme liabilities	4.6%	4.5%	4.6%	4.5%
Take up of option to convert annual pension into retirement lump sum	50.0%			

The Discretionary Benefits arrangements have no assets to cover its liabilities.

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31/03/2012 %	31/03/2013 %
Equity investments	70	69
Debt Instruments	16	10
Other assets	14	21
	100	100

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March 2013:

	2008/09 %	2009/10 %	2010/11 %	2011/12 %	2012/13 %
Differences between the expected and actual return on assets	(40.0)	22.4	2.3	(5.6)	12.9
Experience gains and losses on liabilities	0.4	0.0	10.5	(0.2)	0.0

48. <u>Contingent Liabilities</u>

At the balance sheet date a legal challenge has been lodged naming the Council (and all other local authorities in England) regarding charging for Land Charges personal search fees. If the complaint is upheld the Council may be liable to make repayment of its land charges personal search income. At present it is difficult to predict the timing or amount of any potential liability.

The Council has on – going issue related the roof in Chipping Norton Leisure centre, the Council may be liable for the replacement cost. At present it is difficult to predict the timing or amount.

The Council has no other material contingent liabilities

49. Contingent Assets

The Authority has no contingent assets to report.

50. Nature and extent of risks arising from financial instruments

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

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

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

These are required to be reported and approved at or before the 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

Loans and Receivables

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 £5m 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 £7.5m 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 2012/13, approved by Full Council in February 2012. The 2012/13Treasury Strategy can be found via the following web link: www.westoxon.gov.uk

As conditions in the financial sector had begun to show signs of improvement, albeit with substantial intervention by government authorities, the Authority decided it would be appropriate to diversify the counterparty list in2012/13, through the inclusion of comparable non-UK Banks for investments. The sovereign states whose banks were included were Australia, Canada, Finland, France, Germany, Netherlands, Switzerland and the US. These countries, and the Banks within them, were selected after analysis and careful monitoring of:

- Credit Ratings (minimum long-term A+)
- Credit Default Swaps
- GDP; Net Debt as a Percentage of GDP

- Sovereign Support Mechanisms / potential support from a well-resourced parent institution
- Share Price

Throughout 2012/13 the *minimum* criteria for new investments has been a long term rating of A- or equivalent for counterparties, AA+ or equivalent for non-UK sovereigns.

The Council has no outstanding investments as at 31 March 2013 other than deposits locked in the Icelandic banks.

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 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 2013.

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.

  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.

  The Council holds no investments at end of 31 March 2013, hence the interest rate risk is not applicable to the Council.

- *Price Risk:* The Authority does not invest in equity shares and therefore is not subject to any price risk (i.e. the risk that the Authority will suffer loss as a result of adverse movements in the price of financial instruments).

- *Foreign Exchange Risk:* The Authority holds some deposits in currencies other than sterling from Icelandic deposit repayment. The amounts of deposit outstanding are reconverted at the spot exchange rate at 31 March. In 2012/13 the Council accounted for a gain of £72,776 on its Icelandic investment, due to a favourable change in exchange rate.

51. Heritage Assets: Five-Year Summary of Transactions

Heritage Assets: Five-Year Summary of Transactions	**2008/09 £000**	**2009/10 £000**	**2010/11 £000**	**2011/12 £000**	**2012/13 £000**
Cost of Acquisitions of Heritage Assets					
Art Collection	15	39	55	33	10
Total cost of Purchases	**15**	**39**	**55**	**33**	**10**
Value of Heritage Assets Acquired by Donation					
Art Collection	-	-	-	-	-
Total Donations	**-**	**-**	**-**	**-**	**-**
Disposals of Art Collection Assets					
Carrying Value	-	-	-	43	-
Proceeds	-	-	-	-	-
	-	-	-	43	-
Impairment recognised in the period					
Art Collection	-	-	-	(43)	-

THE COLLECTION FUND

Revenue Account

2011/12 £'000		2012/13 £'000 Business Rates	£'000 Council Tax	£'000 Total	Note
	Income				
(57,503)	Income from Council Tax		(58,191)	(58,191)	
-	Transfers from General Fund		(4,766)	(4,766)	
(4,752)	- Council Tax Benefits			-	
(1)	- Transitional Relief		(1)	(1)	
(62,256)		-	(62,958)	(62,958)	
(28,762)	Income collectable - Business Ratepayers	(28,926)		(28,926)	
(91,018)		**(28,926)**	**(62,958)**	**(91,884)**	
	Expenditure				
61,414	Precepts & demands on the Collection Fund		61,836	61,836	3
-	National Non Domestic Rates			-	
28,659	- Payment to National Pool	28,781		28,781	
164	- Costs of Collection	162		162	
172	Change in provision bad/doubtful debts - Council Tax	263	99	362	
(199)	Bad debts written off	(280)	(76)	(356)	
90,210		**28,926**	**61,859**	**90,785**	
(808)	**(Surplus) / Deficit for the year**	**0**	**(1,099)**	**(1,099)**	

Appropriation Accounts

2011/12 Total £'000		2012/13 Business Rates £'000	Council Tax £'000	Total £'000	Note
(1,147)	Balance brought forward available for distribution	-	(834)	(834)	
	add				
	Distribution of Collection Fund surplus / (deficit)				
896	- Oxfordshire County Council		709	709	
119	- Thames Valley Police Authority		94	94	
106	- West Oxfordshire District Council		84	84	
	add				
-	Transfer to General Fund			-	
(808)	(Surplus)/Deficit for the year		(1,099)	(1,099)	
(834)	**Balance carried forward**	**-**	**(1,046)**	**(1,046)**	**4**

NOTES TO THE COLLECTION FUND

Note C1 Business Rate (National Non-Domestic Rates)

Business Rates (Non-Domestic Rates) are based on the rateable value for each property multiplied by a nationally determined uniform rate (multiplier). The total amount collected by the Council (subject to certain adjustments) is paid into the National Pool managed by Central Government and redistributed to each local authority based on a standard amount per head of population.

From the 1st April 2005 a new rating list took effect. Two separate rate multipliers were set, the lower of which is a rate multiplier for those businesses qualifying for small business relief.

2011/2012		2012/2013
42.6p	Small business non-domestic rating multiplier	45.0p
43.3p	Non-domestic rating multiplier	45.8p

Note C2 Council Tax

Council Tax income is derived from charges according to the value of residential properties. Properties are classified into 9 valuation bands (A*-H). The Council as billing authority calculates its tax base in accordance with Government Regulations. The number of dwellings is modified to take account of various discounts and exemptions allowed and an index is then used to calculate the equivalent number of Band D dwellings. The tax base calculation for 2012/13 is shown below:

Valuation Band	Total Dwellings in Band	Total Discounts, Exemption & Second Homes	Total Chargeable Dwellings	Weight [in 9ths]	Equivalent No of Band D Dwellings
A*	1	-0.25	0.75	5	0.42
A	1,358	-189.95	1,168.05	6	778.70
B	4,361	-607.4	3,753.60	7	2,919.47
C	15,250	-1,288.60	13,961.40	8	12,410.13
D	9,747	-395.95	9,351.05	9	9,351.05
E	6,654	-366.05	6,287.95	11	7,685.27
F	3,600	-164.35	3,435.65	13	4,962.61
G	2,352	-97.15	2,254.85	15	3,758.08
H	309	-14.4	294.60	18	589.20
Total	43,632	-3,124	40,507.90		42,454.93
Collection rate %					98.00%
Plus Contribution in Lieu (MOD)					837.05
Tax base for 2012/13					42,442.88

The estimated collection rate for 2012/13 was 98%, giving a Council Tax Base of 42,442.88 (42,219 2011/12).

Note C3 Precepts and Demands Made on the Collection Fund

2011/12 £'000		2012/13 £'000
49,046	Oxfordshire County Council	49,306
6,514	Thames Valley Police Authority	6,548
	West Oxfordshire District Council:	
2,406	- Parishes	2,515
3,446	- District	3,464
61,412		**61,833**

Note C4 Surplus / Deficit on the Collection Fund

The estimated surplus or deficit in respect of Council Tax at the end of each year is required to be distributed to or financed by the District Council, Oxfordshire County Council and the Thames Valley Police Authority in the following financial year in accordance with the relative amounts of precepts and demands on the Collection Fund. Community charge surpluses or deficits are dealt with purely by the District Council. The distribution of the estimated deficit at 31 March 2013 is shown in the Collection Fund Appropriations Account.

Annual Governance Statement 2012/13

1. Scope of responsibility

1.1. West Oxfordshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. West Oxfordshire District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2. In discharging this overall responsibility, West Oxfordshire District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

1.3. West Oxfordshire District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how West Oxfordshire District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

2. The purpose of the governance framework

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

2.2. The system of internal control is a significant part of that 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 ongoing process designed to identify and prioritise the risks to the achievement of West Oxfordshire District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically. The Corporate Management Team (including the S151 Officer), the Monitoring Officer and all operational Heads of Service have each signed an assurance statement that adequate controls are in place for 2012-13. An adequate system of internal control has been in place at West Oxfordshire District Council for the year ending 31 March 2013.

2.3. The governance framework has been in place at West Oxfordshire District Council for the year ended 31 March 2013 and up to the date of approval of the statement of accounts.

3. The governance framework

3.1. The annual governance statement includes a brief description of the key elements of the governance framework that the authority has in place.

3.2. A requirement of the system of internal control is the need for sound systems of financial management, internal control and risk management. The Accounts and Audit Regulations confirm that the Council is responsible for putting these in place and making sure they are effective.

3.3. The Council's Local Code of Corporate Governance has been revised in accordance with the 2007 CIPFA/SOLACE Framework Delivering Good Governance in Local Government and embraces the definition of corporate governance. The local code details the six core principles of the Good Governance Standard for Public Services against which the authority will measure its performance. The Local Code of Corporate Governance was approved by Cabinet in May 2008 and has been revised in April 2011 and presented to the Audit and General Purposes Committee.

3.4. The Council maintains an adequate and effective Internal Audit service. The Internal Audit Annual Report which contains an overall assurance of the adequacy of internal control has been published. Grant Thornton (External Auditors) were able to formally place reliance on the work of the Internal Auditors during 2012-13. During the year the Council's internal audit service has been delivered through a partnership arrangement with Cheltenham and Cotswold Councils known as Audit Cotswolds.

3.5. The Council is subject to external review; the external auditor is Grant Thornton who provided an annual audit letter presenting its findings.

3.6. There is an effective financial management system in place, the accounts are published annually, reviewed and signed off by the External Auditor.

3.7. The Council maintains an ongoing active approach to risk management, maintaining a Risk Register and linking risks to actions in service plans and managing them effectively. Corporate risks are frequently reviewed by the Management Team and Cabinet and reported via the Audit

& General Purposes Committee. The embedding of risk management throughout the organisation is a continuous improvement process. All Risk Registers are now available online on the Council's intranet to facilitate dynamic update by Services.

3.8. The Council has adopted the Leader and Cabinet model for decision making with a Leader, Executive Members and three Overview and Scrutiny Committees.

3.9. The Constitution sets out how the Council is to be managed. This includes a set of financial and contract regulations and a "Scheme of Delegation" which details decisions Officers can make without needing Council approval, as well as the areas of responsibility and procedures for Overview and Scrutiny and Non Executive Committees appointed by the Council.

3.10. There are two Statutory Officers who have specific responsibilities; the S151 Officer (Strategic Director (Resources)) oversees the financial arrangements of the Council [ensuring compliance with the five key principles within the CIPFA statement on the role of the Chief Finance Officer in public service organisations] whilst the Monitoring Officer deals with legal issues and the proper conduct of business.

3.11. As required by the Local Government Act 2000 the Council has constituted a Standards Committee which fulfils its statutory duties in relation to the promotion of good conduct, assisting members to comply with the Council's Code of Conduct for Members and providing training. The Committee also monitors the outcome of complaints referred to the Local Government Ombudsman.

3.12. In compliance with guidance from CIPFA and the Audit Commission the Council has an independent audit committee (realigning the General Purposes Committee to be the Audit and General Purposes Committee), to provide independent assurance of the adequacy of the risk management framework and associated control environment, independent scrutiny of the authority's financial and non-financial performance and to oversee the financial reporting process. This Committee is also supported by the work of the Finance and Management Overview and Scrutiny Committee who provide a complimentary scrutiny role.

3.13. The Council's ten year medium term financial strategy sets out the resource constraints the Council needs to operate within to deliver strategic aims, whilst service plans have been developed to contribute to strategic outcomes and the performance management framework measures delivery progress.

3.14. The annual revenue budget is agreed after a series of consultations with each Overview and Scrutiny Committee and public consultation via an on-line web survey. The budget is finally agreed in February of each year to enable the level of Council Tax to be set after final grant figures are received from government. The revenue budget must fit within the broad context of the medium term financial strategy.

3.15. Ongoing budgetary control is delivered by the Corporate Finance team with reports delivered to Cabinet on a quarterly basis setting out expenditure against both Revenue and Capital budgets. Any significant budget variances receive detailed comment for Cabinet's attention and where appropriate mitigating or corrective action is recommended.

3.16. Capital expenditure receives particular attention given its scale and nature via the officer Capital Programme Working Group which meets to discuss progress on schemes and where necessary makes recommendation to Cabinet to re-phase the programme.

3.17. The Council continues to contribute to the National Fraud Initiative (NFI) reviewing government systems data which is matched by the Audit Commission (now on a website access) and investigating anomalies to prevent or detect fraud. An annual fraud survey was also undertaken on behalf of the Audit Commission. In addition data matching work has been carried out with Capita to validate single occupier discounts for Council Tax across the whole of Oxfordshire.

3.18. The Strategic Director (Resources) has overall responsibility for ensuring the Council has a safe and proper system of financial administration. The financial procedures within the Constitution set how we will manage our financial resources and secure sound financial administration. These include how budgets are prepared and funds are controlled and released. All transactions are transparent and significant items drawn to the attention of the Finance and Management Overview and Scrutiny Committee which meets regularly.

3.19. The Council's Business Continuity Plan (BCP) and emergency management plan for the community, is in place as compliant with the Civil Contingencies Act 2004, covering all of its operations, and has been reviewed by Internal Audit and has been the subject of desktop training exercises in liaison with the County Council Emergency Planning Team. The Emergency Plan was refreshed in 2011-12.

3.20. The Council's Vision and Priorities developed in 2007 have been incorporated into a Council Plan and have been subject to annual refresh processes. These top level objectives are set out in the Delivery Plan with key milestones and performance measures attached which are subsequently reported to the Executive and Scrutiny Committees quarterly. New Priorities have been developed which reaffirms the Council's Vision.

3.21. 'Shaping Futures' the Sustainable Community Strategy for the district sets out the delivery aspirations for local communities based upon a comprehensive evidence base and widespread consultation including with harder to reach groups, either directly e.g. young people, or through representative organisations e.g. Citizens Advice Bureau. The Delivery Plan for the Strategy is reviewed and updated annually. The Council Plan links into this strategy and its outcomes.

3.22. A new Corporate Improvement Programme is currently being developed and the Council continues to participate in the 'Even Better Place To Work' scheme to assess and manage employee satisfaction and motivation levels.

3.23. The Council continues to pursue value for money in its procurement of goods and services, working closely with the Oxfordshire Districts Procurement Hub and its partners with the GO Shared Services partnership to deliver benefits of efficiency and effectiveness. The Council has also taken advantage of national framework agreements. The Council took the lead on undertaking a procurement process to provide reactive and planned maintenance services for all Councils across Oxfordshire and Cotswold DC.

3.24. Shared service arrangements with Cotswold District Council and other authorities have continued to be developed during 2012/13 both at Senior Management level and cascading down to operational Service levels with savings reaching the levels targeted in the original business case report. These included the GO Shared Service, Joint ICT, Joint Legal and Audit Cotswolds.

4. Review of effectiveness

4.1. West Oxfordshire District 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 executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2. West Oxfordshire District Council has assessed the effectiveness of the governance framework using the 21 key systems and processes as identified in the CIPFA "Delivering Good Governance in Local Government: Framework Addendum December 2012". The results have been tabled below:

Ref	CIPFA effectiveness aspects	Response
1.	Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users	The Council has a Corporate Strategy "the Council Plan 2012 -15". The Council's Aim and Priorities are determined by Members through Cabinet and Council, following consultation with the public. The Aim and Priorities are published in a Corporate Strategy document. The Council also publishes an annual report, the 'Review of the Year' which sets out the Priorities and outlines achievements against them as well as other actions and details of the Council's finances and performance. The Council's Plan and Review are published on the Council's website.
2.	Reviewing the authority's vision and its implications for the authority's governance arrangements	The Council's Plan was fundamentally reviewed in 2012, and updated annually having regard to new information and to update the priorities.
3.	Translating the vision into objectives for the authority and its partnerships	The Aim and Priorities in the Council's Plan are supported by the Capital Programme and Medium Term Financial Strategy. There are performance indicators that monitor key actions needed to meet the Priorities. Underpinning the Priorities are Service Delivery Plans (SDPs) for each service. The SDPs contain, amongst other things, the key tasks and the performance indicators for the service.
4.	Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money	The Council's Plan is being measured using a basket of indicators based on cost, outputs and outcomes. A baseline has been established to gauge future progress and improvements. Progress on the Council's efficiency measures is reported to the Overview and Scrutiny Committee and Cabinet on a quarterly basis for review and challenge, along with other performance data.

5.	Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements	The Chief Executive is designated as the Head of the Paid Service. His duties in this regard are set out in the Council's Constitution and the officer's detailed job specification. This role is a shared arrangement with the Cotswold DC under a formal secondment agreement. The respective roles of Leader and Chief Executive are set out in the Council's Constitution, underpinned by the more general requirements of the Member/Officer Protocol. Other aspects are contained in the Chief Executive's job specification. An annual appraisal process conducted by Members is in place.
6.	Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff	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.
7.	Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality	The Constitution contains a comprehensive description of the allocation of functions and responsibilities across the Member and Officer structures. The relevant sections are kept under regular review to ensure that it accurately reflects legislative and local requirements, guidance and best practice. The Council has a Data Quality Policy 2009. At year end, those responsible for compiling performance indicators outturns complete a

		document providing evidence for the data reported. Internal audit reviews performance management arrangements, including the outturns for a number of performance indicators annually.
8.	Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability	The Council's Risk Management Group oversees corporate risk management. The Council has a Risk Management Policy and risks are identified and managed both corporately and at service level, as part of the Performance Management process. The Risk Management Group meets quarterly and reviews the risk register. Decisions are made regarding risk scores, removing obsolete risks and adding new risks to the register. Audit Committee has oversight of the Risk Management Policy and processes. Appropriate training is provided to Members and Officers. The standard committee report template also includes a section to highlight/identify associated risks.
9.	Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained	The Council also has an Anti Fraud and Corruption strategy. All new employees and members are briefed on these policies during their induction. Refresher training is provided to Heads of Service, managers and Members as required. Anti-fraud and corruption guidance is issued to all staff and managers. This Policy was updated in the latter part of 2012 – 13 and is due to be presented to Audit & General Purposes Committee in June 2013.
10.	Ensuring effective management of change and transformation	The Even Better programme controls and delivers the projects of change and this has been broadened to include joint working with CDC to deliver further efficiencies, in line with the Council's plan
11.	Ensuring the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the*	The governance requirements in the CIPFA Statement are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the Leadership

	Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact	Team, with a status at least equivalent to other members (of that team). The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the authority's Annual Governance Report, together with how these deliver the same impact. The Chief Finance Officer does report directly to the Chief Executive at West Oxfordshire, he is the shared Strategic Director of Resources (shared with Cotswold DC). The West Oxfordshire Chief Finance Officer has direct access to the Chief Executive as necessary. He is able to fulfil the Chief Finance Officer role as defined by CIPFA.
12.	Ensuring the authority's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2010) and, where they do not, explain why and how they deliver the same impact	The Head of Audit Cotswolds fulfils the role of Head of Internal Audit for West Oxfordshire DC. Through the Partnership Section 101 Agreement, and the Job Description for the position, it is evidenced that the CIPFA role is delivered in full. A statement of the 5 Principles within the CIPFA role has been completed by the Head of Audit Cotswolds demonstrating compliance with this requirement.
13.	Ensuring effective arrangements are in place for the discharge of the monitoring officer Function	The Head of Legal and Democratic Services is designated as the Monitoring Officer. Duties in this regard are set out in the Council's Constitution and the officers' detailed job specifications. These Officers, supported by others within Democratic Services and Legal Services, ensure that the Council's decision-making processes comply with legislative and Constitutional requirements.
14.	Ensuring effective arrangements are in place for the discharge of the head of paid service function	The Chief Executive is designated as the Head of the Paid Service. His duties in this regard are set out in the Council's Constitution and the officer's detailed job specification. This role is a shared arrangement with Cotswold DC under a formal secondment agreement.

15.	Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*	A dedicated Audit Committee has been in existence for a number of years (through the Audit & General Purposes Committee). Its functions are set out in the Constitution.
16.	Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful	All reports contain a section on legal implications, including comments relating to ultra vires where relevant. The Council's Procurement Rules also include information relating to letting contracts under European Regulations.
17.	Whistleblowing and receiving and investigating complaints from the public	The Council has published a whistle-blowing policy. The Council also has an Anti Fraud and Corruption strategy. All new employees and members are briefed on these policies during their induction. Refresher training is provided to Heads of Service, managers and Members as required. This includes requirements within procurement strategy/procurement rules requiring contracting organisations to ensure that employees are made aware of the Council's Whistle Blowing Policy. The Whistle Blowing Policy is communicated to all existing contractors and ensuring they make their employees aware of how to access the Council's policy. The Council's complaints process includes a centrally managed recording system to log all complaints. This system enables reports to be generated including statistical data on numbers and types of complaint.
18.	Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training	The induction programme provided for Members immediately after each District Council election, together with the on-going programme, aims to provide Members with the skills needed to perform their roles. Members are encouraged to identify individual and specific training and development needs. Members are also required to undertake training before performing some specific roles, such as planning and licensing. Officers are appraised annually and the process

		identifies any skills or training gaps. The Corporate Training Programme is developed from the identified training gaps.
19.	Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation	The West Oxfordshire Community Strategy sets out the community's aspirations and the Council Plan links directly into this and shares many of the strategic outcomes. In developing the Community Strategy the Council has undertaken extensive market research, consultation and community engagement with local communities and stakeholders to ensure the priorities meet local needs and aspirations One of the key revised priorities of the Council is to 'work in partnership to sustain vibrant, healthy and economically prosperous towns and villages with full employment', and partnership activities detailed in the Council Plan work towards that goal, whilst engaging local people and local institutional stakeholders with accountability to the public The Council also has an Equality Scheme, part of which sets out how the authority aims to consult with people from protected groups on proposals which may affect them. We aim to target engagement with protected groups at relevant groups, rather than a broad-brush approach. The Council annually publishes information which demonstrates how the Council complies with equality law.
20.	Enhancing the accountability for service delivery and effectiveness of other public service providers	All tasks and performance indictors are attributed to individual Heads of Service and Portfolio Holders to ensure direct accountability. Service Delivery Plans identify key tasks and three year targets for performance indicators. Local government is accountable in a number of ways. Elected local authority members are democratically accountable to their local area and this gives a clear leadership role in building

		sustainable communities. All members must account to their communities the decisions they have taken and the rationale behind those decisions. All authorities are subject to external review through the external audit of their financial statements. They are required to publish their financial statements and are encouraged to prepare an annual report. Many are subject to national standards and targets. Their budgets are effectively subject to significant influence and overview by government, which has powers to intervene. Members and Officers are subject to codes of conduct. Additionally, if someone believes that maladministration may have occurred, the aggrieved person may lodge a formal complaint with the Council. If that person is not content with any response, then the matter can be pursued through the Local Government Ombudsman.
21.	Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.	The Council has approved a policy on partnership working and is committed to working in partnership to the benefit of the residents of the district and to provide high quality, value for money services. The Council has formed partnerships working at both strategic and operational level, to optimise opportunities to achieve its corporate priorities

4.3. 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. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

5. Significant governance issues

5.1. There were two areas of significant governance that require further action through 2013/14 and these have been set out in **Appendix 1**.

5.2. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: ____

Leader and Chief Executive on behalf of West Oxfordshire District Council

Appendix 1

5) Significant Governance Issues.

The following governance issues have been identified through internal audit, risk management and working with Corporate Team.

No.	Internal Control Issue	Proposed Action	To be implemented by:	Officer(s) Responsible
R1	GO Shared Services has received 'limited assurance' opinion for 2 areas: ○ Payroll ○ Systems Administration	GOSS Management have agreed an action plan to implement recommendations – this is subject to normal follow-up procedures	December 2013	Head of GO Shared Services
R2	Also there has been continued development of shared services, some of which have not yet implemented appropriate governance frameworks such as Memorandums of Understanding or Section 101 agreements.	The implementation of appropriate agreements that set out the accountability and governance frameworks under which the shared services will be delivered.	September 2013	Chief Executive Officer

End of Report

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

Opinion on the financial statements

We have audited the financial statements of West Oxfordshire District Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and 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 2012/13.

This report is made solely to the members of West Oxfordshire District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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 Finance Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's 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, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's 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 explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounting statements

In our opinion the accounting statements:

- give a true and fair view of the financial position of West Oxfordshire District Council as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources
We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those 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 2013.

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 had put in place proper arrangements to secure 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 published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, West Oxfordshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit of the financial statements of West Oxfordshire District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

John Golding
Partner
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

September 2013