



**WEST OXFORDSHIRE  
DISTRICT COUNCIL**

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## **STATEMENT OF ACCOUNTS 2020/21 (draft)**

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# NARRATIVE REPORT

## West Oxfordshire District Council

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

The population is approximately 109,800; the three largest towns are Witney, Carterton and Chipping Norton, though the majority of the population (57%) live in rural areas. The District also has an ageing population and estimates from 2017-2027 show the 65 years and over age group increasing by a further 6,147 people with two-thirds of this being outside the main towns.

The Council Plan 2020-2024 was updated in January 2020 and sets out the Council's key priorities and shows how the Council intends to achieve its ambitions for supporting local communities and the delivery of local services as follows:

### Our Vision and Priorities

**Our vision is to support West Oxfordshire to be fit for the future through:**

- Climate action
- Healthy towns and villages
- A vibrant district economy
- Strong local communities
- Meeting the housing needs of our changing population
- Modern council services and sustainable finance

Under each priority are the 'key actions' which show what the Council plan to do to achieve each priority and objective. Service Delivery Plans are in place for Council services; and include a summary of what the service does, and how it supports the Council's aim, priorities and objectives. They link the priorities and objectives in the Council Plan to the activities that demonstrate what the Council will do to achieve them.

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

The Covid-19 pandemic significantly impacted the 2020/21 financial year and the Council anticipates that there will be further substantial challenges in the year ahead as it deals with the post Covid recovery.

## Publica Group (Support) Limited

Publica Group (Support) Limited ['Publica'] is wholly owned by West Oxfordshire District Council along with Cotswold District Council, Forest of Dean District Council and Cheltenham Borough Council. It is a not-for-profit company limited by guarantee with no share capital and operates with Mutual Trading Status to deliver services on behalf of the Member councils under contract.

Publica is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

While Publica works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.

### Medium Term Financial Strategy (MTFS)

The financial impact of the new Council priorities has been reflected in the update to the Medium Term Financial Strategy during 2020/21. The Council operates a rolling 10 year MTFS, the latest being approved by Cabinet on 17 February 2021. This latest update reflected:

- The end of New Homes Bonus
- The loss of £4m of funding through the Business Rates Reset due in 2022/23
- The erosion of General Fund balances
- The rising reliance on borrowing over the span of the MTFS to replace internal borrowing (borrowing from our own cash reserves) and fund the Council's investment strategy
- A provision of £3.5m for appeals against both the 2010 and 2017 Business Rate rating list.
- Changes in assumptions on tax base growth and inflation
- £5.1m Return on Investment from the Council's Investment Strategy

The Medium Term Financial Strategy will be revised twice a year in light of Covid-19 recovery, the reduction in funding and the increased consumption of General Fund balances to ensure the Council remains financially operable for the duration of the current MTFS.

The latest version of the Medium Term Financial Strategy can be found on the Council's website within the documents of the Cabinet meeting of 17 February 2021.

### Financial Performance

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The Council's 2020/21 budget strategy assumed a balanced budget with a contribution from General Fund of £1,395. The outturn position (after transfers to earmarked reserves) was a surplus for the year of £48,753

The full Q4 outturn report can be viewed visiting the Council website and reading the Cabinet papers of 21st July 2021.

### Covid 19 Support Grants

The Council received a range of grants from Central Government in 2020/21 in response to the Covid pandemic. These included funding to support the Council's cost of services or to offset income losses. They also funded grant packages to be paid out to support local businesses.

	Council as Agent	Council as Principal
Grant Funding as at 31st March	£	£
Small Busines Grants Fund/Retail, Leisure, Hospitality	(26,785,000)	0
Local Authority Discretionary Fund	0	(1,286,708)
Local Restrictions Closed	(2,798,136)	0
Local Restrictions Closed Addendum 5th Jan-15th Feb	(3,042,738)	0
Local Restrictions Closed Addendum 16th Feb-31st March	(3,187,630)	0
Closed Business Lockdown One Off Payment	(6,084,000)	0
Christmas Support Payments Wet Led Pubs	(76,800)	0
Local Restrictions Open	0	(584,555)
ARG	0	(3,195,708)
	(41,974,304)	(5,066,971)
<b>Distributed as at 31st March 2021</b>	<b>36,266,938</b>	<b>3,304,204</b>
<b>Remainder</b>	<b>(5,707,366)</b>	<b>(1,762,767)</b>

Where the Council is merely administering grants on behalf of Central Government to local businesses we are acting as an agent and therefore these transactions are not included in our financial statements. At the year end £5,707,366 remained unspent for such schemes which sits as a Creditor on our Balance Sheet (note B5). Once all rounds of Local Restrictions payments are closed there will be a reconciliation and any funds remaining will be returned to Central Government.

Where the Council is acting as a principal in the administration of grants i.e. the Council has control and sets the eligibility criteria for the grant to be paid out, these transactions are recognised in our financial statements. At the year end £1,762,767 of funding for such schemes is yet to be spent and this is available for use in 2021/22.

### Retained Business Rates

There is a £7.15m deficit in our retained Business Rate income for 2020/21 due to the extension of government reliefs to the Retail, Leisure and Hospitality Sectors. The corresponding Section 31 compensation grant we received in the year from the Government has been moved to Earmarked Reserves to fund the repayment of the deficit on the Collection Fund in 2021/22. This deficit has been taken account of when setting the 2021/22 budget.

### Capital Programme

The Council maintains a capital programme to support investment and manage its assets. The approved budget for the year was £20.6m.

In 2020/21 the Council spent £13.376m on:

Capital Investment in the year	£000
Cottsway Housing Association Loan	5,914
Southill Solar Loan	2,000
Cottsway Blenheim Court Growth Deal	1,534
Disabled Facilities Grants (DFGs)	785
Cottsway Lavender Place Growth Deal	891
Deployment of High Speed Broadband	829
S106 Funded Projects	518
Community Grants Funded Projects	175
IT Equipment and Infrastructure	149
Talisman Roof Repairs	134
Flood Prevention	131
Parish Loans	80
Ubico Fleet Replacement	75
Other Minor Schemes	161
	13,376

The most significant of these was additional loans to Cottsway Housing to facilitate the provision of affordable housing in the District. In addition the Council loaned a further £2m to Southill Solar in line with the Council's stated priority to take action locally on climate change.

The capital spend for the year was £13.3m against a budget of £20.6m.

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## Financial Position

Net Assets decreased in the year by approximately £5.5m, however, The Council continues to maintain a strong Balance Sheet despite financial challenges.



**Net Assets 19/20**

**£118.447m**

**Net Assets 20/21**

**£112.923m**

**Movement**

**£5.524m**

The major contributing factors to the reduction were an increase in the pension fund obligation of £5.58m.

## Pension Liability

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

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

Pension assets and liabilities	£000
Fair value of employer assets	68,916
Present value of obligations	(103,919)
Surplus / (deficit) on the pension fund	(35,003)

Despite the Council's share of Pension Fund assets rising by £16.6m, the net liability has increased by £5.5m. This is due to a significant increase in the pension fund liabilities of £22.2m. The future value of pension liabilities is based on the discount rate, which is based on the yield on investment grade corporate bonds. As the spread on corporate bonds has reduced, it has led to a decrease in the discount rate, which in turn has a negative effect on pension scheme liabilities.

The 31<sup>st</sup> March 2021 position [£35,003,000 deficit] is compared to a deficit at 31<sup>st</sup> March 2020 of £29,421,000. Whilst the scheme is in deficit it represents the net value of what the Council owes across all future years. Publica and the Council are making contributions to cover liabilities accruing for employees that are current members and a lump-

sum payment of £3.62m was made in 2020/21 to fund the deficit.

## Operational Performance and Efficiency

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

Some indicators such as Leisure Centre attendance, have been affected by Covid, while others such as abandoned calls are being driven by messaging encouraging people to turn to the website, so a higher incidence is not necessarily a negative outcome. On this basis, the current suite of indicators is being reviewed.

For more details on the year's performance please refer to the Council website and the 'Financial and Service Performance Report 2020/2021 Year End' report from 16th June 2021.

## Risk Management

The Corporate Risk Register was updated during 2020/21 and reviewed by the Senior Management Team which comprises both Council and Publica Senior Managers. Any risk scoring 15 or above is considered a 'primary' risk.

At the end of 2020/21, there were 2 primary risks on the register:

- If the Council does not deliver a balanced medium term financial strategy then it may need to cut services or make additional savings. The MTFS approved in February 2021 shows a steady decline in the Council's reserves caused by the loss of government funding and the expected Business Rates Reset. The situation is under constant review.
- The 2021/22 budget and the MTFS have been set taking into account the continued pressure on the Council's income and expenditure due to Covid. The pressure on reserves is exacerbated by the impact of the Covid recovery period.

## Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United

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Kingdom, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The **Core Statements** are:

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

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

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

The **Balance Sheet** is a ‘snapshot’ of the Council's assets, liabilities, cash balances and reserves as at the year-end, 31 March 2020.

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

The **Supplementary Statements** are:

The **Collection Fund** summarises the transactions relating to council tax and business rates collection, and the redistribution of that money.

Business Rates is distributed to Central Government, Oxfordshire County Council and West Oxfordshire District Council. Council Tax is distributed between Oxfordshire County Council, the Police & Crime Commissioner for Thames Valley, West Oxfordshire District Council and the Town & Parish Councils within the West Oxfordshire district.

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



## Facing the Challenges Ahead

In a similar vein to 2020/21, the Council's financial position for the coming budget year (2021/22) has improved significantly due to the delay in the implementation of the changes to local government funding. We anticipated both the reset of business rates and the loss of New Homes Bonus. Both of these things have been deferred, although the expectation is that the deferral is a one year gift and the sharp drop off in funding that these will cause has been forecast in the MTFS to take effect from 2022/23, causing an overall funding loss of £4m and a consequential budget gap of £2.8m.

In the middle of the 2020/21 financial year, West Oxfordshire District Council (WODC) undertook an extensive financial review. In recognition of the longer term funding issues highlighted in the MTFS, any savings that could be made without loss of service, no matter how small, were made. The overall impact was a reduction in overhead budget of circa £300k. This still represents only a 2% reduction in our net revenue budget but shows the extent to which any and all efficiency savings have been made.

In addition to the government funded grants paid out to local businesses, the Council agreed a package of support to help local communities and businesses recover from the pandemic. The funding for this has been ring fenced in ear marked reserves to ensure that the two year programme, that is already underway, remains deliverable.

While expenditure can, for the most part, be monitored closely and controlled carefully, the larger risk in our budget not only this year but in coming years is income and government funding. The issue around government funding has been discussed above. The issue of income is a difficult one in the context of the current pandemic. The Council relies on almost £1.5m per annum of income from its leisure centres and £3.4m in commercial income. Both of these areas have been impacted by the pandemic and the long term effects are still unclear.

For the leisure centres, an agreement was reached with GLL, our leisure operator to provide support to them through 2020/21. This agreement capped our exposure in that financial year with the expectation that by spring 2021, things would be returning to some semblance of normality.

The local team at GLL have been incredibly good at managing through the restrictions and minimising losses – and indeed, proved towards the end of last year that the centres can break even under tier three restrictions. We are in the process of agreeing a new support deal for 2021/22 but the hope is that from the end of the new financial year, if not sooner, the situation will return to normal, including the return of the management fees which are such a crucial element of the Council's budget. The additional risk to the leisure operations is in the changing attitudes of customers to leisure provision in a time when many have found alternative ways to exercise and have faced long periods of uncertainty around access to facilities, and the appearance of competitors entering the market with tailored offerings.

Commercial income has been affected by successive lockdowns with many businesses struggling. Each tenant has had an individual discussion with our Commercial Property team and, where appropriate, agreements have been made to defer or adjust rental payments. The budget has been set on the basis of these actual agreements and therefore is a realistic current assessment of our income expectations but in the context of the current pandemic, this situation could change.

The year-end position includes an increased provision for impairment. This is a reflection of the ongoing impact of the Covid pandemic on the businesses of our customers.

It's as yet unclear what impact the UK's exit from the European Union will have on our finances. So far there appears to be a minimal direct impact but there could be a knock on effect as it impacts local businesses and residents. One of our recognised risks was that investments that lost capital value during the first lockdown and have been recovering subsequently, took further losses that prove irrecoverable. These have now significantly recovered and we are confident this will continue but are monitoring carefully nonetheless.

Provision of £3.5m has been made for business rates appeals. This provision has been calculated on the same basis as in previous years but it is an estimated provision and the risk exists that it is either overly prudent or inadequate.



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2020/21 and indeed, 2021/22 are periods of unprecedented uncertainty. The expectations we had for the resolution of the pandemic last year have been proven wrong so there cannot be absolute certainty that our current expectations are correct. We are clearly dealing with a situation that is beyond our control.

We are in a good position to deal with unexpected budgetary impacts in the short term as we have a strong level of reserves but in the context of the longer term pressures on the MTFS, we will, and must, continue to be cautious around any additional spending whilst progressing the investment strategy designed to generate future income and help to reduce the budget gap caused by the reduction of Government funding.

While our reserves are adequate, they are not infinite, and even the current plans, which have had significant savings and income generation factored into them, will see those reserves eroded in the medium term. Much care must be taken to ensure that the investment strategy is realised, to regularly reforecast our long term position and to resist any unnecessary spend, especially that incurring additional long term debt.

WODC finds itself in a position that is more fortunate than many councils. Through careful management in the past it has built up a good level of reserves but these are forecast to be depleted significantly in the medium term and the protection of them lies partly in the savings we have already made but also government funding yet to be determined and future commercial strategies yet to be realised.

Much care must be taken not to reduce potential income or increase projected spend. The MTFS will be reforecast at least twice a year and if the rate of reserve reduction increases, action must be taken swiftly to protect our long term sustainability.

Elizabeth Griffiths ACMA  
Chief Finance Officer

### Further information

For further information on the accounts please contact:

Elizabeth Griffiths, Chief Finance Officer,  
West Oxfordshire District Council,  
Woodgreen, Witney, Oxfordshire OX28 1NB;

or via email at [Elizabeth.Griffiths@westoxon.gov.uk](mailto:Elizabeth.Griffiths@westoxon.gov.uk)

## **The Authority's responsibilities**

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

## **The Chief Finance Officer's responsibility**

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

In preparing this statement of accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code.

The Chief Finance Officer has also:

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

## **CERTIFICATE**

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the authority at the accounting date and of its income and expenditure for the year ended 31<sup>st</sup> March 2021.

\_\_\_\_\_  
Elizabeth Griffiths  
Chief Finance Officer and Deputy Chief Executive

Date: \_\_\_\_\_

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

\_\_\_\_\_  
Cllr Alex Postan  
Chairman of the Audit and General Purposes Committee

Date: \_\_\_\_\_

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2019/2020				Note	2020/2021		
Gross Expenditure £	Gross Income £	Net Expenditure £			Gross Expenditure £	Gross Income £	Net Expenditure £
1,341,705	(639,242)	702,463	<u>Joint Committee</u>		1,328,290	(570,974)	757,316
1,021,570	(24,055)	997,515	Environmental and Regulatory Services		1,000,437	(22,850)	977,587
3,642,835	(1,679,575)	1,963,260	Finance, Human Resources & Procurement		2,737,120	(836,802)	1,900,318
1,753,537	(853,694)	899,843	ICT, Change and Customer Services		1,748,508	(835,337)	913,171
280,781	(10,957)	269,824	Land, Legal and Property Services		0	0	0
19,368,574	(19,126,346)	242,228	Partnership MD and 2020 Programme Costs		21,047,554	(19,632,558)	1,414,996
			Revenues and Housing Support Services				
			<u>Strategic Directors</u>				
1,367,993	(323,874)	1,044,119	Democratic Services		962,196	(25,615)	936,581
10,339,969	(3,563,141)	6,776,828	Environmental Services		10,055,875	(3,547,243)	6,508,632
3,659,230	(2,133,900)	1,525,330	Leisure and Communities Services		3,875,355	(829,555)	3,045,800
2,578,555	(1,425,310)	1,153,245	Planning and Strategic Housing Services		4,861,860	(2,503,716)	2,358,144
1,431,140	(490,730)	940,410	Other Retained Services		1,211,529	(456,848)	754,681
0	0	0	Covid-19 Income & Expenditure	B2A	3,706,660	(5,752,558)	(2,045,898)
<b>46,785,889</b>	<b>(30,270,824)</b>	<b>16,515,065</b>	<b>Cost of Services</b>	B1	<b>52,535,384</b>	<b>(35,014,056)</b>	<b>17,521,328</b>
3,673,828	(522,829)	3,150,999	Other Operating Expenditure	B3	3,995,785	(277,555)	3,718,230
2,425,166	(4,664,756)	(2,239,590)	Financing and Investment Income and Expenditure	B4	1,105,382	(5,147,760)	(4,042,378)
0	(19,556,315)	(19,556,315)	Taxation and Non-Specific Grant Income	B5	0	(19,965,643)	(19,965,643)
<b>52,884,883</b>	<b>(55,014,724)</b>	<b>(2,129,841)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	B1 / B2	<b>57,636,551</b>	<b>(60,405,014)</b>	<b>(2,768,463)</b>
		(7,468,280)	(Surplus) / deficit on revaluation of non current assets				(139,756)
		20,000	(Gains) / Losses on Financial Instruments at FV through OCI				(50,000)
		(12,898,000)	Remeasurement of the net defined benefit liability				8,482,000
		<b>(20,346,280)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>8,292,244</b>
		<b>(22,476,121)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>5,523,781</b>

## THE MOVEMENT IN RESERVES STATEMENT

	Note	Usable Reserves					Unusable Reserves £	TOTAL RESERVES £
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £		
<b>Balance at 1st April 2019</b>		(12,657,896)	(9,565,618)	(5,348,318)	(5,001,889)	(32,573,721)	(63,397,085)	(95,970,806)
Movements in reserves 2019/20		1,494,428	(1,494,428)	0	0	0	0	0
Total Comprehensive Income and Expenditure		(2,129,841)	0	0	0	(2,129,841)	(20,346,280)	(22,476,121)
Adjustments between accounting basis & funding basis under regulations	C1	533,312	0	(632,609)	(3,944,571)	(4,043,868)	4,043,868	0
<b>(Increase) / Decrease in Reserves 2019/20</b>		<b>(102,101)</b>	<b>(1,494,428)</b>	<b>(632,609)</b>	<b>(3,944,571)</b>	<b>(6,173,709)</b>	<b>(16,302,412)</b>	<b>(22,476,121)</b>
<b>Balance at 31 March 2020</b>		<b>(12,759,997)</b>	<b>(11,060,046)</b>	<b>(5,980,927)</b>	<b>(8,946,460)</b>	<b>(38,747,430)</b>	<b>(79,699,497)</b>	<b>(118,446,927)</b>
Movements in reserves 2020/21		(1,619,033)	1,619,033	0	0	0	0	0
Total Comprehensive Income and Expenditure		(2,768,463)	0	0	0	(2,768,463)	8,292,244	5,523,781
Adjustments between accounting basis & funding basis under regulations	C1	(5,929,045)	613,042	(274,817)	1,005,900	(4,584,920)	4,584,920	0
<b>(Increase) / Decrease in Reserves 2020/21</b>		<b>(10,316,541)</b>	<b>2,232,075</b>	<b>(274,817)</b>	<b>1,005,900</b>	<b>(7,353,383)</b>	<b>12,877,164</b>	<b>5,523,781</b>
<b>Balance at 31 March 2021</b>		<b>(23,076,538)</b>	<b>(8,827,971)</b>	<b>(6,255,744)</b>	<b>(7,940,560)</b>	<b>(46,100,813)</b>	<b>(66,822,334)</b>	<b>(112,923,146)</b>

# BALANCE SHEET

31st March 2020 £		Note	31st March 2021 £
69,040,897	Property, Plant & Equipment	D1	67,642,584
91,084	Heritage Assets		91,084
52,082,002	Investment Property	D2	51,958,500
58,426	Intangible Assets	D3	37,478
14,272,211	Non-Current Investments	F2	15,437,351
5,101,536	Non-Current Debtors	D7	12,773,493
<b>140,646,156</b>	<b>Non-Current Assets</b>		<b>147,940,489</b>
3,107,779	Investments	F2	85,765
31,945	Inventories		35,382
9,239,912	Debtors	D4	21,933,306
10,205,589	Cash and Cash Equivalents		9,389,432
<b>22,585,225</b>	<b>Current Assets</b>		<b>31,443,885</b>
(12,066,982)	Creditors	D5	(28,095,363)
(1,769,356)	Creditors - s.106 balances	D5	(1,693,923)
(1,139,625)	Provisions	D6	(1,259,168)
<b>(14,975,963)</b>	<b>Current Liabilities</b>		<b>(31,048,454)</b>
(29,421,000)	Defined Benefit Pension Liability	F1	(35,003,000)
(387,491)	Capital Grants Receipts in Advance	B9	(409,774)
<b>(29,808,491)</b>	<b>Non-Current Liabilities</b>		<b>(35,412,774)</b>
<b>118,446,927</b>	<b>Net Assets</b>		<b>112,923,146</b>
(38,747,430)	Usable reserves		(46,100,813)
(79,699,497)	Unusable Reserves	C3	(66,822,334)
<b>(118,446,927)</b>	<b>Total Reserves</b>		<b>(112,923,146)</b>

These financial statements were certified by the Chief Finance Officer on 30 June 2021.

Elizabeth Griffiths, ACMA  
Chief Finance Officer, West Oxfordshire District Council.

## CASH FLOW STATEMENT

	<b>Note</b>	<b>2019/20 £</b>	<b>2020/21 £</b>
Net surplus or (deficit) on provision of services		2,129,841	2,768,463
Adjustments to net surplus or (deficit) on the provision of services to exclude non-cash movements	<i>E1a</i>	(109,149)	(8,889,087)
Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	<i>E1b</i>	(5,223,004)	(1,147,229)
<b>Net cash flows from Operating Activities</b>		<b>(3,202,312)</b>	<b>(7,267,853)</b>
Investing Activities	<i>E1c</i>	9,217,800	6,451,696
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>6,015,488</b>	<b>(816,157)</b>
Cash and cash equivalents at 1 April		4,190,100	10,205,588
<b>Cash and cash equivalents at 31 March</b>		<b>10,205,588</b>	<b>9,389,432</b>
Comprising:			
Cash and bank current accounts		322,403	(530,716)
Short term investments		9,883,186	9,920,148
		<b>10,205,589</b>	<b>9,389,432</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B1. Expenditure and Funding Analysis

	2020/2021					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to /(from ) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
<u>Joint Committee</u>						
Environmental and Regulatory Services	757,316	(154,141)	0	603,175	5,333	608,508
GO Shared Services	977,587	(105,598)	0	871,989	872	872,861
ICT, Change and Customer Services	1,900,318	(342,115)	0	1,558,203	148,129	1,706,332
Land, Legal and Property Services	913,171	(252,718)	0	660,453	171,821	832,274
Partnership MD and 2020 Programme Costs	0	0	0	0	0	0
Revenues and Housing Support Services	1,414,996	(205,598)	0	1,209,398	39,834	1,249,232
<u>Strategic Directors</u>						
Democratic Services	936,581	(25,310)	0	911,271	10	911,281
Environmental Services	6,508,632	(401,801)	0	6,106,831	614,381	6,721,212
Leisure and Communities Services	3,045,800	(2,109,907)	0	935,893	966,498	1,902,391
Planning and Strategic Housing Services	2,358,144	(1,906,242)	0	451,902	9,246	461,148
Other Retained Services	754,681	4,495,388	0	5,250,069	(3,259,531)	1,990,538
Covid-19 Income & Expenditure	(2,045,898)	0	2,207,884	161,986	0	161,986
<b>Cost of Services</b>	<b>17,521,328</b>	<b>(1,008,042)</b>	<b>2,207,884</b>	<b>18,721,170</b>	<b>(1,303,407)</b>	<b>17,417,763</b>
Other Income and Expenditure	(20,289,791)	(4,921,002)	(3,826,917)	(29,037,710)	1,303,407	(27,734,303)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(2,768,463)</b>	<b>(5,929,044)</b>	<b>(1,619,033)</b>	<b>(10,316,540)</b>	<b>0</b>	<b>(10,316,540)</b>
Opening General Fund Balance (Unallocated) at 1 April (Surplus) / Deficit for the year				(12,759,997) (10,316,540)		
<b>Closing General Fund Balance (Unallocated) at 31 March</b>				<b>(23,076,537)</b>		



## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2019/2020					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to /(from ) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
<b>Joint Committee</b>						
Environmental and Regulatory Services	702,463	(613,390)	0	89,073	425,349	514,422
GO Shared Services	997,515	(128,326)	0	869,189	1,795	870,984
ICT, Change and Customer Services	1,963,260	(386,458)	0	1,576,802	152,066	1,728,868
Land, Legal and Property Services	899,843	(248,934)	0	650,909	125,054	775,963
Partnership MD and 2020 Programme Costs	269,824	(14,389)	0	255,435	0	255,435
Revenues and Housing Support Services	242,228	(246,308)	0	(4,080)	22,445	18,365
<b>Strategic Directors</b>						
Democratic Services	1,044,119	(33,279)	0	1,010,840	0	1,010,840
Environmental Services	6,776,828	(26,336)	0	6,750,492	8,679	6,759,171
Leisure and Communities Services	1,525,330	(1,138,014)	0	387,316	763,053	1,150,369
Planning and Strategic Housing Services	1,153,245	(309,739)	0	843,506	10,398	853,904
Other Retained Services	940,410	(34,930)	0	905,480	1,760	907,240
<b>Cost of Services</b>	<b>16,515,065</b>	<b>(3,180,103)</b>	<b>0</b>	<b>13,334,962</b>	<b>1,510,599</b>	<b>14,845,561</b>
Other Income and Expenditure	(18,644,906)	3,713,414	1,494,428	(13,437,064)	(1,510,599)	(14,947,663)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(2,129,841)</b>	<b>533,311</b>	<b>1,494,428</b>	<b>(102,102)</b>	<b>0</b>	<b>(102,102)</b>
Opening General Fund Balance (Unallocated) at 1 April				(12,657,896)		
(Surplus) / Deficit for the year				(102,102)		
Budgeted contribution to GF				0		
<b>Closing General Fund Balance (Unallocated) at 31 March</b>				<b>(12,759,998)</b>		

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

### Adjustments between accounting basis and funding basis

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

	2020/2021						
	Adjustments between funding and accounting basis (see MiRS Note C1)			Adjustments between amounts chargeable to the General Fund and Management Reporting			Total Management Reporting Adjustments £
	Capital Adjs £	Pension Adjs £	Other Adjs £	Total adjs between funding and accounting £	Depreciation £	Other Segment Adjs. £	
<u>Joint Committee</u>							
Environmental and Regulatory Services	1,610	152,531	0	154,141	1,610	3,723	5,333
Finance, Human Resources & Procurement	1,197	104,401	0	105,598	1,197	(325)	872
ICT, Change and Customer Services	149,346	192,769	0	342,115	149,346	(1,217)	148,129
Land, Legal and Property Services	222,500	30,218	0	252,718	164,741	7,080	171,821
Partnership MD and 2020 Programme Costs	0	0	0	0	0	0	0
Revenues and Housing Support Services	19,737	185,861	0	205,598	19,737	20,097	39,834
<u>Strategic Directors</u>							
Democratic Services	0	25,310	0	25,310	0	10	10
Environmental Services	505,453	(103,652)	0	401,801	505,453	108,928	614,381
Leisure and Communities Services	2,009,429	100,478	0	2,109,907	921,909	44,589	966,498
Planning and Strategic Housing Services	1,670,832	235,410	0	1,906,242	5,459	3,787	9,246
Other Retained Services	0	(4,504,326)	8,938	(4,495,388)	0	(3,259,531)	(3,259,531)
<b>Cost of Services</b>	<b>4,580,104</b>	<b>(3,581,000)</b>	<b>8,938</b>	<b>1,008,042</b>	<b>1,769,452</b>	<b>(3,072,859)</b>	<b>(1,303,407)</b>
Other Income and Expenditure	(1,976,538)	681,000	6,216,540	4,921,002	(1,769,452)	3,072,859	1,303,407
<b>(Surplus) / Deficit on Provision of Services</b>	<b>2,603,566</b>	<b>(2,900,000)</b>	<b>6,225,478</b>	<b>5,929,044</b>	<b>0</b>	<b>0</b>	<b>0</b>

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2019/2020						
	Adjustments between funding and accounting basis (see MiRS Note C1)			Total ads between funding and accounting	Adjustments between amounts chargeable to the General Fund and Management Reporting		Total Management Reporting Adjustments
	Capital Adjs £	Pension Adjs £	Other Adjs £		Depreciation £	Other Segment Adjs. £	
<u>Joint Committee</u>							
Environmental and Regulatory Services	425,349	188,041	0	613,390	425,349	0	425,349
GO Shared Services	1,795	126,531	0	128,326	1,795	0	1,795
ICT, Change and Customer Services	152,066	234,392	0	386,458	152,066	0	152,066
Land, Legal and Property Services	203,854	45,080	0	248,934	125,054	0	125,054
Partnership MD and 2020 Programme Costs	0	14,389	0	14,389	0	0	0
Revenues and Housing Support Services	22,445	223,863	0	246,308	22,445	0	22,445
<u>Strategic Directors</u>							
Democratic Services	0	33,279	0	33,279	0	0	0
Environmental Services	5,680	20,656	0	26,336	5,680	2,999	8,679
Leisure and Communities Services	1,011,016	126,998	0	1,138,014	763,053	0	763,053
Planning and Strategic Housing Services	10,398	299,341	0	309,739	10,398	0	10,398
Other Retained Services	52,500	(17,570)	0	34,930	2,120	(360)	1,760
<b>Cost of Services</b>	<b>1,885,103</b>	<b>1,295,000</b>	<b>0</b>	<b>3,180,103</b>	<b>1,507,960</b>	<b>2,639</b>	<b>1,510,599</b>
Other Income and Expenditure	(5,558,061)	979,000	865,647	(3,713,414)	(1,507,960)	(2,639)	(1,510,599)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(3,672,958)</b>	<b>2,274,000</b>	<b>865,647</b>	<b>(533,311)</b>	<b>0</b>	<b>0</b>	<b>0</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## Capital Adjustments

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

## Pension Adjustments

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

## Other Adjustments

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

## B2. Expenditure and Income Analysed by Nature

	2019/20 £	2020/21 £
<b>Expenditure</b>		
Employee benefits expenses	2,489,333	1,603,350
Publica Contract Charges	9,665,800	9,436,327
Housing Benefit & Other Transfer Payments	16,653,536	17,358,171
Covid grant payments	0	3,778,768
Other service expenses	14,358,958	13,859,723
Depreciation, amortisation and impairment	2,811,483	1,769,452
Interest payments and similar expense	979,000	681,000
Precepts and Levies	3,607,826	3,929,780
Other expenditure	2,318,947	5,219,979
<b>Total Expenditure</b>	<b>52,884,883</b>	<b>57,636,550</b>
<b>Income</b>		
Fees, charges & other service income	(13,741,410)	(9,915,244)
Housing Benefit Subsidy	(17,203,768)	(17,166,683)
Government Grants (incl Covid)	(7,070,659)	(22,322,961)
Income from Council Tax	(8,040,587)	(8,687,828)
Income from Non Domestic Rates	(3,260,234)	4,217,350
Non Government Grants & Contributions	(3,131,067)	(2,763,844)
Investment Interest and similar income	(903,821)	(794,457)
Other income	(1,663,178)	(2,971,346)
<b>Total Income</b>	<b>(55,014,724)</b>	<b>(60,405,013)</b>
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(2,129,841)</b>	<b>(2,768,463)</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B2a COVID Grants

<b>Expenditure</b>	<b>£</b>
High Street Re-Opening	33,393
Compliance & Enforcement	36,917
Business Support Grants (ARG)	3,304,204
Contain Outbreak Management	34,528
Community Testing Centre	13,021
Emergency Food	54,610
Winter Grants	68,000
Corona Virus - other	161,985
	<b>3,706,658</b>
<b>Income</b>	<b>£</b>
High Street Re-Opening	(33,393)
Compliance & Enforcement	(36,917)
Business Support Grants (ARG)	(5,066,971)
Contain Outbreak Management	(479,645)
Community Testing Centre	(13,021)
Emergency Food	(54,610)
Winter Grants	(68,000)
	<b>(5,752,557)</b>

## B3. Other Operating Income and Expenditure

	<b>2019/20</b>	<b>2020/21</b>
	<b>£</b>	<b>£</b>
(Gains) / losses on disposal of non current assets	(32,152)	(10,409)
Unattached capital receipts	(490,677)	(267,145)
Town and Parish Council support grant	66,002	66,005
Town and Parish Council precepts	3,607,826	3,929,780
	<b>3,150,999</b>	<b>3,718,231</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B4. Financing and Investment Income and Expenditure

	2019/20 £	2020/21 £
Interest payable and similar charges	2,192	0
Interest receivable and similar income	(844,663)	(795,252)
Movement in the fair value of financial assets*	1,224,723	(1,112,699)
Movement in the creditor loss allowance	0	497,874
Movement in the fair value of investment property	(62,500)	257,434
Net investment property (income) / expenditure	(3,538,342)	(3,570,735)
Net interest on the net defined benefit pension liability	979,000	681,000
	<b>(2,239,590)</b>	<b>(4,042,378)</b>

\*Movement in the fair value of financial assets largely reflects the fall in value at balance sheet date of pooled investment funds.

## B5. Taxation and Non Specific Grant Income

	2019/20 £	2020/21 £
National Non Domestic Rates:		
- Redistribution	(3,223,756)	(3,853,815)
- Renewable Energy	(203,125)	(221,075)
- Business rates levy	1,669,682	1,366,891
- Surplus from the pool	(607,199)	(445,269)
- (Surplus) / Deficit	(733,290)	7,150,681
	<b>(3,097,688)</b>	<b>3,997,413</b>
Council Tax income (Council and Town/Parish Council shares)	(8,040,586)	(8,687,828)
Revenue Support Grant	(77,568)	(78,830)
New Homes Bonus	(1,763,143)	(2,068,690)
S31 NDR Compensation Grant	(2,043,923)	(8,938,593)
Capital grants and contributions	(2,931,134)	(1,071,604)
Other non-ringfenced government grants	(1,602,273)	(1,933,302)
LG Compensation scheme for lost sales, fees and charges		(1,184,209)
	<b>(19,556,315)</b>	<b>(19,965,643)</b>

## B6. Members' Allowances

	2019/20 £	2020/21 £
Basic and Special Responsibility Allowances	354,177	365,054
Expenses	8,488	487
	<b>362,665</b>	<b>365,541</b>

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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### B7. External Audit Costs

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

	2019/20 £	2020/21 £
External audit services carried out by the appointed auditor	35,527	51,027
Certification of grant claims and returns	15,650	13,500
	<b>51,177</b>	<b>64,527</b>

Most disclosures within the Statement of Accounts give additional details about the amounts receivable and payable included in the core statements. The amounts for External Audit Costs are disclosed in accordance with annually agreed audit fee schedules.

Additional fees of £7,500 were payable in 2020/21 in respect of the 2018/19 audit and £18,120 in respect of the 2019/20 audit. It is anticipated that £7,250 will be payable in 2021/22 in final settlement for the 2019/20 audit.



# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B8. Officer Remuneration

### Senior Officer Remuneration

The Council's senior officers are those with statutory responsibility within the Council.

Post	2020/2021		
	Salary, allowances & other benefits £	Pension Contributions £	Total Remuneration £
Chief Executive and Head of Paid Service	80,977	14,252	95,229
Chief Finance Officer <sup>1</sup>	6,568	1,327	7,894
Chief Finance Officer/Deputy Chief Executive <sup>2</sup>	61,677	10,855	72,532
Monitoring Officer	63,267	10,954	74,222
	<b>212,489</b>	<b>37,388</b>	<b>249,877</b>

Post	2019/2020		
	Salary, allowances & other benefits £	Pension Contributions £	Total Remuneration £
Chief Executive and Head of Paid Service	86,257	13,350	99,608
Chief Finance Officer <sup>1</sup>	78,810	12,846	91,656
Monitoring Officer	70,467	9,597	80,063
	<b>235,534</b>	<b>35,793</b>	<b>271,327</b>

- Until 6<sup>th</sup> June 2020 The Chief Finance Officer was an employee of Cotswold District Council, who acted as Chief Finance Officer for both Cotswold District Council and West Oxfordshire District Councils. The costs shown above represent the employment cost incurred and paid by Cotswold District Council from 1<sup>st</sup> April to 5<sup>th</sup> June 2020 with 50% of these costs charged to West Oxfordshire, although the full salary and employment costs for the individual are shown above for comparability and transparency. From 6<sup>th</sup> June 2020 The Chief Finance Officer and Deputy Chief Executive has been an employee of West Oxfordshire District Council.

### Other Officer Remuneration

The majority of the Council's staff TUPE-transferred to Publica Group (Support) Limited on 1 November 2017, only a small number of staff are now employed directly by the Council and none of the Authority's employees (excluding those identified above) received more than £50,000 remuneration of the year. (No employees received more than £50,000 in 2019/20).

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B9. Grant Income

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

	2019/20 £	2020/21 £
<u>Revenue grants credited to Cost of Services</u>		
Housing Benefit Subsidy	(17,095,027)	(17,166,683)
Housing Benefit Administration Subsidy	(185,311)	(183,700)
Other grants	0	0
	<b>(17,280,338)</b>	<b>(17,350,383)</b>
<u>Revenue grants credited to Taxation and Non Specific Grant Income</u>		
New homes bonus grant	(1,763,143)	(2,068,690)
Revenue Support Grant	(77,568)	(78,830)
S31 NDR compensation grant	(2,043,923)	(8,938,593)
Rural services delivery grant	(126,956)	(126,956)
Other specific government grants	(1,475,317)	(1,806,346)
	<b>(5,486,907)</b>	<b>(13,019,415)</b>
<u>Capital grants credited to the Comprehensive Income and Expenditure Statement</u>		
Better Care Funding	(730,704)	(785,467)
S.106 Receipts & other capital grants	(2,931,134)	(1,071,604)
	<b>(3,661,838)</b>	<b>(1,857,071)</b>

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

	2019/20 £	2020/21 £
Environment Agency Grant [for specific Land drainage works]	(174,266)	(174,266)
Better Care Grant Funding	(213,225)	(235,508)
Long Term Capital Receipt in advance	(387,491)	(409,774)
S106 Capital Contributions [due to third parties]	(170,865)	(203,818)
Short Term Capital Receipt in advance	(170,865)	(203,818)
Total Capital Receipt in Advance	<b>(558,356)</b>	<b>(613,592)</b>

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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### **B10. Termination Benefits**

#### Redundancy and Compensation

There is no redundancy and compensation cost in 2020/21.

#### Pension Strain

There is no pensions strain cost in 2020/21 (nil in 2019/20). Any additional contributions (strain contributions and augmentation contributions) that are due to be paid in the year by the Council, under any agreement with the pension fund, are recognised immediately as an expense

#### Exit Packages

There is no exit package cost charged to the Council's Comprehensive Income and Expenditure Statement for the current year.

# NOTES TO THE MOVEMENT IN RESERVES STATEMENT

## C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2020/21			
	General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £
<b>Capital Adjustments</b>				
<u>Reversal of entries included in the CI&amp;ES relating to Capital Expenditure</u>				
Charges for depreciation, amortisation and impairment	(1,769,452)	0	0	0
Revaluation losses on Property, Plant and Equipment	(57,759)	0	0	0
Movements in the fair value of Investment Properties	(257,434)	0	0	0
Capital Grants and Contributions applied	2,151,892	0	0	0
Revenue Expenditure funded from Capital Under Statute	(4,904,785)	0	0	0
Non current assets written off on disposal or sale	(75,623)	0	0	0
<u>Adjustments between Capital &amp; Revenue Resources</u>				
Transfer of cash sale proceeds from disposal of non current assets	75,623	0	0	0
Capital expenditure charged against General Fund Balance	540,100	613,042	0	0
Statutory provision for the repayment of debt	344,715	0	0	0
Capital grants and contributions credited to CI&ES	1,071,603	0	0	(1,071,603)
Unattached Capital Receipts	277,553	0	(277,553)	0
<u>Adjustments to Capital Resources</u>				
Application of grants to capital financing trfd to CAA	0	0	0	2,077,503
Use of capital receipts reserve to finance new capital expenditure	0	0	684,649	0
Capital loan repaid			(91,461)	
Transfer from Deferred Capital Receipts on receipt of cash	0	0	(590,452)	0
<b>Financial Instrument Adjustments</b>				
Reversal of changes in fair value on Pooled Investment Funds	1,112,699	0	0	0
<b>Pension Adjustments</b>				
Pension costs transferred to / (from) the Pensions Reserve	2,900,000	0	0	0
<b>Accumulated Absences Adjustments</b>				
Movement in accumulated absences adjustment transferred to / (from) Accumulated Absences Adjustment Account	(8,938)	0	0	0
<b>Other Adjustments</b>				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(7,329,239)	0	0	0
	<b>(5,929,045)</b>	<b>613,042</b>	<b>(274,817)</b>	<b>1,005,900</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

	2019/20			
	General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £
<b>Capital Adjustments</b>				
<u>Reversal of entries included in the CI&amp;ES relating to Capital Expenditure</u>				
Charges for depreciation, amortisation and impairment	(1,507,959)	0	0	0
Revaluation losses on Property, Plant and Equipment	(78,800)	0	0	0
Movements in the fair value of Investment Properties	62,500	0	0	0
Capital Grants and Contributions applied	6,259,468	0	0	0
Revenue Expenditure funded from Capital Under Statute	(2,318,949)	0	0	0
Non current assets written off on disposal or sale	(563,844)	0	0	0
<u>Adjustments between Capital &amp; Revenue Resources</u>				
Transfer of cash sale proceeds from disposal of non current assets	563,844	0	(532,744)	0
Capital expenditure charged against General Fund Balance	540,100	0	0	0
Statutory provision for the repayment of debt	193,769	0	0	0
Capital grants and contributions credited to CI&ES	0	0	0	(4,138,833)
Unattached Capital receipts	522,829	0	(522,829)	0
<u>Adjustments to Capital Resources</u>				
Application of grants to capital financing trfd to CAA	0	0	0	194,262
Use of capital receipts reserve to finance new capital expenditure	0	0	458,480	0
Transfer from Deferred Capital Receipts on receipt of cash	0	0	(35,516)	0
<b>Financial Instrument Adjustments</b>				
Reversal of changes in fair value on Pooled Investment Funds	(1,342,636)	0	0	0
<b>Pension Adjustments</b>				
Pension costs transferred to / (from) the Pensions Reserve	(2,274,000)	0	0	0
<b>Other Adjustments</b>				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	476,990	0	0	0
	<b>533,312</b>	<b>0</b>	<b>(632,609)</b>	<b>(3,944,571)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### C2. Usable Reserves

#### Earmarked Reserves

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

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

Earmarked Reserves	Balance 1 April 2020 £	Transfers between reserves £	Transfers Out £	Transfers in £	Balance 31 March 2021 £
High Speed Broadband	(1,578,851)		369,634		(1,209,217)
Investment Property Improvement	(298,662)		133,932		(164,730)
Business Rate Movement	(567,092)		67,092		(500,000)
Service Modernisation Reserve	0				0
DCLG Community Housing Fund	(226,422)		61,393		(165,029)
Garden Village Grant	(494,858)		116,054	(250,000)	(628,804)
Benefits Subsidy Smoothing Reserve	(775,000)	75,000			(700,000)
Service Resilience Reserve	(23,000)		23,000		0
Flexible Homelessness Support Grant	(194,959)				(194,959)
Rev & Bens One-off Grant Funding	(205,330)	(75,000)	192,150		(88,180)
Invest to Save Reserve	0				0
Delivery of Council Priorities	(835,357)	600,000	109,445		(125,912)
Syrian Refugees Reserve	(298,793)				(298,793)
Additional Pension contribution in 2020	(3,627,098)		3,627,098		0
Economic Development Reserve	(270,000)		270,000		0
Covid Workstreams		(600,000)			(600,000)
Additional Restrictions Grant				(1,762,767)	(1,762,767)
Contain Outbreak Management Grant				(445,117)	(445,117)
Other earmarked reserves	(1,664,624)		296,482	(576,320)	(1,944,462)
	<b>(11,060,046)</b>	<b>0</b>	<b>5,266,280</b>	<b>(3,034,204)</b>	<b>(8,827,970)</b>

### C3. Unusable Reserves

#### Summary of Unusable Reserves

	2019/20 £	2020/21 £
Revaluation Reserve	(33,317,711)	(32,947,419)
Capital Adjustment Account	(73,563,832)	(73,821,532)
Pension Reserve	29,421,000	35,003,000
Deferred Capital Receipts Reserve	(3,607,662)	(2,600,568)
Collection Fund Adjustment Account	(8,981)	7,320,258
Accumulated Absences Account	6,648	15,587
Pooled Investment Fund Reserve	1,351,041	238,342
Financial Instruments Revaluation Reserve	20,000	(30,000)
	<b>(79,699,497)</b>	<b>(66,822,332)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Revaluation Reserve

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

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

The reserve contains only revaluation gains accumulated since 1<sup>st</sup> 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.

	2019/20 £	2020/21 £
Opening Balance - 1 April	(26,252,487)	(33,317,711)
Upward revaluation of assets	(9,883,785)	(1,488,838)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,415,505	1,349,082
<i>Surplus / deficit on revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services</i>	<i>(7,468,280)</i>	<i>(139,756)</i>
Difference between fair value and historic cost depreciation	403,056	510,048
Other balances written out to the Capital Adjustment Account	0	0
<i>Amount written off to the Capital Adjustment Account</i>	<i>403,056</i>	<i>510,048</i>
<b>Closing Balance - 31 March</b>	<b>(33,317,711)</b>	<b>(32,947,419)</b>



## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### 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 while depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement.

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

	2019/20 £	2020/21 £
Opening Balance - 1st April	(74,060,582)	(73,563,832)
<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</u>		
Charges for depreciation of non current assets	1,507,959	1,769,452
Revaluation losses on Property, Plant and Equipment	78,800	57,759
Revenue expenditure funded from capital under statute	2,318,949	4,904,785
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	563,844	75,623
	4,469,552	6,807,619
<u>Adjusting amounts written out of the Revaluation Reserve</u>		
Amounts written out on disposal or sale of non current assets	0	0
Historical cost depreciation adjustment	(403,056)	(510,048)
	(403,056)	(510,048)
<b>Net written out amount of the cost of non current assets consumed in year</b>	<b>4,066,496</b>	<b>6,297,571</b>
<u>Capital financing applied in year</u>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(458,480)	(593,188)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,120,635)	(2,151,892)
Earmarked Reserves credited to Ci&ES to capital financing	0	(613,039)
Application of grants to capital financing from the Capital Grants Unapplied Account	(194,262)	(2,077,503)
Statutory provision for the repayment of debt	(193,769)	(344,715)
Capital expenditure charged against the General Fund Balance	(540,100)	(540,100)
	(3,507,246)	(6,320,437)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(62,500)	257,434
Transfer from Deferred Cap Rerserves		(492,268)
<b>Closing Balance - 31 March</b>	<b>(73,563,832)</b>	<b>(73,821,532)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Pension Reserve

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

Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or pays any pensions for which it is directly responsible. The negative balance on the Pensions Reserve represents a shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2019/20 £	2020/21 £
Opening Balance - 1 April	40,045,000	29,421,000
Return on plan assets	4,389,000	(12,101,000)
Remeasurement of the net defined benefit liability	(17,287,000)	20,583,000
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	3,099,000	2,552,000
Employers' pension contributions	(825,000)	(5,452,000)
<b>Closing Balance - 31 March</b>	<b>29,421,000</b>	<b>35,003,000</b>

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2019/20 £	2020/21 £
Opening Balance - 1 April	(3,612,079)	(3,607,662)
New loans / new deferred receipt	(563,844)	(75,626)
Transfer to the Capital Receipts Reserve on receipt of cash	568,261	590,452
Movement between reserves		492,268
<b>Closing Balance - 31 March</b>	<b>(3,607,662)</b>	<b>(2,600,568)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Collection Fund Adjustment Account

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

	Balance 1 April 2020 £	Transfers in £	Balance 31 March 2021 £
Amounts by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements:			
Council Tax	(101,806)	(57,044)	(158,850)
NNDR	92,825	7,386,283	7,479,108
	<b>(8,981)</b>	<b>7,329,239</b>	<b>7,320,258</b>

### Accumulated Absences Adjustment Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year [the cost of the annual leave entitlement still owed by the Council to its employees at 31st March].

	2019/20 £	2020/21 £
Opening Balance - 1 April	6,648	6,648
Movement in year	0	8,939
<b>Closing Balance - 31 March</b>	<b>6,648</b>	<b>15,587</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Pooled Investment Fund Adjustment Account

The pooled investment fund adjustment account is used solely for the purpose of recognising fair value gains and losses on the Council's pooled investment funds under statutory provisions.

	2019/20 £	2020/21 £
Opening Balance - 1 April	8,405	1,351,041
Changes in fair value of Pooled Investment Funds	1,342,636	(1,112,699)
<b>Closing Balance - 31 March</b>	<b>1,351,041</b>	<b>238,342</b>

### Financial Instruments Revaluation Reserve

The financial instruments revaluation reserve contains the gains and losses arising from changes in the fair value of its investments that are measured at fair value through other comprehensive income.

	2019/20 £	2020/21 £
Opening Balance - 1 April	0	20,000
Changes in fair value of financial assets elected to FV through Other Comprehensive Income	20,000	(50,000)
<b>Closing Balance - 31 March</b>	<b>20,000</b>	<b>(30,000)</b>

## NOTES TO THE BALANCE SHEET

### D1. Property, Plant and Equipment

#### Property, Plant and Equipment

Movements in 2020/21	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	TOTAL P&P&E £
<b>- Asset Cost or Valuation</b>					
Asset values at 1 April 2020	63,204,514	2,379,000	917,659	3,637,239	<b>70,138,412</b>
Additions	57,985	285,834			343,819
Revaluation increases / (decreases)	(1,104,689)			(88,420)	(1,193,109)
Reclassification	(235,000)			235,000	0
Derecognition - disposals		(237,372)			(237,372)
<b>Asset values at 31 March 2021</b>	<b>61,922,810</b>	<b>2,427,462</b>	<b>917,659</b>	<b>3,783,819</b>	<b>69,051,750</b>
<b>- Depreciation</b>					
Accumulated depreciation at 1 April 2020	(92,536)	(1,004,979)	0	0	<b>(1,097,515)</b>
Depreciation charge for the year	(1,323,448)	(425,056)	0	0	(1,748,504)
Depreciation written out on revaluation	1,270,888		0	4,218	1,275,106
Derecognition - disposals	0	161,746	0	0	161,746
Derecognition - others	4,218		0	(4,218)	0
<b>Accumulated depreciation at 31 March 2021</b>	<b>(140,878)</b>	<b>(1,268,289)</b>	<b>0</b>	<b>0</b>	<b>(1,409,167)</b>
<b>- Net Book Value of Assets</b>					
1st April 2020	63,111,978	1,374,021	917,659	3,637,239	69,040,897
31st March 2021	<b>61,781,932</b>	<b>1,159,173</b>	<b>917,659</b>	<b>3,783,819</b>	<b>67,642,584</b>

## NOTES TO THE BALANCE SHEET

Movements in 2019/20	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets under Construction £	TOTAL P&P&E £
<b>Asset Cost or Valuation</b>						
Asset values at 1 April 2019	48,801,757	2,751,723	917,659	3,389,719	2,235,362	<b>58,096,220</b>
Additions	117,808	751,546	0	0	6,087,486	6,956,840
Revaluation increases / (decreases)	5,962,101	0	0	247,520	0	6,209,621
Reclassification	8,322,848	0	0	0	(8,322,848)	
Derecognition - disposals	0	(1,124,269)	0	0	0	(1,124,269)
<b>Asset values at 31 March 2019</b>	<b>63,204,514</b>	<b>2,379,000</b>	<b>917,659</b>	<b>3,637,239</b>	<b>0</b>	<b>70,138,412</b>
<b>Depreciation</b>						
Accumulated depreciation at 1 April 2019	(238,802)	(1,130,844)	0	0	0	<b>(1,369,646)</b>
Depreciation charge for the year	(1,033,593)	(434,560)	0	0	0	(1,468,153)
Depreciation written out on revaluation	1,179,859		0	0	0	1,179,859
Derecognition - disposals		560,425	0	0	0	560,425
Other movements	0	0	0	0	0	
<b>Accumulated depreciation at 31 March 2019</b>	<b>(92,536)</b>	<b>(1,004,979)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,097,515)</b>
<b>Net Book Value of Assets</b>						
1st April 2019	48,562,955	1,620,879	917,659	3,389,719	2,235,362	56,726,574
31st March 2019	<b>63,111,978</b>	<b>1,374,021</b>	<b>917,659</b>	<b>3,637,239</b>	<b>0</b>	<b>69,040,897</b>

The Code requires that assets are formally revalued at least every 5-years. Assets are formally revalued as part of a 5-year rolling programme, with assets revalued more frequently if there is evidence that asset values may have changed. The table below summarises valuations undertaken, by year:

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Total PPE £000
Carried at (depreciated) historic cost	0	1,159	918	0	2,077
Valued at current value as at 31 March:					
2016/17	0	0	0	0	0
2017/18	0	0	0	0	0
2018/19	1,309	0	0	341	1,650
2019/20	1,025	0	0	35	1,060
2020/21	59,448	0	0	3,408	62,856
<b>Total</b>	<b>61,782</b>	<b>1,159</b>	<b>918</b>	<b>3,784</b>	<b>67,643</b>

### Asset valuation, amortisation and depreciation

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

- Land assets are generally not depreciated
- Operational buildings are typically depreciated over 30 to 60 year useful lives, depending upon the particular asset and an estimate of the asset life from the Council's valuer
- Car Parks – over 20-years or a lifetime agreed with the Council's valuer
- Vehicles, Plant and Equipment are depreciated over 5 to 7 years as appropriate
- Surplus assets will have lives based upon the type of asset – eg. Buildings 30 to 60 years, land indefinite lifespans. Useful economic lives will be agreed with the valuer.
- Heritage and Community Assets are not depreciated

### Capital Commitments

The purchase of The Old Courthouse in Witney has been agreed for the provision of temporary emergency accommodation to homeless people. The sale was completed on 21st April 2021 for £1,274,471.

### Effects of changes in estimates

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

### Revaluations

The 2020/21 PPE valuations and impairment review were undertaken by Mr. W. McMahon BA (Hons) MRICS, of West Oxfordshire District Council. Valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and the Code of Practice on Local Authority Accounting in the United Kingdom.

Assets are valued as part of a rolling programme of revaluations. All assets are valued on a 5-year rolling programme.

In estimating asset values it has been assumed that:

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

With the introduction and application of IFRS13 in 2015/16, the Council's surplus assets have been reviewed and measured at fair value based upon 'highest and best use'. The surplus assets that the Council owns are strips of land and therefore they are not depreciated. Within the fair-value hierarchy, the Council's Surplus Assets are deemed as 'level 2' category. The Surplus Assets valuation was undertaken by Mr. W. McMahon BA (Hons) MRICS, of West Oxfordshire District Council.



## NOTES TO THE BALANCE SHEET

### D2. Investment Properties

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

	2019/20 £	2020/21 £
Rental income	(3,759,784)	(3,737,683)
Direct operating expenses	221,443	166,948
Net (gains) / losses from fair value adjustments	(62,500)	257,434
	<b>(3,600,841)</b>	<b>(3,313,301)</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. There are contractual obligations on the Council to repair and maintain certain investment properties and these have been included in the relevant property valuations.

The 2020/21 Investment Property valuations were undertaken by the in house valuation team. The valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (as outlined in Note D1 above).

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

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

	2019/20 £	2020/21 £
Opening Balance - 1 April	52,019,502	52,082,002
Additions	0	133,932
Net gains / (losses) from fair value adjustments	62,500	(257,434)
Reclassification - transfer to Property, Plant & Equipment	0	0
<b>Closing Balance - 31 March</b>	<b>52,082,002</b>	<b>51,958,500</b>

### Fair value hierarchy

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

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

## NOTES TO THE BALANCE SHEET

### D3. 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 and is accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased software only, as the Authority has no internally generated software.

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

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

#### Movements in Intangible Assets

	2019/20 £	2020/21 £
-		
<b><u>Asset Cost or Valuation</u></b>		
Asset values at 1 April	541,276	232,770
Additions		
Derecognition	(308,506)	
<b>Asset values at 31 March</b>	<b>232,770</b>	<b>232,770</b>
-		
<b><u>Amortisation</u></b>		
Accumulated Amortisation at 1 April	(443,044)	(174,344)
Amortisation charge for the year	(39,806)	(20,948)
Derecognition	308,506	0
<b>Accumulated Amortisation at 31 March</b>	<b>(174,344)</b>	<b>(195,292)</b>
-		
-		
<b>Net carrying amount at 31 March</b>	<b>58,426</b>	<b>37,478</b>

## NOTES TO THE BALANCE SHEET

### D4. Current Debtors

	2019/20 £	2020/21 £
Government Departments	2,824,754	11,677,444
Other Local Authorities [Statutory]	524,800	3,623,726
Other Local Authorities [Trading]	2,138,880	885,577
Collection Fund debtors (WODC Share)	713,205	1,551,481
Housing Benefit recovery	1,382,162	1,328,862
Sundry Debtors	2,209,597	2,778,323
Finance Leases - principal outstanding	582,455	593,259
Other Debtors	826,467	1,713,766
Prepayments	197,566	479,912
	<u>11,399,886</u>	<u>24,632,350</u>
Less provision for impairment of receivables:		
Collection Fund provisions (WODC share)	(317,514)	(442,293)
Housing Benefit recovery	(1,382,162)	(1,329,591)
Sundry Debtors	(460,298)	(927,160)
	<u><b>9,239,912</b></u>	<u><b>21,933,306</b></u>

### D5. Current Creditors

	2019/20 £	2020/21 £
Government Departments	(4,843,317)	(11,603,426)
Business Grants Agency	0	(5,707,366)
Other Local Authorities [Statutory]	(2,298,395)	(1,588,658)
Other Local Authorities [Trading]	(367,465)	(2,774,943)
Collection Fund (WODC Share)	(369,120)	(297,588)
Sundry Creditors	(1,877,551)	(3,040,713)
Receipts in advance:		
Taxpayer Creditors	(70,243)	(544,392)
Sundry Creditors receipts in advance	(2,240,891)	(2,538,277)
	<u>(12,066,982)</u>	<u>(28,095,363)</u>
Capital Receipt in Advance	(1,769,356)	(1,693,923)
	<u><b>(13,836,338)</b></u>	<u><b>(29,789,286)</b></u>

## NOTES TO THE BALANCE SHEET

### D6. Provisions

	Opening Provision 1 April £	New provisions in-year £	Use of provisions £	Provisions returned to revenue £	Closing Provision 31 March £
-					
Business Rates (NDR)					
Appeals	(1,139,626)	(243,270)	153,728	0	(1,229,168)
Provision - Subsidence Claims		(30,000)			(30,000)
	<b>(1,139,626)</b>	<b>(273,270)</b>	<b>153,728</b>	<b>0</b>	<b>(1,259,168)</b>

#### Business Rates (NNDR) appeals

The NNDR provision has been set aside to cover the potential cost to the Council of outstanding appeals against property valuations.

### D7. Non - Current Debtors

	31 March 2020 £	31 March 2021 £
Cottsway Housing Association loan	1,998,099	7,821,039
Equity Loans Scheme	232,114	232,114
Parish/Town Council Loans	123,930	145,933
Charge on former Unicorn Public House - Great Rollright	20,498	20,498
GLL - COVID supporting Loans	0	304,301
Vehicles Leases	2,226,895	1,709,262
	4,601,536	10,233,147
Southill Solar Loan	500,000	2,540,346
	<b>5,101,536</b>	<b>12,773,493</b>

## NOTES TO THE BALANCE SHEET

### D8. Capital Expenditure and Financing

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

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

	2019/20 £	2020/21 £
<b>Opening Capital Financing Requirement</b>	<b>8,621,483</b>	<b>16,395,857</b>
<b>Capital Investment in Year</b>		
Property, Plant & Equipment	6,956,841	477,751
Intangible Assets	0	0
Capital Expenditure transfer Long term loans	2,005,831	7,994,401
Revenue Expenditure Funded from Capital under Statute	2,318,949	4,904,785
	<u>11,281,621</u>	<u>13,376,937</u>
<b>Sources of Finance</b>		
Capital Receipts	458,481	80,000
Government grants & other contributions	2,314,897	4,229,393
MRP / Statutory repayment of loans advance	193,769	941,632
Earmarked reserves	0	613,041
Direct Revenue Contributions	540,100	540,100
	<u>3,507,247</u>	<u>6,404,166</u>
<b>Net Increase / (Decrease) in Capital Financing Requirement</b>	<b>7,774,374</b>	<b>6,972,771</b>
<b>Closing Capital Financing Requirement</b>	<b>16,395,857</b>	<b>23,368,628</b>

# NOTES TO THE CASH FLOW STATEMENT

## E1. Notes to the Cash Flow Statement

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

	2019/20 £	2020/21 £
Depreciation, amortisation and impairment	1,586,759	1,827,212
Increase / (decrease) in creditors	1,636,924	12,903,584
(Increase) / decrease in debtors	(4,796,873)	(18,318,748)
Increase / (decrease) in provision for bad debts	186,012	414,291
(Increase) / decrease in inventories	(1,528)	(3,437)
Pensions' liability	2,274,000	(2,900,000)
Carrying amount of non current assets sold	563,844	75,626
Increase / (decrease) in provisions	(601,553)	119,542
Movements in the fair value of investment properties	(62,500)	257,434
Other non cash items charged to Surplus/Deficit on the Provision of Services	(894,234)	(3,264,591)
	<b>(109,149)</b>	<b>(8,889,087)</b>

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

	2019/20 £	2020/21 £
Capital grants and contributions	(4,188,483)	(1,071,603)
Proceeds from the sale of non current assets	(1,034,521)	(75,626)
	<b>(5,223,004)</b>	<b>(1,147,229)</b>

### c. Investing Activities

	2019/20 £	2020/21 £
Purchase of property, plant & equipment and other capital investment	(7,066,670)	(311,909)
Purchase of short term and long term investments	(34,482,799)	(57,000,000)
Proceeds from the sale of non current assets	1,124,777	593,259
Proceeds from disposal of short term and long term investments	44,501,421	60,000,000
Other (receipts) / payments from investing activities	5,141,071	3,170,346
	<b>9,217,800</b>	<b>6,451,696</b>

### **F. Events after the Balance Sheet Date**

The Chief Finance Officer authorised the Statement of Accounts on 30<sup>th</sup> June 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The purchase of The Old Courthouse in Witney, on 21<sup>st</sup> April 2021 for £1,274,471 has been treated as a non-adjusting event after the Balance Sheet date.

### F1. Defined Benefit Pension Scheme

#### Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to fund (for those benefits) and to disclose them at the time that the employees earn their future entitlement.

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS) is administered locally by Oxfordshire County Council. It is a defined benefit scheme, based upon final salary scheme and length of service upon retirement. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments if they are deemed due..

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

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

#### Publica Group (Support) Limited

During 2017/18 the Council transferred the majority of its staff under TUPE legislation to Publica Group (Support) Limited, a wholly owned local authority company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council. The pension fund disclosure notes on the following pages include the staff transferred to Publica. All staff are pooled (counted as one scheme by the pension fund) as the Council continues to underwrite the pension liabilities on the whole scheme.



## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Transactions relating to retirement benefits

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

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

	2019/20 £	2020/21 £
<b>Comprehensive Income &amp; Expenditure Statement</b>		
<i>Cost of Services:</i>		
Current Service Cost	2,120,000	1,871,000
Past Service Cost		
(Gains)/loss from settlements		
<i>Financing and Investment Income &amp; Expenditure:</i>		
Net Interest Expense	979,000	681,000
<b>Net Charge to Surplus or Deficit on Provision of Services</b>	<b>3,099,000</b>	<b>2,552,000</b>
 <i>Other post employment benefit charged to Comprehensive Income &amp; Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising:		
Return on Plan Assets	4,389,000	12,101,000
Actuarial (gains) / losses arising on changes in financial assumptions	(9,674,000)	20,408,000
Actuarial gains and losses - demographic assumptions	(3,803,000)	1,084,000
Experience (gains) / losses on defined benefit obligation		
Other actuarial (gains) / losses	(3,810,000)	(909,000)
	<b>(12,898,000)</b>	<b>32,684,000</b>
 <b>Total post employment benefits charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(9,799,000)</b>	<b>35,236,000</b>
 <b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	<b>3,099,000</b>	<b>2,552,000</b>
 <b>Actual amount charged against the General Fund Balance for pensions in the year</b>		
Employers' contributions payable to the scheme	<b>825,000</b>	<b>5,452,000</b>

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Pension Assets and Liabilities recognised in the Balance Sheet

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

	2019/20 £	2020/21 £
Present value of the defined benefit obligation - funded	(81,131,000)	(103,353,000)
Present value of unfunded obligations	(614,000)	(566,000)
Fair Value of Plan Assets	52,324,000	68,916,000
<b>Net liability arising from defined benefit obligation</b>	<b>(29,421,000)</b>	<b>(35,003,000)</b>

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

	2019/20 £	2020/21 £
Opening Fair Value of Scheme Assets	56,744,000	52,324,000
Interest Income	1,348,000	1,195,000
Administration Expense		
Remeasurement Gains / (Losses)	(4,389,000)	12,101,000
Other Actuarial gains/losses		
Employers' Contributions [including Unfunded]	825,000	5,452,000
Employee Contributions	352,000	359,000
Benefits Paid [including Unfunded]	(2,556,000)	(2,515,000)
Settlement prices received /paid		
<b>Closing Balance 31 March</b>	<b>52,324,000</b>	<b>68,916,000</b>

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

	2019/20 £	2020/21 £
Opening Balance 1 April	<b>(96,789,000)</b>	<b>(81,745,000)</b>
Current Service Cost	(2,120,000)	(1,871,000)
Interest Cost	(2,327,000)	(1,876,000)
Contributions from Scheme Participants	(352,000)	(359,000)
Past Service Cost		
Remeasurement Gains / (Losses)	13,484,000	(19,499,000)
Change in demographic assumptions	3,803,000	(1,084,000)
Liabilities assumed/extinguished on settlements	0	0
Benefits Paid	2,512,000	2,474,000
Unfunded Benefits Paid	44,000	41,000
<b>Closing Balance 31 March</b>	<b>(81,745,000)</b>	<b>(103,919,000)</b>
	Funded	(81,131,000)
	Unfunded	(614,000)
		(103,353,000)
		(566,000)

## ADDITIONAL DISCLOSURES – TECHNICAL NOTES

### Composition of Scheme Assets

	Period ended 31 March 2021			
	Quoted	Unquoted	Total	Percentage of total assets
	£000	£000	£000	%
<b>Equity Securities:</b>				
Consumer				0%
Manufacturing				0%
Energy and Utilities				0%
Financial Institutions				0%
Health and Care				0%
Information technology				0%
Other				0%
<b>Debt Securities:</b>				
Corporate Bonds (investment grade)				0%
Corporate Bonds (non-investment grade)				0%
UK Government	5,636	0.0	5,636	8%
Other	1,774	0.0	1,774	3%
<b>Private Equity:</b>				
All	2,995	0.0	2,995	4%
<b>Real Estate:</b>				
UK Property				0%
Overseas Property				0%
<b>Investment funds and unit trusts:</b>				
Equities		39,547	39,547	57%
Bonds		4,943	4,943	7%
Hedge Funds		0	0	0%
Commodities		0	0	0%
Infrastructure		1,232	1,232	2%
Other		10,269	10,269	15%
<b>Derivatives:</b>				
Inflation				0%
Interest rate				0%
Foreign exchange	78.4		78.4	0%
Other				0%
<b>Cash and cash equivalents</b>				
All	2,441.1		2,441.4	4%
<b>Total</b>	<b>12,925</b>	<b>55,991</b>	<b>68,916</b>	<b>100%</b>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### 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, the financial assumptions are summarised below:

<b>Mortality Assumptions</b>	<b>Males</b>	<b>Females</b>
Current Pensioners	22.4	24.7
Future Pensioners	23.4	26.3
<b>Financial Assumptions</b>	<b>2019/20</b>	<b>2020/21</b>
Rate of increase in pensions	1.90%	2.85%
Rate of increase in salaries	1.90%	2.85%
Discount Rate	2.30%	2.00%

### Sensitivity Analysis

IAS 19 requires disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount (£000)</b>
<b>Change in assumption at 31 March 2021:</b>		
0.5% decrease in Real Discount Rate	9%	9,871
0.5% increase in the Salary increased Rate	1%	1,003
0.5% increase in the Pension increase Rate	8%	8,664

The estimated employer's contributions for the year to 31<sup>st</sup> March 2022 will be approximately £1,502,000.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### F2. Financial Instruments

#### Categories of Financial Instruments

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

2019/2020			2020/2021	
Non-Current £	Current £		Non-Current £	Current £
		<b>Financial Assets at Amortised Cost</b>		
2,601,578	3,062,864	Investments	2,604,019	50,000
2,498,099	4,714,646	Debtors	10,665,686	4,449,777
2,088,606	582,455	Finance Leases	1,709,262	593,259
7,188,283	8,359,965		14,978,967	5,093,036
		<b>Fair Value through Profit or Loss</b>		
10,690,633	44,915	Investments	11,803,332	35,765
	9,883,185	Cash and cash equivalents		9,920,148
10,690,633	9,928,100		11,803,332	9,955,913
		<b>Fair Value through OCI</b>		
980,000	0	Equity Instruments	1,030,000	0
980,000	0		1,030,000	0
<b>18,858,916</b>	<b>18,288,065</b>	<b>Total Financial Assets</b>	<b>27,812,299</b>	<b>15,048,949</b>
		<b>Financial Liabilities at Amortised Cost</b>		
0	(2,245,016)	Creditors		(11,523,022)
<b>0</b>	<b>(2,245,016)</b>	<b>Total Financial Liabilities</b>	<b>0</b>	<b>(11,523,022)</b>

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

	Non Current Debtors	Current Debtors £	Current Creditors £
Total on Balance Sheet	12,773,493	21,933,306	(28,095,363)
Statutory & Government Debtors / Creditors	(398,545)	(16,410,358)	13,489,672
Prepayments / Receipts in Advance	0	(479,912)	3,082,669
Finance Lease Principal / Liabilities	(1,709,262)	(593,259)	0
<b>Total Financial Instruments</b>	<b>10,665,686</b>	<b>4,449,777</b>	<b>(11,523,022)</b>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### Income, Expense, Gains and Losses

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

2019/2020					2020/2021			
Financial Assets			Financial Liabilities		Financial Assets			Financial Liabilities
Loans & Receivables	Available for Sale	Fair Value through OCI	Amortised Cost		Amortised Cost	Fair Value through Profit or Loss	Fair Value through OCI	Amortised Cost
£	£	£	£		£	£	£	£
	(523,479)	0	0	<b><u>Financing &amp; Investment Income and Expenditure</u></b>				
(228,587)	1,225,438	0	0	Interest / dividend income	(396,610)	(381,346)	(16,500)	0
		0	0	Changes in fair value		(1,112,699)		0
0	0	0	0	Interest expense	0	0	0	0
0	0	0	0	Fee expense	0	0	0	0
				<b><u>Other Comprehensive Income</u></b>				
0	0	20,000		Changes in fair value	0	0	(50,000)	0
<b>(228,587)</b>	<b>701,959</b>	<b>20,000</b>	<b>0</b>	<b>Net (Gain) / Loss for the Year</b>	<b>(396,610)</b>	<b>(1,494,045)</b>	<b>(66,500)</b>	<b>0</b>

### Fair Values of Financial Assets and Financial Liabilities

Fair Value is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

The Code sets out the fair value valuation hierarchy that local authorities are required to follow to increase consistency and comparability in fair value measurements and disclosures: Level 1 assets are valued based upon ‘quoted prices in active markets for identical assets’ where such assets exist. Level 2 is based upon inputs other than quoted prices within level 1 that are observable. Level 3 represents all other unobservable inputs which can be used to estimate the fair value of the assets.

The fair values have been calculated as follows:

	Input level	As at 31/03/2021 £
<b><u>Fair Value through Profit or Loss</u></b>	-	
Money Market Funds	Level 1	9,920,148
Pooled Investment Funds	Level 1	11,839,097
		<b>21,759,245</b>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

Except for the financial assets carried at fair value (as shown above), all other financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. The carrying value and fair values are shown below for comparison purposes. Fair values are not required for current debtors and creditors (trade payables and receivables) since the carrying amount is deemed a reasonable approximation of fair value.

	2019/20		2020/21	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£	£	£	£
-				
<b>Financial Assets at Amortised Cost</b>				
Investments	5,664,442	5,664,442	2,654,019	2,654,019
Non-Current Debtors	2,498,099	2,498,099	10,665,686	10,665,686
Non-Current Finance Leases	2,088,606	2,088,606	1,709,262	1,709,262
	<b>10,251,147</b>	<b>10,251,147</b>	<b>15,028,967</b>	<b>15,028,967</b>
<b>Financial Liabilities at Amortised Cost</b>				
Non-Current Finance Leases	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Soft Loans

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

Prior to transferring the majority staff to Publica, the Council offered loans at less than market rates to its employees for car purchases. No further loans are being issued to those staff transferred. The outstanding balance of loans is included on the Council balance sheet, within the debtors balances. The value of loans outstanding at the balance sheet date is approximately £5,059 (2019/20 £7,170).

No adjustment has been made to account for the suggested treatment for soft loans (to represent interest lost at granting the loans at below market rate) as the amounts are not material to these accounts.

### F3. Nature and extent of risks arising from Financial Instruments

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

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

#### Overall procedures for managing risk

The Council'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 Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA code of Practice for Treasury Management Services
- By approving annually in advance prudential indicators for the following three years limiting:
  - \* Limits on the Council's overall debt [external borrowing]
  - \* The Council's maturity structure of its external borrowing [currently £0]
  - \* The Council's upper limit for exposure to fixed and variable rate investments
  - \* The maximum exposure to investments maturing beyond a year
- By annually approving a Treasury Management Investment Strategy for the forthcoming year, setting out criteria for investments and specifying the minimum requirements for all counterparties

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

The Council 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.

As part of the adoption of the Treasury Management Code, the Council 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 MHCLG's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council'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 Council 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.



## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### Credit Risk

The Council 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 £6m of the total portfolio is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group. No more than £22m 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 Council 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 Council's Treasury Management Strategy Statement for 2020/21, approved by Full Council in February 2020. The 2020/21 Treasury Strategy can be found via the following web link: [www.westoxon.gov.uk](http://www.westoxon.gov.uk).

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

	Investment Balance (£)
<u>Fixed duration deals</u>	
Banks - Fitch rating F1	
Local Authorities	
Bonds	2,604,019
<u>Call accounts and other 'cash equivalent' investments</u>	
Money Market Funds	9,920,148
<u>Pooled funds</u>	
Non-rating agency rated pooled fund	11,839,097
<i>separately approved by the Council's Treasury Management advisors</i>	

The table below summaries the nominal value of the Council's investment portfolio at 31<sup>st</sup> March 2021 and confirms that all investments were made in line with the Council's approved credit rating criteria at the time of placing the investment:

	Investment values - maturing within:			
	0-3 mths	3-6 mths	6-12 mths	1 year +
	£	£	£	£
<u>Internally managed funds</u>				
Call Accounts	6,000,123	-	-	
UK Banks				50,000
Money Market Funds	3,920,025			
UK Building Societies				
REIT	1,030,000			
Bonds				2,604,019
<u>Externally managed funds</u>				
Pooled Funds	11,839,097	-	-	

The credit quality of debtors is reflected in the level of impairment allowance for trade debtors shown in note D4.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### Liquidity Risk

The Council 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 Council also has to manage the risk so that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Authority would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

### Market Risk – interest rate risk

The Council 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 50% of external debt that can be subject to variable interest rates. It should be noted that 50% is a maximum proportion, but this is a reflection of the Council's debt-free status and current minimal requirements to borrow.

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

### Price Risk

The Council holds some financial instruments, of which the capital value may fluctuate as a result of market conditions. However, these instruments are all purchased on a hold to maturity or long term basis and therefore any temporary fluctuations in the market value of such products would have no impact on the Council's finances.

## **F4. Leases**

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

#### **Operating Leases**

The Council has entered into a number of operating leases in the local area. The minimum lease payments due under non-cancellable leases in future years are as below:

	31 March 2020 £	31 March 2021 £
Not later than one year	233,316	230,259
Later than one year & not later than five years	833,163	688,283
Later than five years	490,190	426,250
	<b>1,556,669</b>	<b>1,344,792</b>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

The Council as Lessor [leasing assets out]

### Finance Leases

The Council leases a number of waste and recycling vehicles to Ubico Limited.

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

	31 March 2020 £	31 March 2021 £
Present value of principal payments outstanding on non current assets	2,564,823	2,226,895
Unearned finance income	162,278	112,127
	<b>2,727,101</b>	<b>2,339,022</b>

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

	Gross Investment in the Lease		Minimum Lease Payments (excl. int)	
	31 March 2020 £	31 March 2021 £	31 March 2020 £	31 March 2021 £
- Not later than one year	635,977	636,715	582,455	593,259
Later than one year & not later than five years	2,193,011	1,767,131	2,088,606	1,698,459
Later than five years	142,642	10,804	138,290	10,803
	<b>2,971,630</b>	<b>2,414,650</b>	<b>2,809,351</b>	<b>2,302,521</b>

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

### Operating Leases

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

	31 March 2020 £	31 March 2021 £
Not later than one year	3,875,893	4,303,483
Later than one year & not later than five years	12,164,086	12,291,450
Later than five years	51,116,462	48,274,970
	<b>67,156,441</b>	<b>64,869,903</b>

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

### F5. Accounting Policies

#### i) General Principles

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

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

These accounts have been prepared on the basis that the Council is a going concern.

#### ii) Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council 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 Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption they are carried as inventories [stock] on the Balance Sheet, where the value is material.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument ('what is due') rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. For all debts outstanding at the balance sheet date the balance of debtors is written down and a charge made to revenue for the income that might not be collected (doubtful debts).

#### iii) Cash and Cash Equivalents

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

#### iv) Charges to Revenue for Non-Current Assets

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

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

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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

### **v) Council Tax and Non-Domestic Rates (England)**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

#### Accounting for Council Tax and NDR

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

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

### **vi) Employee Benefits**

#### Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlement (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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

#### Termination benefits

Termination benefits are amounts payable as a result of decisions by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or the employee in the year, not the amount calculated according to the relevant accounting standards.

### **vii) Post-employment Benefits**

Employees of the Council are permitted to join 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 Council.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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### The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Oxfordshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the gross redemption yield on the Iboxx Sterling Corporate Index, AA over 15 years, at the IAS19 valuation date. This is a high quality corporate bond of equivalent term and currency to the liability.
- The assets of the Oxfordshire County Council pension fund attributable to the Council are included in the balance sheet at their fair value.
  - \* quoted securities – current bid price
  - \* unquoted securities – professional estimate
  - \* unitised securities – current bid price
  - \* property – market value

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

### Discretionary Benefits

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

### **viii) Fair Value Measurement**

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

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

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

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

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

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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

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

### ix) Financial Instruments

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

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

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

**Financial assets** are classified based on a principles based classification and measurement approach that reflects the business model for holding the assets (i.e. why we are holding the asset) and the characteristics of the cashflows. There are three main classifications:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

#### Financial Assets at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the 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.

#### *Expected Credit Loss Model*

The Council recognises material expected credit losses on its financial assets held at amortised cost, either on a 12-month or lifetime basis except for those where the counterparty is central government or another local authority, where relevant statutory provisions prevent default. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors).

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



## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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### Financial Assets at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Fair value is measured in accordance with the Council's Fair Value Measurements policy (see viii above).

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

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018 [SI 2018/1207]. This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

This statutory provision applies to the 2020/21 accounts and ceases on 31 March 2023.

### **x) Government Grants and Contributions (updated)**

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

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

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

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

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

### **Community Infrastructure Levy**

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

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However a proportion of the charges for this authority may be used to fund revenue expenditure. A share of the charges which are due to be payable to the Town and Parish Councils will remain in creditors (receipts in advance) until due.



### **xi) Heritage Assets**

Heritage Assets are those assets which are held and maintained principally for their historical, cultural, artistic, or educational significance. The Council'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 Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Authority's heritage assets are accounted for as follows:

- Art Collection – this consists of public art such as sculptures and statues, and is reported in the Balance Sheet at historic cost which is deemed to be a proxy for market value. The Authority considers that obtaining valuations for its public art would involve a disproportionate cost in comparison to the benefits to the users of the Authority's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The assets are deemed to have indeterminate lives and a high residual value, hence the authority does not consider it to be appropriate to charge depreciation.
- Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuation provided by the external valuers and with reference to appropriate commercial markets for the asset using the most relevant and recent information (eg. from sales at auctions).

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

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

### **xii) Intangible Assets**

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

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

### **xiii) Inventories and Long Term Contracts**

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

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

### **xiv) Investment Property**

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

posted to the Capital Adjustment Account or (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### xv) Leases

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

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

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

#### The Council as Lessee

##### Finance leases

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

Lease payments are apportioned between:

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

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

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

##### Operating leases

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

#### The Council as Lessor

##### Finance leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

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).

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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

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

### Operating leases

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

### **xvi) Property, Plant and Equipment**

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

#### Recognition

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

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

### Measurement

Assets are initially measured at cost, comprising:

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus assets – "highest and best use"
- all other classes of asset – "current 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 'current value' because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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

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

Upon revaluation, where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

### Depreciation

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

Depreciation is calculated on the following bases:

- Operational buildings and surplus property – depreciated on a straight-line basis, over a 30 to 60 year useful lives, depending upon the particular asset and an estimate of the asset life from the Council's valuer
- Car Park depreciable components (surface) – 20 years
- Land is not depreciated
- Vehicles, plant, furniture and equipment – depreciated on a straight-line basis, over a 5-year period
- Investment property is not depreciated
- Infrastructure Assets are depreciated over a period of up to 25 years, depending upon the particular asset and as estimate of the asset life from the Council's valuer.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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

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

### **Disposals and non-current assets held for sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell.

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

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

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

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

### **xvii) Provisions, Contingent Liabilities and Contingent Assets**

#### Provisions

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

#### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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### Contingent Assets

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

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

### **xviii) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance, via the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then charged back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

### **xix) Revenue Expenditure Funded from Capital Under Statute**

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

### **xx) Value Added Tax**

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

## **F6. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note F5 above, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has a one-seventh share in Ubico Limited. The company provides a range of integrated environmental services including, commercial refuse collection and grounds maintenance services on behalf of the Council. The separate operating practices, management structure and the application of majority-voting on the Ubico Limited board do not constitute the Council having joint-control or significant influence over the company. The Council's interest has therefore been classified as an investment in Ubico and group accounts have not been prepared.
- The Council jointly owns (with Cotswold District Council, the Forest of Dean District Council and Cheltenham Borough Council) Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract. Publica can be considered to be merely an employment vehicle (in accounting terms only a 'holding account'), employing and paying staff and then recharging these costs to the Councils, via a contract sum. It does not trade and does not make a 'profit' as substantially all surpluses are redistributed back to the councils. While the Council has an interest in the Company, the Council's share of any surplus for the year and net assets at the balance sheet date have not been consolidated into the Council's single entity accounts. It is the view of management that the figures involved are not material and the production of group accounts will not enhance disclosure or provide any additional benefit to the reader of the accounts, and on that basis Group Accounts have not been prepared.



## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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- No allowance has been made in the Councils' accounts for the transfer out of any Local Government Pension Scheme (LGPS) pension liability to Publica Group (Support) Limited. The service contract and tripartite agreement between the Council, Oxfordshire Pension Fund and Publica Group (Support) Limited mean that the pension liability and risk relating to the pension fund remains with the Council, following the TUPE transfer of the majority of the Council's staff to Publica on 1st November 2017. Therefore the Council is reporting the pension liability for both staff transferred to Publica, and the Councils retained staff, in the accounts. Although Publica, as the employer of many of the current staff may be initially responsible for paying any exit contributions (for example), for any of its staff that are members of the LGPS, such cost will be reimbursed by the relevant Council. The accounts have been prepared on the basis that the full pension fund liability for the LGPS sits in the Council's accounts. There are no separate disclosures for Publica as they are not responsible for any LGPS liability.
- Under International Financial Reporting Standards (IFRS) assessments have been made as to the correct accounting treatment for a number of lease agreements which the Council has entered into. Categorising leases as either operating or finance leases results in different accounting treatment depending upon the categorisation of the lease. In each case, a lease is classified based upon criteria contained within the Code and an assessment of the nature of the leasing arrangement in place.

The Council has entered into a lease-type agreement whereby it provides environmental services vehicles to Ubico Limited. Ubico pay a market-rate for the use of the vehicles and are responsible for insuring and maintaining the vehicles and determining their deployment (including use across other Ubico contracts where necessary). Ubico pay for the vehicles over a period of 7-years for new vehicles, which is deemed to be the useful economic life of the assets. The transaction has been accounted for on the basis that the agreement is a finance lease, because: i) the sum of the lease payments equal the cost of purchasing the asset; ii) the length of the term represents 'substantially all' of the useful life of the asset; and iii) the rights and responsibilities of ownership (maintenance, insurance, deployment) in relation to the vehicle assets sit primarily with Ubico Limited. This agreement has been formalised in a lease agreement between Ubico and the Council.

- The Council leases-in a small number of operational assets on 'peppercorn' or non-commercial terms. For such assets, the assets are not accounted for purely on the financial agreement (lease) in place, but include an assessment of the substance of the transaction or underlying arrangement to take account of the view that the purpose of the lease is to provide services or benefit within the district. The terms of the lease and the desire to provide beneficial services are often represented in non-commercial lease-terms being agreed.
- A significant level of risk remains due to the volume of outstanding business rates appeals which are being processed by the Valuation Office. Where appeals are successful, refunds of business rates are generally repayable back to the latest valuation date which reduces the business rates yield in the year in which the refund is made. This set of accounts includes a provision for appeal losses. The value has been assessed using information of outstanding appeals supplied by the valuation office, as at 31st March 2021, and using experience of previous appeals rates. The Council's share of the the liability stands at £1,229,168.

### **F7. Accounting standards not yet adopted**

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

Changes to the 2020/21 code are limited to:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Interest Rate Benchmark Reform Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

These changes are not expected to have a material impact on the Council



## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### F8. Assumptions and Other Major Sources of Estimation

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

Item	Uncertainties	Effect if actual result differs from assumption
Property, Plant & Equipment – Operational Property	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>The Valuer has stated that valuations have been prepared in accordance with RICS Valuation standards and recommendations contained within the RICS Red Book.</p> <p>Following the outbreak of Covid 19 and subsequent UK Government imposed lockdown measures the property market has faced unprecedented challenges. Financial support has been offered to businesses to keep them afloat during the pandemic during which time there has been a seismic shift toward home working for those that are able to do so and a mass closure of retail, leisure and hospitality venues.</p> <p>In context of the Council's Property Portfolio the Valuer has assessed the impairment risk by sector and individual asset. Due to changes in office, retail and leisure markets it has been considered prudent to revalue all assets within these sectors. The majority of these assets are held as Investment Property which are valued annually. It has been considered prudent to include these assets in the revaluation for this accounting period.</p> <p>Although the Council's car parks are free to use the requirement for the total number of car park spaces has reduced. Car parks have been revalued for 2021 as per the periodic rotation of assets by sector.</p> <p>The remainder of the portfolio has been assessed and it has been confirmed that there has been no further material changes to the portfolio that is considered sufficient to affect the unvalued portion.</p> <p>Operational Assets are depreciated over the best estimate of an asset's useful economic life. These asset lives are based upon assumed repairs and maintenance being carried out to maintain an asset.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve /and or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would be unlikely to result in a significant charge to the Comprehensive Income and Expenditure Statement due to the level of revaluation reserve balance held of approximately £33m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and/or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>If the useful economic life of an asset is reduced, depreciation increases and the carrying value of an asset will fall. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is over £66m.</p>
Fair Value measurement of Investment Property	<p>This includes developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumption on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p> <p>In 2020/21 Covid 19 impacted on rental income and assumptions for 2021/22 have been adjusted to assume rent free and void periods. It is now approximately 1 year after the introduction of lockdown measures in the UK.</p>	<p>Estimates for fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

	<p>Where possible, evidence has been used for transactions that have taken place post Covid 19. Where evidence has not been available, pre Covid data has been used and, if appropriate adjusted.</p> <p>Whilst it is no longer considered appropriate to include a “Material Uncertainty” clause it is noted that there is a greater chance of market volatility than pre pandemic. The valuation of the portfolio will therefore be reviewed on an annual basis to ensure values remain materially accurate.</p>	
Pension Liability	<p>The estimation of the pension liability is based upon a number of factors and judgements applied by the scheme’s actuary including discount rate used, rate of salary increases, changes in retirement ages, mortality rates and expected return on Pension Fund investments. Estimates are made upon judgements and conditions as seen by the actuary at a point in time.</p> <p>The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.</p>	<p>The effect of changing assumptions will result in changes in the valuation of the pension funds’ assets and liabilities.</p> <p>For further details of the impact of variations in key assumptions, see note F1.</p>
Impairment Allowance for Doubtful Debt	<p>Debtors on the balance sheet assume an element of bad debt (when debtors cannot/will not settle their debt to the Council).</p> <p>As at 31 March 2021, the Council had an outstanding balance of short term debtors. Against this debtors balance there is an impairment allowance to offset any debts that are unlikely to be collected. It is not certain that this impairment allowance would be sufficient to offset potential future losses as the Council cannot assess with 100% certainty which debts will be collected (or not).</p>	<p>Income receivable included in the accounts will differ from that actually received. The CI&amp;E could be overstated. The effect is offset by establishing a suitable provision based upon the best information available on the likelihood of invoices not being settled. If collection rates deteriorate then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debt.</p>
Provision for impairment – HB overpayments	<p>Where it has been found that Housing Benefit has been overpaid the Council is able to recover the overpayment from on-going benefit. The Council has established a 100% provision against such overpayments due to the difficulty surrounding recovering such debts from individuals who are already short of money. Changes in the delivery of Housing Benefit with a possible transfer of the service to Central Government (with changes to Universal Credit), there is a risk that the Council will be left with all outstanding debt at the point of transfer.</p>	<p>If the Council has overprovided then the income to the revenue account will have been understated. A share of the provision will then need to be written-back to the Income &amp; Expenditure account.</p>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

Business rates appeals	A significant level of risk remains due to the volume of outstanding business rates appeals, which are processed by the Valuation Office. These accounts contain a provision for appeals losses. The value of the provision has been assessed using information on outstanding appeals rates and estimates applied at national government level.	Where appeals are successful, refunds of business rates are generally repayable back to the latest valuation date which reduces the business rates yield in the year in which the refund is made.  An increase in the appeals provision would reduce the Council's share of income. A decrease in the size of the provision would increase the income distributed to the Council.

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

### F9. Contingent Liabilities and Contingent Assets

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

### F10. Related Parties

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

#### Central Government

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

#### Members of the Council

Members of the council have direct control over the council's financial and operating policies. The total of Members' allowances paid in 2020/21 is disclosed in Note B6, *Members' Allowances*.

All elected Members are required to complete a questionnaire detailing any areas where potential conflicts of interest may occur between their private interests and their position as the elected representatives of the Council. Details are recorded in the register of members' interest, open to public inspection at the Council Offices during office hours.

- Seven Members declared an interest as a Town, Parish or County Councillor where precepts were awarded during 2020/21.

#### Officers

By virtue of the Officer Code of Conduct, employees of the Council are required to declare any relationship with individuals, organisations or companies that might prejudice, or could be viewed as influencing, their professional

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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judgement. On an annual basis, senior officers and officers within positions of influence within the Council are required to complete a related party declaration to highlight any potential conflicts of interest.

Declarations are sought even where no conflicts of interest have been reported. There were no declarations that required further disclosure in this statement of accounts.

### Cotswold District Council

Up until November 2017 the Council shared a number of senior staff with Cotswold District Council. On the 1<sup>st</sup> November the majority of the Council's staff TUPE-transferred to Publica Group (Support) Limited. Following the transfer the Council now only share the legal function, counter fraud unit and up until June 2020 a shared Chief Finance Officer.

For the first quarter of 2020/21 West Oxfordshire District Council shared its Chief Finance Officer (CFO) with Cotswold District Council under a joint working relationship. The CFO was an employee of, and paid by, Cotswold District Council. While the Officer was shared and had influence in both Cotswold District Council and West Oxfordshire District Council, she was required to act separately for each Council. Decisions on overall policy and the strategic direction are set by Cabinet and Council in each Council, with the CFO enacting their will.

From June 2020 this arrangement ended and a dedicated Chief Finance Officer for West Oxfordshire District Council was appointed.

### Publica Group (Support) Limited

Publica Group (Support) Limited (the Company), is a not-for-profit company limited by guarantee with no share capital.

West Oxfordshire District Council, along with Cotswold, and Forest of Dean District Councils and Cheltenham Borough Council have jointly set up Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract.

Publica Group (Support) Limited is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

While Publica Group (Support) Limited works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.

### Ubico Limited

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

During 2015/16 West Oxfordshire District Council became a shareholder of Ubico Limited. The Council holds an equal 1/7<sup>th</sup> shareholding in the Company.

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

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

### Other Public Bodies

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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

The Local Government Pension Scheme (of which West Oxfordshire is a member) is administered by Oxfordshire County Council (see note F1).

## THE COLLECTION FUND

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

2019/2020				Note	2020/2021		
Business Rates £	Council Tax £	Total £			Business Rates £	Council Tax £	Total £
(38,870,889)	(82,255,597)	(82,255,597)	Council Tax receivable	G1	(22,521,172)	(87,494,834)	(87,494,834)
(777,409)		(777,409)	Business Rates Receivable	G2	(200,176)		(22,521,172)
713,500		713,500	Transitional Protection Receipts		618,845		(200,176)
			Contribution to previous year's deficit / (Surplus)				618,845
<b>(38,934,798)</b>	<b>(82,255,597)</b>	<b>(121,190,395)</b>	<b>Total Income</b>		<b>(22,102,503)</b>	<b>(87,494,834)</b>	<b>(109,597,337)</b>
0	0	0	<u>Apportionment of previous year's surplus</u>				
	54,886	54,886	Central Government				0
	440,424	440,424	West Oxfordshire District Council			78,513	78,513
	56,290	56,290	Oxfordshire County Council			633,150	633,150
			Thames Valley Police & Crime Commissioner			88,919	88,919
0	551,600	551,600			0	800,582	800,582
			<u>Precepts, Demands and Shares</u>				
18,832,340		18,832,340	Central Government		19,586,176		19,586,176
15,065,871	7,940,154	23,006,025	West Oxfordshire District Council		15,668,940	8,552,271	24,221,211
3,766,468	64,031,529	67,797,997	Oxfordshire County Council		3,917,235	67,643,014	71,560,249
0	8,992,480	8,992,480	Thames Valley Police & Crime Commissioner			9,578,007	9,578,007
37,664,679	80,964,163	118,628,842			39,172,351	85,773,292	124,945,643
			<u>Charges on the Collection Fund</u>				
187,274	121,285	308,559	Write-offs of uncollectable amounts		445,176	39,761	484,937
(402,555)	149,796	(252,759)	Increase / (decrease) in Bad Debt / Appeals Provisions	G3	608,173	326,135	934,308
162,547		162,547	Cost of Collection		163,212		163,212
203,127		203,127	Disregarded Amounts - Renewable Energy Schemes	G4	209,139		209,139
	0	0	Transitional Protection Payments				0
150,393	271,081	421,474			1,425,700	365,896	1,791,596
<b>37,815,072</b>	<b>81,786,844</b>	<b>119,601,916</b>	<b>Total Expenditure</b>		<b>40,598,051</b>	<b>86,939,770</b>	<b>127,537,821</b>
<b>(1,119,726)</b>	<b>(468,753)</b>	<b>(1,588,479)</b>	<b>(Surplus) / Deficit for the Year</b>		<b>18,495,548</b>	<b>(555,064)</b>	<b>17,940,484</b>
1,316,304	(569,336)	746,968	(Surplus) / Deficit brought forward		196,578	(1,038,089)	(841,511)
<b>196,578</b>	<b>(1,038,089)</b>	<b>(841,511)</b>	<b>(Surplus) / Deficit carried forward</b>	G5	<b>18,692,126</b>	<b>(1,593,153)</b>	<b>17,098,973</b>

# NOTES TO THE COLLECTION FUND

## G1. Council Tax System

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

Council Tax was introduced on 1 April 1993, and is a property based tax. The District Valuer valued all domestic property in the area and placed them into one of nine bands. In order to set the Council Tax, the Council estimates the number of dwellings in each of the nine valuation bands and convert these estimates into an “equivalent number of Band D dwellings”. The table below shows the calculation for 2020/21.

Band	Total Chargeable Dwellings	Band 'D' Conversion	Band 'D' Equivalent Chargeable Dwellings	New Regulation Adjustments	New Band D Equivalent Chargeable Dwellings
A*	2.75	5/9	1.53	0.00	1.53
A	1,181.75	6/9	787.83	42.33	830.16
B	4,091.50	7/9	3,182.28	27.22	3,209.50
C	14,867.25	8/9	13,215.33	87.56	13,302.89
D	10,758.04	1	10,758.04	-2,424.77	8,333.27
E	6,676.75	11/9	8,160.47	101.45	8,261.92
F	3,874.25	13/9	5,596.14	80.16	5,676.30
G	2,533.50	15/9	4,222.50	129.17	4,351.67
H	315.50	2	631.00	57.00	688.00
Total	44,301.29		46,555.12	-1,899.88	44,655.24
Collection rate %					98.50%
Plus MOD contribution					932.50
<b>TAXBASE</b>					<b>44,917.91</b>

The total number of “equivalent Band D dwellings” is divided into net budget requirement to arrive at an “average Band D Tax” per dwelling. Dwellings in bands below “Band D” will pay proportionately less than this average and dwellings in bands above “Band D” will pay proportionately more than this average.

The above calculations resulted in an “average Band D Tax” of £1,936.84 per dwelling for 2020/21 (2019/20 £1,857.25 This included precepts payable to Oxfordshire County Council, the Police & Crime Commissioner for Thames Valley and West Oxfordshire District Council (but excludes amounts payable to the Town & Parish Councils within the district).

## G2. National Non Domestic Rates

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

	2019/20	2020/21
Total Non Domestic Rateable Value at 31 March (£)	100,627,087	101,738,108
National Non-domestic Rate Multiplier - Higher	50.4p	51.2
National Non-domestic Rate Multiplier - Lower [Small Business]	49.1p	49.9



## NOTES TO THE COLLECTION FUND

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

### G3. Tax Payers' Arrears & Provisions for Uncollectable Amounts

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

	2019/20 £	2020/21 £
Council Tax	(1,325,145)	(1,651,281)
National Non Domestic Rates	(3,167,380)	(3,767,039)
	<b>(4,492,525)</b>	<b>(5,418,320)</b>

### G4. Business Rates – Disregarded Amounts

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



### G5. Collection Fund Balance Sheet Apportionment

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

2020/2021	West Oxon. District Council £	Oxfordshire County Council £	Central Govt. £	Thames Valley P&CC £
<b>Council Tax</b>	10.0%	78.9%	0.0%	11.2%
Debtors	486,327	3,846,533		544,655
Bad Debt Provision	(164,646)	(1,302,242)		(184,393)
Prepayments and Overpayments	(121,762)	(963,062)		(136,366)
(Surplus) / Deficit at 31 March	(158,849)	(1,256,400)		(177,901)
<b>Business Rates</b>	40%	10%	50%	0.0%
Debtors	1,065,154	266,288	1,331,442	
Bad Debt / Appeals Provision	(1,506,816)	(376,705)	(1,883,518)	
Prepayments and Overpayments	(131,576)	(32,894)	(164,470)	
(Surplus) / Deficit at 31 March	7,476,851	1,869,215	9,346,063	



## NOTES TO THE COLLECTION FUND

2019/2020	West Oxon. District Council £	Oxfordshire County Council £	Central Govt. £	Thames Valley P&CC £
<b>Council Tax</b>	9.8%	79.1% 	0.0%	11.1%
Debtors	309,462	2,495,583	n/a	350,475
Bad Debt Provision	(129,957)	(1,048,008)	n/a	(147,180)
Prepayments and Overpayments	(119,411)	(962,963)	n/a	(135,237)
(Surplus) / Deficit at 31 March	(101,805)	(820,985)	n/a	(115,298)
<b>Business Rates</b>	40%	10%	50% 	0.0%
Debtors	407,243	101,811	509,053	n/a
Bad Debt / Appeals Provision	(1,266,951)	(316,738)	(1,583,691)	n/a
Prepayments and Overpayments	(249,708)	(62,427)	(312,136)	n/a
(Surplus) / Deficit at 31 March	78,632	19,660	98,287	n/a

TO FOLLOW

## ANNUAL GOVERNANCE STATEMENT 2020/2021

### 1. SCOPE OF RESPONSIBILITY

West Oxfordshire District Council is responsible for ensuring that:

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

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

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

The Council has developed and approved a code of corporate governance, which is consistent with the core principles and sub-principles as set out in the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)” (‘the Framework’). This statement explains how the Council has complied with the code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the Council to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

In addition to this, CIPFA issued its “Statement on the Role of the Chief Finance Officer in Local Government (2015)”. The Annual Governance Statement (AGS) reflects compliance with this statement for reporting purposes.

### 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

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

The governance framework has been in place at West Oxfordshire District Council for the year ended 31<sup>st</sup> March 2021 and up to the date of approval of the Annual Statement of Accounts.

# ANNUAL GOVERNANCE STATEMENT

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Since March 2020 the Council has met a variety of challenges and has responded by increasing the frequency of reviews, strengthening existing capacity and adding resource and capacity where required.

The management of the Government's Covid Business Grants alone has been an unprecedented task requiring cooperation across departments such as Finance, Counter Fraud, Internal Audit, IT, Project Management, Economy and of course, Revenue and Benefits. All of this coordinated work was done in constant communication with the Senior Management Team and Council Leaders with the Section 151 Officer providing the link by attending and inputting to all project team meetings and updates. Although the grant payments themselves are coming to an end, the regular reporting on them to Government continues and the audit post assurance work is well underway.

While Publica has delivered the Financial savings that it promised over the last few years, we have jointly identified some areas where more resource was required so the Council has agreed a support package to fund immediate personnel growth in those areas ongoing.

The Council funded a package of recovery measures to assist the District. These were voted on by all Councillors from a selection of options and have been implemented to very positive and tangible benefit. These are expected to run for two years.

The Council, along with Publica and its other partner Councils, has invested in a leadership development programme which has discussed in the forum, some of the challenges facing our managers and has also provided one to one coaching for all senior staff.

In recognition of the financial challenges facing the Council with the potential funding cuts contained in the spending review, the Council has not only discussed and agreed an investment strategy designed to provide additional long term revenue streams, it has also relinquished the S151 Officer it shared with Cotswold District Council and invested in one dedicated to West Oxfordshire District Council alone.

Since March 2020, the Council has been managing the impact of Covid-19 which has had a significant impact on the Council, its residents and businesses. The Council changed the way it delivered existing services, and was innovative in the creation of new services in order to meet the needs of businesses and residents.

## 3. THE GOVERNANCE ENVIRONMENT

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

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

## ANNUAL GOVERNANCE STATEMENT

- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- Ensuring the Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistleblowing and for receiving and investigating complaints;
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council's overall governance arrangements.

The main areas of the Council's governance framework, and the key evidence of delivery, are set out below, under the headings of the core principles and sub-principles from the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)

### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

- Behaving with Integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of the law

- The roles and responsibilities of Members generally and all office holders are set out in the Council's Constitution, along with the way in which the various elements of the Council interact and complement each other. The Constitution is supported and underpinned by a separate Code of Conduct for Members and a joint Member / Officer Protocol, which sets out guidelines as to behaviour and practical issues. This is further supported by Publica's Business Conduct rules which set out guidelines for staff on behavioural issues.
- Declarations are made at meetings by Members and Officers, where appropriate, and are recorded in the minutes of the meeting. The Members' Code of Conduct requires Members to make declarations of interest when necessary, these are also recorded.
- Registers of interest are completed annually by Members and published on the Council's website. A register of gifts and hospitality received by Members is maintained by the Monitoring Officer.
- An employee declaration is completed annually by all staff. A register of gifts and hospitality is maintained by Human Resources.
- The Monitoring Officer and Section 151 Officer report directly to the Head of Paid Service and are members of the Corporate Leadership Team.

## ANNUAL GOVERNANCE STATEMENT

- Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures / statutory legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit Committee.
- The current whistleblowing policies were ratified by the Audit and General Purposes Committee. A counter-fraud unit working across Gloucestershire and West Oxfordshire helps prevent and detect fraud and corrupt practices, including misuse of power. The service reports to the Audit and General Purposes Committee and the Publica Board twice a year.
- The Council put in place a robust set of emergency measures to monitor and respond to the Covid-19 pandemic, which has had an extraordinary impact across the Council, our services, residents and communities. These measures are in line with national Emergency Management protocols and involve working with partner councils and the Council's main service providers including Publica. Senior staff held weekly meetings both amongst themselves and with members to monitor and respond to the developing situation from all service areas. The Head of Paid Service used powers set out in the Constitution to enable emergency decisions to be taken. Those decisions were subject to consultation with Members as set out in the Constitution. A log of decisions taken was subsequently presented to the Overview and Scrutiny Committee.
- Meetings are minuted, with decisions and key actions recorded appropriately. The Council continues to publish key decisions, in line with legal best practice. The Council has implemented regular updates to and conversations with Members and across the organisation, with extended use of video conference call platforms as well as mass emails.
- The Communications service has been fully mobilised to ensure communications through all our channels to support public health advice / information and council service and support information to reach audiences externally and internally. A bespoke Communications strategy was quickly put in place to help key audiences feel 'informed, reassured, safe and inspired', and this has been evaluated and adapted as the pandemic situation developed.

### **B. Ensuring openness and comprehensive stakeholder engagement**

- Openness
  - Engaging comprehensively with institutional stakeholders
  - Engaging with individual citizens and service users effectively
- Annual accounts are published in a timely manner to help communicate the Council's financial position and performance.
  - The Council's Corporate Plan 2019-2023 (approved by full Council in December 2019) is available to the public on the Council's website.
  - All Committee, Cabinet and Council reports clearly outline their purpose, so the community can understand what is trying to be achieved. Reports also address financial, legal, equalities, risk and climate change implications to aid understanding of the potential impact of their recommendations.
  - The roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions are defined in the Council's Constitution
  - A Scheme of Delegation for officers is included within the Constitution. This is currently under review with a working group developing and proposing a new, comprehensive Scheme of Delegation. This work is expected to still be ongoing at the time of accounts signing.
  - Communication channels with staff include one-to-one and team meetings (held via video-conference this year), a weekly update email from Directors (Keeping you connected) and an online portal (intranet).
  - A Customer Feedback form is available publicly for handling comments, complaints and compliments and the Council's website includes different ways for customers to give feedback or access services. A customer satisfaction survey is carried out throughout the year on the telephone service provided, with the Council consistently receiving high satisfaction scores.

## ANNUAL GOVERNANCE STATEMENT

- Ensuring clear channels of communication with all sections of the community and other stakeholders
- The ability for members of the public to ask questions at Cabinet meetings, Overview and Scrutiny Committee meetings and meetings of the Full Council.
- A report is produced quarterly regarding the performance of the Council's services and the achievement of its aims and objectives. The report is presented to the Cabinet and published on the Council's website. This report is currently under review with the intention to create and report on new key performance indicators to ensure that, in particular, the priorities set out on the Council plan and Cabinet's highest short term priorities are monitored and reported on.
- The Council publishes transparency data on its website which includes supplier payments, senior management structure charts and the Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information request and the procedure that will be followed to answer the request.
- Restrictions imposed as a result of the pandemic disrupted the normal democratic meeting and decision making procedures for several months. Emergency powers contained within the Council's Constitution provided the necessary facilities to allow decisions to be made by the Head of Paid Service and/or the S.151 Officer in consultation with the Council Leader, with a report being made to the next available meeting.
- Although Committee meetings had to be suspended for the initial few months of the pandemic, the Cabinet, full Council and committees with decision making powers were able to be convened using remote participation by video conference from June 2020 with all Councillors being supported by IT to ensure they could attend and participate in all meetings as appropriate..

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

- Defining outcomes
- Sustainable economic, social and environmental benefits
- The Council's corporate priorities, expressed in its Corporate Plan as high level areas of focus, set out what the Council hopes to achieve; on its own or in partnership with others. These priorities are supported by the Code of Corporate Governance as good governance should underpin all the work of the Council.
- An annual business planning process is also conducted by Publica, which is informed by the corporate priorities, legislation and government guidance.
- All the areas of focus (corporate priorities) are underpinned by the following principles:
  - Creating social value - we will consider the social, economic, environmental and biodiversity impacts of any activity or venture and in all our decision making
  - Considering our impact on climate change – we will consider the impact on climate change in all our decision-making, aiming to make the council (and the District) carbon neutral by 2030
  - Seeking value for money – we will aim for the highest quality and for the best value in all our decision-making to secure financial sustainability for the council and therefore secure service delivery for the future by thinking about both short and longer term implications.
- Detailed proposals arising from the corporate priorities are individually assessed and are included within decision making reports.
- The financial implications of delivering against the Council's priorities are included within the Council's Medium Term Financial Strategy, revenue budgets and capital programme. These key financial documents are updated annually in advance of the forthcoming financial year. Variance to budget is reported quarterly and the Medium Term Financial Strategy and the Capital Programme are updated at appropriate intervals throughout the year.
- The Council recognises that the Covid-19 crisis has had a significant impact and will have a long term effect on the level of resources available to the Council. As part of its Medium Term Financial



Strategy (MTFS) the Council will continue to assess its medium term financial position and update its assumptions about the resources available to, and the investment needs of, the Council in light of the consequences of the Covid-19 crisis.

- The Council is also facing financial pressure from a combination of additional cost and lost income. In response to the Covid-19 emergency, the Government announced financial support packages for businesses, including those in the retail, hospitality and leisure sectors. The support took the form of more than 10 different grant funding schemes and business rate exemptions. Local authorities were responsible for administering these schemes in compliance with Government guidelines.
- The Covid-19 crisis has also had a financial impact on the Council's delivery of capital projects.. A Recovery and Regeneration Investment Strategy was approved by the Council in July 2020, which will assist in guiding decisions on the best use of capital resources to support Council priorities.

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

- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes

- The Council has, with three other councils, created a company, Publica Group (Support) Ltd, to deliver more efficient and improved services. Where appropriate, processes have been/are being aligned to ensure consistency across the partner councils, without compromising local priorities. In recognition that Publica is the most significant contractor of the Council, the Council monitors its performance by:
  - Considering Publica's Annual Report at Council;
  - Considering Publica's draft Business Plan annually at the Overview and Scrutiny Committee and Cabinet in February/March each year;
  - Requiring representatives from Publica to attend relevant Scrutiny Committee(s) to support discussion on quarterly performance reports;
- In addition to the creation of Publica, the Council continues to secure savings through improved use of its assets and investments
- The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.
- The Strategic Risk Register is reviewed regularly by the Local Leadership Team and reported to the Audit Committee. This risk log is also under review to ensure that all organisational risks are able to be escalated and that the risks contained on it are current, relevant, comprehensive and mitigated.
- Projects and services retain their own risk registers and elevate any high/red risks to the Local Leadership Team for consideration.
- Key performance indicators are identified and reported quarterly.



- Budgets are prepared annually in accordance with objectives, strategies and the Medium Term Financial Strategy, following consultation with customers, stakeholders and officers.
- The Medium Term Financial Strategy is a live document and can be reviewed, updated and reported as necessary, to respond to the changing environment.
- The Council continues to monitor and analyse the impact of Covid-19 as part of its ongoing review of risks and challenges and the impact it has had on our strategic priorities, including financial, service delivery, and health and wellbeing. Recovery projects are underway and address not only current challenges but seek to progress both the Council and the District's ongoing recovery. In line with the Council Plan, the Council will continue to work with residents to recover from both the health and economic crisis.

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

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals

- One of the reasons behind the creation of Publica was to increase capacity across the four partner councils by sharing common processes and procedures and eliminating (as far as possible) single points of failure. By working in partnership, the Councils are able to share the cost of commissioning bespoke, specialist advice.
- The move to provision of services via wholly owned companies is providing the opportunity to engage with a number of Non-Executive Directors that bring a wealth of experience from a range of different economic sectors.
- There is a Scheme of Delegation at Member level covering the Council, Cabinet, individual Cabinet Members and other committees. Similarly, there is a scheme of delegation for officer decisions at Executive, Non-Executive and Regulatory meetings. These are reviewed and revised as structures change.
- Financial rules are in place and are reviewed and revised as required.
- An induction programme is available to new employees and Members alike. Training is also provided for both Members and Officers on an on-going basis as appropriate and necessary. Members on certain Committees (e.g. Planning and Licensing) are required to undertake training before attending the Committee meetings.
- Training is also provided for officers on an on-going basis as appropriate and necessary. During 2020/21 all training took place via video conference and e-learning.

## ANNUAL GOVERNANCE STATEMENT

- The Head of Paid Service, the Section 151 Officer, the Monitoring Officer and the Leader of the Council have clear responsibilities. Roles and responsibilities are contained within the Constitution along with the Member/Officer Protocol.

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

- Managing risk
- Managing performance
- Robust internal control
- Managing data
- Strong public financial management

- The Local Leadership Team reviews the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to the Audit Committee on a regular basis.
- Risks are identified when undertaking Internal Audit reviews and reported when necessary.
- Risks relating to the Covid-19 pandemic and the planned recovery of the Council following the major disruption to its services were identified. A register of Covid-19 risks was managed and reviewed weekly by Publica on behalf of its client Councils.
- Performance Management measures the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources.
- Performance is measured on a regular basis and reported to Members and Cabinet.
- Minutes of meetings are published and highlight the challenge made by Members to Officers and to Cabinet Members.
- The Internal Audit service is provided by SWAP Internal Audit Services and is run in partnership with other local authorities.
- A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the S151 Officer. The Audit Plan is approved at the Audit Committee prior to the financial year.
- Audit reports, once completed, are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to the Audit Committee, on a quarterly basis.
- Recommendations made in audit reports are followed up 6 months after the completion of the audit and priority 1 and 2 findings are reported to the Audit Committee.
- The Audit Committee's Terms of Reference are contained within the Constitution, Members have experience of a scrutiny role and training is provided when appropriate.
- A Counter Fraud Unit supports all the Gloucestershire Local Authorities, West Oxfordshire District Council and other third parties. Where investigations identify possible improvements to the internal control framework the Counter Fraud Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by management.
- An ICT Audit and Compliance Manager has been appointed as the Council's Data Protection Officer and therefore has responsibility for Data Protection policies and ensuring that officers are informed and appropriately trained.
- Audit reviews ensure data is held securely whether electronically or hard-copy.
- The MTFS is reviewed and updated on a regular basis to ensure the Section 151 Officer, Head of Paid Service and Members are aware of the financial standing of the Council.

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

- **Implementing good practice in transparency**
- **Implementing good practices in reporting**
- **Assurance and effective accountability**

- Data in respect of transparency is published on the Council's website.
- The Council's Statement of Accounts is produced and published annually in accordance with statutory legislation. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met its governance reporting obligations
- External Audit recommendations are reported to Audit Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported
- Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed-up and reported to the Audit Committee, further follow-up is planned if recommendations have not been actioned in full.

## **4. REVIEW OF EFFECTIVENESS**

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

### **The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:**

Executive Directors, Group Managers, Business Managers and Statutory Officers are required to complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement.

Local Leadership Team (including the Section 151 Officer and the Monitoring Officer) reviews the Strategic Risk Register on a quarterly basis and Service/Project Risk Registers are maintained by each Group/Business Manager.

The SWAP Assistant Director (Head of Internal Audit) provides the Audit Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements.

Investigation of, and decisions on, allegations of failure to comply with the Members' Code of Conduct are considered and determined by the Monitoring Officer and/or an Independent Standards Panel.

Induction processes are carried out for newly elected Members.

Training and awareness sessions are carried out for the Audit Committee periodically.

The External Auditors (Grant Thornton) present progress reports to the Audit Committee.

The External Auditor's Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit Committee.

## ANNUAL GOVERNANCE STATEMENT

Quarterly performance reports, including the budget position, are presented to the appropriate Member panel and Cabinet, demonstrating performance management against agreed performance indicators and budgets.

The Audit Committee reviews the Annual Statement of Accounts, including the final AGS, the Treasury Management Strategy and quarterly progress reports from both Internal Audit (SWAP) and External Audit (Grant Thornton).

Full Council approves the annual budget and reviews and approves the Treasury Management Strategy, following recommendations from the Audit Committee.

Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the relevant Business Manager/Group Manager.

The Annual Internal Audit Opinion for 2020/2021, in respect of the areas reviewed during the year, was one of "High Reasonable Assurance" that there is a generally sound system of governance, risk management and control in place.

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

Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government Ombudsman and reports from SWAP or Grant Thornton are also reviewed.

### 5. REVIEW OF GOVERNANCE ACTION PLAN FOR 2020/2021

When preparing its 2019/2020 statement the Council identified a number of areas which required focus and attention. These have been actively monitored throughout the year and progress by the end of March 2021 is detailed in the table below:

	<b>Key Area of Focus</b>	<b>Proposed Actions</b>	<b>Progress</b>
1.	Impact of Covid-19	<ul style="list-style-type: none"> <li>Learn from Covid-19 response and take forward best practice into future governance arrangements</li> <li>Support the community and the economic recovery of the district.</li> <li>Keep the Covid-19 related financial impact on the Council under review and produce revised MTFS</li> </ul>	<ul style="list-style-type: none"> <li>Covid recovery workstreams with defined deliverables have been proposed, agreed, resourced and implemented with good results. These projects are expected to run for around 2 years in total.</li> <li>The 2 year programme includes additional work to address Climate Change.</li> </ul>
2.	Recovery Investment Strategy	<ul style="list-style-type: none"> <li>Development and implementation of a new Investment Strategy to support corporate priorities.</li> </ul>	<ul style="list-style-type: none"> <li>This 5 year strategy is underway with the first investment already completed and more under discussion.</li> </ul>
3.	Audit recommendations	<ul style="list-style-type: none"> <li>Ensure outstanding audit recommendations (including where timescales were affected by Covid-</li> </ul>	<ul style="list-style-type: none"> <li>All outstanding audit recommendations have been considered by senior</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

		19) are addressed and revised timescales agreed	management and are being progressed.
4.	Procurement	<ul style="list-style-type: none"> <li>The Internal Audit Procurement review focussed on the processes undertaken on behalf of Publica for the partner Councils. A number of weaknesses were identified and, although some progress has been made, further improvements are required. A task and finish group has been established by the MD of Publica to implement this and improve the commissioning framework. This is a key deliverable of the Publica Business Plan.</li> </ul>	<ul style="list-style-type: none"> <li>The governance group charged with this meets regularly and much progress has been made.</li> </ul>
5.	Business Continuity	<ul style="list-style-type: none"> <li>Review all business continuity plans in the light of the Covid-19 experience.</li> </ul>	<ul style="list-style-type: none"> <li>These are in discussion.</li> </ul>

### 6. GOVERNANCE ACTION PLAN FOR 2021/2022

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

No.	Key Area of Focus	Planned Actions
1	Risk register	<ul style="list-style-type: none"> <li>Review the channels through which risks are escalated to the risk register to ensure that the contents are always current, relevant and complete.</li> </ul>
2	Performance report	<ul style="list-style-type: none"> <li>Review the KPIs measured on the performance report to ensure they reflect the Council's current priorities and concerns.</li> </ul>
3	Constitution and schemes of delegation review	<ul style="list-style-type: none"> <li>To review and update the Council's constitution.</li> </ul>
4	Budget approvals	<ul style="list-style-type: none"> <li>Review of approvers on our Finance system to ensure that all workflow approvals go to an appropriate person</li> </ul>
5	Project and Programme Management	<ul style="list-style-type: none"> <li>Improvement of Programme Management reporting across the portfolio of Publica / Council projects focusing on the consistency, completeness and timeliness of information provided.</li> </ul>

### 7. APPROVAL OF LEADER AND HEAD OF PAID SERVICE

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

**Signed on behalf of West Oxfordshire District Council:**

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**Leader of the Council**

**Date:**  
(END)

**Giles Hughes**  
**Chief Executive**

**Date:**

# GLOSSARY OF TERMS AND ABBREVIATIONS

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## A

### **Accounting Period**

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

### **Accounting Statements**

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

### **Accruals**

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

### **Actuarial Gains and Losses (Pension Schemes)**

Changes in the net pensions liability that arise because events have not matched assumptions at the last actuarial valuation or because actuarial assumptions have changed.

### **Amortisation**

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

### **Appointed Auditors**

The Local Audit and Accountability Act 2014 includes a statutory requirement that a local authority's annual Statement of Accounts be subject to external review by a duly appointed external auditor. From 2018/19, the responsibility for the appointment of said external auditor has been devolved to Public Sector Audit Appointments (PSSA) for Local Government Authorities that have opted into its national scheme. Grant Thornton UK LLP is the Council's appointed auditors for the period 2018/19 to 2022/23.

### **Approved Institutions**

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

### **Asset**

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

### **Audit of Accounts**

An independent examination of the Council's financial affairs.

## B

### **Billing Authority**

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

### **Budget**

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

## C

### **Capital Expenditure**

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

### **Capital Programme**

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

### **Capital Receipts**

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



**Collection Fund**

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

**Community Assets**

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

**Consistency**

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

**Contingency**

Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income.

**Contingent Asset**

A possible asset that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

**Contingent Liability**

A contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient liability.

**Council Tax**

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

**Creditors**

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

**Current Assets**

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

**Current Liabilities**

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

**Current Service Cost (Pensions)**

The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

**Curtailed (Pensions)**

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

**D****Debtors**

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

**Depreciation**

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



**Direct Revenue Financing (DRF)**

Resources provided from an authority's revenue budget to finance the cost of capital projects.

**E****Equity**

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

**Equity Instrument**

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

**Events After the Reporting Period**

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

**Exceptional Items**

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

**External Audit**

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

**F****Fair Value (FV)**

The price an asset could be exchanged for in an arm's length transaction less any grant.

**Fees and Charges**

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

**Finance Leases**

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

**Financial Asset**

A right to future economic benefits controlled by the Authority that is represented by:

- cash
- an equity instrument of another entity
- a contractual right to receive cash (or another financial asset) from another entity
- a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the Authority.

**Financial Instruments**

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

**Financial Liability**

An obligation to transfer economic benefits controlled by the Authority that is represented by:

- a contractual obligation to deliver cash (or another financial asset) to another entity
- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the Authority.

### G

#### **General Fund (GF)**

The main revenue fund of a billing authority, used to meet day-to-day spending.

#### **Government Grants**

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

#### **Gross Expenditure**

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

#### **Growth**

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

### H

#### **Housing Benefit (Rent Allowance)**

An allowance to persons on low (or no) income to meet, in whole or part, their rent. Benefit is allowed or paid by local authorities but central government refunds part of the cost of the benefit provided and of the running costs of the service to local authorities.

### I

#### **Impairment**

A reduction in the carrying value of a fixed asset below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment)

#### **Income**

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

#### **Infrastructure Assets**

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

#### **Intangible Assets**

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

#### **Interest Receivable**

The money earned from the investment of surplus cash.

#### **Inventories**

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

#### **Investment Property**

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

### J

#### **Joint Arrangement**

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

### L

#### **Liability**

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

#### **Local Council Tax Support Scheme**

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

#### **Long-Term Assets**

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

#### **Long-Term Liabilities**

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

### M

#### **Materiality**

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

#### **Minimum Revenue Provision (MRP)**

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

### N

#### **National Non-Domestic Rates (NNDR)**

A levy on businesses, based on a national rate in the pound set by the Government, multiplied by the rateable value of the premises they occupy.

#### **Net Book Value (NBV)**

The amount at which non-current assets are included in the balance sheet.

#### **Net Debt**

The Authority's total borrowings less cash investments.

#### **Net Expenditure**

Gross expenditure less specific service income.

#### **Net Interest on the Net Defined Benefit Liability (Pensions)**

The net interest expense - the change during the period in the net benefit liability that arises from the passage of time.

#### **Non-Current Assets**

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

#### **Non-Operational Assets**

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

### O

#### **Operating Leases**

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

#### **Operational Assets**

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

#### **Outturn**

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

### P

#### **Past Service Costs (Pensions)**

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

#### **Pension Fund**

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

#### **Precept**

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

#### **Precepting Authorities**

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

#### **Prior Period Adjustments**

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

#### **Provisions**

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

#### **Prudence**

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

#### **Prudential Code**

The CIPFA Prudential Code for Capital Finance in Local Authorities – the guidance applicable from April 2017 for the greater freedom for authorities to borrow to fund capital investment (under the Local Government Act 2003). This Code requires the Authority to set and monitor a suite of Prudential Indicators, including its Affordable Borrowing Limit, and produce a capital strategy to give weight to local circumstances and explain their approach to borrowing and investment.

### R

#### **Rateable Value**

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

#### **Revenue Expenditure Funded by Capital Under Statute (REFCUS)**

Expenditure of a capital nature but for which there is no tangible asset, e.g. renovation grants.

### **Related Parties**

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

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

Examples of related parties to an authority include Central Government, Local Authorities and other bodies precepting or levying demands on the Council Tax, its Members, its Chief Officers and its Pension Fund.

For individuals identified as related parties, it is also presumed that members of the close family, or the same household, or any partnerships, companies in which the individual or a member of their close family, or the same household has a controlling interest, are deemed to be related parties.

### **Related Party Transactions**

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

### **Reserves**

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

### **Retirement Benefits**

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

### **Return on Plan Assets (Pensions)**

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

### **Revenue Expenditure**

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

### **Revenue Support Grant**

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

## **S**

### **Specific Grants**

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

## **T**

### **Total Cost**

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

## **W**

### **Work In Progress**

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

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