WEST OXFORDSHIRE DISTRICT COUNCIL

Statement of Accounts 2014/2015

CONTENTS

EXPLANATORY FOREWORD

1. Introduction

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

2. The Council's Accounts

The accounts contain the following statements for the 2014/15 financial year.

Statement of Accounting Policies

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

The Statement of Accounts

Movement in Reserves Statement

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

Comprehensive Income and Expenditure Statement

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

Balance Sheet

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

Cash Flow Statement

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

Supplementary Financial Statements:

The Collection Fund Statement

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

3. Summary Revenue Expenditure

Council's base revenue budget (Total Cost of Services) for 2014/15 was £11,084,000. This was revised to £11,616,629. The in-year budget changes of £532,629 were in respect of:

- £890,000 – payment of three years pension fund contribution;
- £120,129 - Non-cash accounting adjustments for capital charges (depreciation of assets);
- £68,800 - Transfer from contingency budget to Trade Waste for disposal costs. In accordance with growth built into 2015/16 budget;
- (£431,000) – HPDG funding previously approved to be transferred to earmarked reserve towards consultancy and associated legal costs for the Local Plan.
- (£500) – Net transfer to earmarked reserves (Neighbourhood Planning, Rent in Advance, Leisure Contract)
- (£78,000) – Refunded insurance premium used to set up Insurance Reserve
- £6,700 – Flood Relief claims DCLG
- (£48,400) – Accounting adjustment for capital grant
- £4,900 - Other minor movements

The table below shows how the actual revenue expenditure for 2014/15 compared with the Revised Budget.

The report represents the outturn position from a management accounting position.

	Budget £	Actual £	(Underspend) / Overspend £
Net Expenditure against the General Fund			
Environmental Services	5,384,929	4,882,245	(502,684)
Planning, Leisure and Housing Services	589,000	371,526	(217,474)
Resources	3,933,500	3,853,639	(79,861)
Chief Executives	1,709,200	1,520,135	(189,065)
Cost of Services	11,616,629	10,627,544	(989,085)
Capital Expenditure charged to the Revenue Ac	400,000	400,000	-
Provision for Unavoidable Growth	40,000		(40,000)
Contingency	231,200		(231,200)
Temp Loan Interest	2,500	1,663	(837)
Capital Charges (Depreciation)	(1,920,929)	(1,920,867)	62
Net Operating Expenditure	10,369,400	9,108,341	(1,261,059)
Financed by:			
Investment income	(550,000)	(497,525)	52,475
Transfers to / from (-)Collection Fund -Council T	(89,628)	(89,628)	-
Transfers to / from (-)Collection Fund - NNDR	(634,004)	(634,004)	-
Revenue Support Grant	(2,196,367)	(2,196,367)	-
Business Rates			
NNDR Grant / Business Rates Net Income	(2,870,447)	(2,870,447)	-
Business Rates S31 Grant	(677,514)	(681,202)	(3,688)
Business Rates Levy	818,334	644,187	(174,147)
NNDR Budget	(2,729,627)	(2,907,462)	(177,835)
Contribution from Pool		(568,176)	(568,176)
NNDR / Business Rates Net Income	(2,729,627)	(3,475,638)	(746,011)
Other Government Grants			
New Homes Bonus	(1,516,249)	(1,516,249)	-
Council Tax Freeze Grant	(35,587)	(35,685)	(98)
Grant Allocated to Parishes (Council Tax Suppc	160,690	160,690	-
IER Grant (Individual Electoral Regitration)	(42,516)	(42,516)	-
Miscellaneous Government Grant		(39,828)	(39,828)
Use of Balances			
Investment Interest Smoothing Reserve	(20,800)		20,800
Glitnir Exchange Rate loss & Provisions		387,410	387,410
High speed Broadband Reserve	978,851	978,851	-
Insurance Reserve	78,000	77,990	(11)
Business Support Scheme	(9,200)	(9,231)	(31)
PDG trf to Earmarked Reserves	431,000	431,000	-
IER grant trf to Earmarked Reserves	42,516	42,516	-
Investment Prop'ty Improvement & Incentive Re	(140,000)	240,000	380,000
Business Rate Movement Reserve		746,011	746,011
Transfer to Capital Grant Unapplied	48,400	48,424	24
General Fund Balances	62,409	522,321	459,912
Pension Contribution	(890,000)	(890,000)	-
Net General Fund Adjustment	(827,591)	(367,679)	459,912
Movement to Reserves	(1,900)	(1,494)	406
Council Tax	(3,315,388)	(3,315,388)	-
Net Requirement	**(10,369,400)**	**(9,108,341)**	**1,261,059**

4. Reasons for the underspend

- Commercial Properties £243k mainly due to two new properties during the year which were not part of the original budget, plus lease premiums increases and higher proportion of income from Woolgate / Marriott developments;
- Employee related costs are £243k underspent across all services and are reflected in lower recharges from support services especially from Legal and Administration services;
- Local Taxation £96k service is a combination of additional income and reduced expenditure;
- Planning £304k which was principally additional income but also staffing savings;
- Continued strong budgetary control and awareness of longer term budgetary position of Council.

An overspend within Waste and Recycling Services is primarily attributable to Trade Waste, Recycling and Green Waste. The Trade Waste Service is £108k over budget due to an income shortfall of £45k, plus additional transport and employee costs. There are also overspends in respect of replacement bin purchases which have significantly exceed budgeted amounts. Officers will review this as part of the budget process in 16/17.

Income
The overall position of income is a significant increase from previous years. This has been led by Planning Applications accruing £1,034,000 during the year, £209,000 above budget. Land Charges achieved £190k which was an improvement of £7k from previous year but still £15k below target budget. Building Control achieved £381k which was £63k less than last year and £88k below budget. Licensing and Car Parking were £32k and £26k above budget respectively. Trade Waste, increased its income by £30k during the year but was still below its income target by £45k.

Commercial Property income continues to grow. There was new (unbudgeted) rental stream from the acquisition of Eden House and the Hexagon Building, in Station Lane, Witney, which generated £36k of rental income. In addition, the Woolgate / Marriotts developments gained an additional £70k rental, plus the accumulation of minor changes and lease extensions at the Talisman and Carterton properties accruing £88k. The total additional income is over £188,000.

Investment Interest
The investment income budget for 2014/15 was set at £550k assuming an average investment balance of £32.9m achieving an overall return of 1.67%. The performances of the individual aspects of the portfolio are as follows:

Performance of Fund 1 April 2014 to 31 March 2015	Pooled Funds	In-House	Hous Assoc / Bonds	Total
Budget (£)	£120,000	£72,500	£357,500	£550,000
Budget (%)	1.00%	0.60%	3.75%	1.67%
Gross interest (£)	£239,612	£91,582	£356,125	£687,319
Gross rate of Return (%)	2.00%	0.62%	3.56%	1.87%

The Council's strategy has been effective with the Housing Association / Bonds being longer term investments that are guaranteeing a base level of return. The In-house team have little flexibility in the length of investments placed meeting cash flow commitments such as precept payments. Consequently they are mainly placing short duration deposits achieving rates between 0.4% and 0.6%.

The Pooled Funds portfolio was introduced in April 2014, being a spread of 7 fund managers investing in short term / cash equities, longer term equities and bonds. The logic of this spread of funds was to act as a counterbalance that should one aspect of the portfolio perform poorly it would be compensated elsewhere within the funds, fundamentally between equities and bonds.

Efficiency Savings – Outturn Monitoring Position

Efficiency savings of £220,000 were incorporated into the 2014/15 budget. The savings in the budget were achieved and included:-

- Shared Services (principally service heads and Leisure / Environment post) - £125,000
- Cashiers restructure / payment kiosk - £44,000
- TVP at Guildhall and Healthcare Scheme - £18,000
- Revenues and Benefits Savings - £33,000

Business Rates Retention Scheme

In 2014/15 the Council entered a business rates pool with Cherwell and the County Council. The impact of this pool is to reduce the levy payable to central government on growth in the business rates base. The budgeted levy for 2014/15 was £818,334 and under the pool arrangements the levy savings will go into the pool and be distributed back to the three Council's based upon pre-set criteria rather than going to central government. The actual levy will be £644,187.

The value under appeal in respect of the 2010 list as at end of December was £6.1m. However, due to the deadline placed on submitting appeals that could be backdated to the beginning of the 2010 list, there was a peak in new appeals during March / April. This increased the value of appeals for the 2010 list to £19.9m. In addition The Brize Norton appeal in respect of the 2005 list has been confirmed and will require a refund of £1m, although there was existing provision to cover most of this sum. The overall impact of these appeals is an increase to the required provision of £675,000.

The impact of rating valuation appeals, plus the fact Cherwell have also experienced a significant increase in appeals, has meant the level of growth was less than originally forecast but never the less the Council will receive £568,176 back from the Pool.

In addition, Solar Farms that have come into the rating list in 2014/15 have realised £120,572 this year. The accounting arrangements of the Business Rates Collection Fund mean this sum will be brought into the 2015/16 accounts.

The total impact of the Business Rates Net Income, Levy Payments, S31 Grant (grant to compensate the Council for the government's small business rate reliefs awarded) and the

Pool contribution has achieved a net surplus compared to budgeted income of £746,011. It has been agreed to create a Business Rate Movement Reserve with this sum of money to cover potential future losses of income. The impact of the appeals means there is a known future loss of £309,206 which will need to be incorporated into the 2016/17 Budget.

Use of General Fund Balances

The Council approved a supplementary estimate of £890,000 for the pre-payment of three year pension contributions during 2014/15. This payment was incurred and will be financed from General Fund balances. However, the overall underspend achieved during 2014/15 allows a payment back to General Fund Balances of £522,321; this is £459,912 more than was budgeted.

General Fund balances at 1 April 2014 stood at £10.936 million. The net reduction of balances of £367,679 will reduce the balance to £10.568 million.

Retaining General Fund balances at current levels will assist the longer term planning that will be incorporated into the Medium Term Financial Strategy. A formal review of the strategy will take place during 2015/16.

5. Capital Investment

The Council's 2014/15 revised Capital Programme totalled £4.313 million. Actual expenditure for the year totalled £2.862 million. The outturn position shows an underspend against the programme of £1.451 million. Where schemes have been delayed the budget will 'slip' into the new financial year.

In general, for completed schemes there is no slippage and the slippage requested reflects the outstanding commitment of any specific scheme. Where a negative slippage is shown this is taking account of expenditure incurred during 2014/15, over and above the approved budget but where there is an on-going budget in 2015/16.

The NE Witney Play Area scheme overspent its capital budget by £10,776. This is compensated by an additional funding contribution from the Madley Park Residents Association.

6. Pension Liability (IAS 19 Disclosure)

The estimated future costs of paying pensions to Council employees are shown in the Balance Sheet. The valuation of the pension fund is based upon formal actuarial advice. The deficit on the reserve stood at £30.204 million at 31st March 2015.

7. Collection Fund

The Council is legally obliged to maintain this fund separately from all other funds and accounts. It shows the transactions that have arisen because West Oxfordshire is a billing authority responsible for collecting non-domestic rates and council tax on behalf of the precepting authorities – Oxfordshire County Council, Thames Valley Police and Crime

Commissioner and Town/Parish Councils, as well as for West Oxfordshire District Council. The Collection Fund records the income received from local tax payers and the money that is distributed as precepts. In West Oxfordshire, the Council Tax for a band D property was £81.63 in 2014/15. Council Tax has been held at this level since 2010/11 and continues to be the second lowest for a shire District Council in the country.

8. Significant Changes in Accounting Policies

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

There have been no significant changes in accounting standards or accounting policy during 2014/15 which have impacted upon the figures within these statements.

9. Summary of the Authority's internal and external sources of funds to meet its capital plans, and commitments

The Council is currently debt free. It has no external borrowing.

A summary of the balances available to the Council in useable reserves to fund its future plans and meet its future commitments are as follows:

Funding source [reserves]	31st March 2014 £	31st March 2015 £
General Fund balance	10,936,068	10,568,372
Earmarked reserves	2,458,805	4,964,446
Capital grants unapplied account	2,314,158	2,117,801
Capital receipts	5,071,875	4,180,748
	20,780,906	21,831,367

The Council plans to utilise its capital receipts to fund its capital programme. There are currently no plans to use Prudential Borrowing powers over the life of the Council's Medium Term Financial Strategy.

10. Events after the reporting date

On 1st April 2015 the Council transferred its Grounds Maintenance and depot services to Ubico Ltd. In addition to transferring services, the Council undertook a shareholding in Ubico Ltd, buying a one-fifth share in the Company.

These changes have no impact upon the Council's balance sheet at 31st March 2015, but do represent changes taking place within the Council and its service delivery model going forward.

11. Impact of the current economic climate and the outlook for the future

The Council joined the North Oxfordshire Business Rates Pool in 2014/15 and have benefitted from the implications of no levy and business growth. The Council will remain within the Pool and although it is forecast to continue showing benefit during 2015/16 it is still very difficult to make longer term forecasts of sustainable growth as there are so many factors linked to the system that are unknown. Items such as the future revaluation of the rating list and government initiatives to support small businesses have created a significant level of uncertainty beyond the current financial year, so only a prudent level of growth has been built into the Council's Medium Term Financial Strategy. In addition the government is presenting an ad hoc budget during July 2015 which may give some specific indications of future government support and potential loss of funding that the Council will address within its Financial Strategy.

The '2020 Vision for Joint Working' submitted a successful bid for government transformation funding of over £4 million to progress this initiative. This has led to the shared Chief Executive of West Oxfordshire and Cotswold taking on a new role to directly progress this project. 2020 Project teams have been put in place and alternative management structures at partner Councils to allow this Member / Officer led project to be developed. Autumn 2015 it is planned to present a template of the vision to each partner Council to gain approval to fully implement a planned shared working model. The 2020 Vision project is a fundamental part of all partner Councils Medium Term Financial Strategies to achieve the level of efficiency savings that will be required over the coming years.

12. Further information

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

STATEMENT OF RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the 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.

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the authority at the accounting date and of its income and expenditure for the year ended 31st March 2015.

Signed: ______________________ Date: ____________

Frank Wilson
Chief Finance Officer

In accordance with regulation 10(3) Accounts and Audit Regulations 2003, the statement of accounts is approved by the Audit and General Purposes Committee, on behalf of West Oxfordshire District Council, 24th September 2015.

Signed: ______________________ Date: ____________

On behalf of West Oxfordshire District Council

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2013/14 Gross Expenditure £000	2013/14 Income £000	2013/14 Net Expenditure £000		2014/15 Gross Expenditure £000	2014/15 Income £000	2014/15 Net Expenditure £000	Note
1,993	(282)	1,711	Cultural and related service	1,624	(403)	1,221	
7,853	(2,791)	5,062	Environmental and regulatory services	7,372	(2,404)	4,969	
2,828	(1,448)	1,380	Planning services	3,412	(2,344)	1,068	
950	(300)	650	Highways, Roads and Transport Services	736	(325)	411	
26,374	(24,681)	1,693	Housing Services	26,988	(25,363)	1,625	
2,497	(282)	2,215	Corporate and Democratic Core	2,467	(458)	2,009	
485	0	485	Non Distributed Costs	163	0	163	
5,272	(4,356)	916	Central Services to the Public	5,576	(4,446)	1,130	
48,252	(34,140)	14,112	**Cost of Services - continuing operations**	48,339	(35,743)	12,595	
2,663	(118)	2,545	Other Operating Expenditure	2,659	(139)	2,520	9
1,396	(3,790)	(2,394)	Financing and Investment Income and Expenditure	258	(3,355)	(3,098)	10
10,332	(23,335)	(13,003)	Taxation and Non-Specific Grant Income	10,183	(23,929)	(13,746)	11
62,643	(55,977)	**1,261**	**(Surplus) or Deficit on Provision of Services**	61,439	(63,167)	(1,728)	
		(2,833)	(Surplus) or deficit on revaluation of non current assets			(2,378)	
		(106)	(Surplus) or deficit on revaluation of available for sale financial assets			(372)	
		387	Remeasurement of the net defined benefit liability			5,252	
		0	Other (gains) and losses			0	
		(2,552)	**Other Comprehensive Income and Expenditure**			2,502	
		(1,292)	**Total Comprehensive Income and Expenditure**			774	

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement 2014/15

	General Fund Balance £000	Earmarked Reserves £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2014	**10,936**	**2,459**	**2,314**	**5,072**	**20,781**	**56,576**	**77,357**
Surplus/(deficit) on provision of services (accounting basis)	1,728	0	0	0	1,728	0	**1,728**
Other Comprehensive Expenditure and Income	0	0	0	0	0	(2,502)	**(2,502)**
Total Comprehensive Income & Expenditure	**1,728**	**0**	**0**	**0**	**1,728**	**(2,502)**	**(774)**
Adjustments between accounting basis & funding basis under regulations	410	0	0	0	410	(319)	**91**
Other movements in reserves	0	0	(196)	(891)	(1,087)	997	**(91)**
Net Increase / (Decrease) in GF balance before Transfers to Earmarked Reserves	**2,138**	**0**	**(196)**	**(891)**	**1,050**	**(1,825)**	**(774)**
Transfers (to) / from Earmarked Reserves	(781)	781					
Transfers (to) / from Business Rates Movement Reserve	(746)	746					
Transfer (to) High-Speed Broadband Reserve	(979)	979					
Increase / (Decrease) in Year	**(368)**	**2,506**	**(196)**	**(891)**	**1,050**	**(1,825)**	**(774)**
Balance at 31 March 2015	**10,568**	**4,964**	**2,118**	**4,182**	**21,832**	**54,752**	**76,584**

Movement in Reserves Statement 2013/14

	General Fund Balance £000	Earmarked Reserves £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2013	**10,687**	**1,797**	**2,041**	**6,092**	**20,617**	**55,432**	**76,049**
Surplus/(deficit) on provision of services (accounting basis)	(1,261)	0	0	0	(1,261)	0	**(1,261)**
Other Comprehensive Expenditure and Income	0	0	0	0	0	2,552	**2,552**
Total Comprehensive Income & Expenditure	**(1,261)**	**0**	**0**	**0**	**(1,261)**	**2,552**	**1,292**
Adjustments between accounting basis & funding basis under regulations	2,193	0	0	0	2,193	(1,284)	**909**
Other movements in reserves	0	(21)	274	(1,021)	(769)	(121)	**(890)**
Net Increase / (Decrease) in GF balance before Transfers to Earmarked Reserves	**932**	**(21)**	**274**	**(1,021)**	**164**	**1,147**	**1,311**
Transfers (to) / from Earmarked Reserves	(83)	83					
Transfer (to) High-Speed Broadband Reserve	(600)	600					
Increase / (Decrease) in Year	**249**	**662**	**274**	**(1,021)**	**164**	**1,147**	**1,311**
Balance at 31 March 2014	**10,936**	**2,459**	**2,314**	**5,072**	**20,781**	**56,576**	**77,357**

BALANCE SHEET

31st March 2014 £000		Note	31st March 2015 £000
42,759	Property, Plant & Equipment	12	44,090
109	Heritage Assets	13	91
37,984	Investment Property	14	40,575
361	Intangible Assets	15	326
21,300	Long Term Investments	16	23,554
637	Long Term Debtors	16	575
103,151	**Long Term Assets**		**109,211**
4,193	Short Term Investments	16	60
79	Inventories	17	54
2,677	Short Term Debtors	19	3,715
5,518	Cash and Cash Equivalents	20	6,039
0	Assets held for sale		0
12,467	**Current Assets**		**9,867**
(229)	Bank Overdraft	20	(281)
(9,201)	Short Term Creditors	22	(7,247)
(1,919)	Short Term Creditors - s.106 balances	22	(1,969)
(1,008)	Provisions	23	(1,642)
(12,357)	**Current Liabilities**		**(11,138)**
0	Long Term Creditors		0
(25,606)	Other Long Term Liabilities	16	(31,162)
(298)	Capital Grants Receipts in Advance	38	(196)
(25,904)	**Long Term Liabilities**		**(31,357)**
77,357	**Net Assets**		**76,583**
20,781	Usable reserves	24	21,831
56,576	Unusable reserves	25	54,752
77,357	**Total Reserves**		**76,583**

CASHFLOW STATEMENT

31/03/2014 £000		Note	31/03/2015 £000
1,261	Net (surplus) or deficit on the provision of services		(1,728)
(7,454)	(A) Adjust net surplus or deficit on the provision of services for non-cash movements		2,107
954	(B) Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		413
424	(C) Reversal of operating activity items included in the net surplus or deficit on the provision of service that are shown separately in (D) below		495
(424)	(D) Cash flows from Operating Activities include the following items (required to be disclosed separately)	26	(495)
(5,239)	Net cash flows from Operating Activities		792
(370)	Investing Activities	27	(1,278)
276	Financing Activities	28	15
(5,334)	**Net (increase) or decrease in cash and cash equivalents**		**(470)**
(47)	Cash and cash equivalents opening balance		5,287
5,287	Cash and cash equivalents at closing balance		5,757
5,334	**Movement in Cash (Decrease negative, Increase positive)**		**470**

NOTES TO THE ACCOUNTS

1. Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Authority's transactions for the financial year and its position at the year-end of 31st March. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

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

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

(b) Accruals of Income and Expenditure

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

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

(c) Acquisitions and Discontinued Operations

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

(d) Cash and Cash Equivalents

Cash 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.

(e) Exceptional Items

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

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

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

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

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

(g) Charges to Revenue for Non-Current Assets

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

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

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

(h) Employee Benefits

Benefits Payable During Employment

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

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

Termination Benefits

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

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

(i) Post Employment Benefits

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

The Local Government Pension Scheme

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

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

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

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

Discretionary Benefits

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

(j) Events After the Reporting Period

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

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

Details of any events taking place after the balance sheet date will be disclosed where applicable in Note 6 to these accounts. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

(k) Financial Instruments

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

Financial assets are classified into two types:

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

Loans and Receivables

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

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

(l) Foreign Currency Translation

Where the authority has had dealings in currencies other than pounds sterling the Council will use its own bank to accept all foreign exchange transactions. The transactions are converted into sterling at the exchange rate applicable on the date the transaction was effective. Amounts outstanding at the year-end are reconverted at the spot exchange rate at 31st March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

(m) Government Grants and Contributions

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

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

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

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

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

(n) Heritage Assets

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

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

Heritage Assets - General

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

The proceeds of any heritage asset disposal are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see notes (x) and (u) in this summary of significant accounting policies).

(o) Intangible Assets

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

(p) Interests in Companies and Other Entities

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

(q) Inventories and Long Term Contracts

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

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

(r) Investment Property

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

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

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

(s) Leases

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

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

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

The Authority as Lessee

<u>Finance leases</u>

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

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

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

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

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

The Authority as Lessor

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

Lease rentals receivable are apportioned between:

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

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

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

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

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

(t) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

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

(u) Property, Plant and Equipment

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

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

The Council's capitalisation de minimis is £10,000, except for where the sum of a number of similar assets is significant. Additionally, items below the de minimis limit may be capitalised and included on the asset register if, for example, they are deemed portable and attractive.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, infrastructure, Heritage and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

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

Where an item of Property, Plant and Equipment asset has major components, whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Componentisation is not considered for assets valued at under £1m.

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

(v) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

(w) Reserves

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

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

(x) Revenue expenditure funded from capital under statute

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

(y) Value Added Tax

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

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

The 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.

Accounting standards that have seen amendments are: IFRS13 *Fair Vale Measurement*, IFRS21 *Levies* and the *Annual Improvements to IFRSs (2011 to 2013 cycle)* – primarily; IFRS1 *Meaning of effective IFRSs,* IFRS3 *Scope of exceptions for joint ventures* and IAS40 *Clarifying the interrelationship of IFRS 3 Business Combinations and IAS40 Investment Property when classifying property as investment property or owner-occupied property*.

It is not anticipated that these changes to accounting standards (when adopted) will have a material impact upon the financial statements or balances of the Council.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

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

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 2010/11 financial year which reduces the business rates yield in the year in which the refund is made. This set of accounts includes a provision for appeal losses. The value has been assessed using information of outstanding appeals supplied by the valuation office, as at 31st March, and using experience of previous appeals rates.

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

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

The items in the Authority's Balance Sheet at 31st March 2015 for which there is a risk of adjustment or an element of estimation has been applied are as follows:

- Operational assets are depreciated over the best estimate of an assets useful economic life. Asset lives and valuations are based upon assumed repairs and maintenance being carried out to maintain an asset. Asset lives are based upon information provided by the

Council's valuer and could differ if assets are not maintained or assumptions used are changed.

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

- Debtors on the balance sheet assume an element of bad debt (when debtors cannot/will not settle their debt to the Council). There is a risk that actual income received would differ from that due. The risk is offset by establishing a suitable provision for bad debt.

5. Material items of income and expenditure

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

6. Events after the Balance Sheet date

On 1st April 2015 the Council transferred its Grounds Maintenance and depot services to Ubico Ltd. In addition to transferring services, the Council undertook a shareholding in Ubico Ltd, buying a one-fifth share in the Company.

These changes have no impact
upon the Council's balance sheet at 31st March 2015, but do represent changes taking place within the Council and its service delivery model going forwards.

7. Adjustments between accounting basis and funding basis under regulations

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

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

General Fund Balance

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

Earmarked Reserves

Earmarked reserves are revenue reserves that have been set aside or ‘earmarked’ for particular purposes. The balance is available for use and has no restrictions upon use.

Capital Receipts Reserve

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

Capital Grant Unapplied Reserve

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

2014/15 Adjustments between accounting and funding basis	General Fund Balance £000	Earmarked Reserves £0000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement						
Charges for depreciation and amortisation of non-current assets	(2,077)	0	0	0	(2,077)	2,077
Adjustments written-out on changes in assets lives	204	0	0	0	204	(205)
Depreciation written-out upon revaluation	771	0	0	0	771	(771)
Movements in the market value of Investment Properties	1,218	0	0	0	1,218	(1,218)
Asset value written-out on disposal	(46)	0	0	0	(46)	46
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment	340	0	0	0	340	(340)
Capital expenditure charged against the General Fund	221	0	0	0	221	(221)
Capital grants applied from CI&E	548	0	0	0	548	(548)
Historic Cost Depreciation Adjustment	0	0	0	0	0	0
Adjustments primarily involving the Capital Grants Unapplied Account						
Grants credited from the CI&E statement	323	0	(323)	0	0	0
REFCUS spend charged to the Capital Adjustment Account	(1,427)	0	0	0	(1,427)	1,427
Application of grants from Unapplied to CAA	0	0	519	0	519	(519)
Adjustments primarily involving Usable Capital Receipts						
Transfer of cash sale proceeds on disposal to CI&E statement	90	0	0	(96)	(6)	6
Unattached capital receipts transferred to useable reserves	518	0	0	(518)	0	0
Use of Capital Receipts to finance new expenditure	0	0	0	1,134	1,134	(1,134)
Use of capital Receipts to finance REFCUS expenditure	0	0	0	426	426	(426)
Use of UCR to contribute to cost of disposal [4% cap]	0	0	0	0	0	0
Transfer from deferred capital receipts upon receipt of cash	0	0	0	(70)	(70)	70
New loan issued in the year	0	0	0	15	15	(15)
Adjustments primarily involving the pensions reserve						
Reversal of items relating to retirement benefits credited to CI&E	(2,637)	0	0	0	(2,637)	2,637
Employer's pensions contributions and payments to pensioners in y	2,318	0	0	0	2,318	(2,318)
Adjustments primarily involving the Collection Fund Adjustment Account						
Differences between CI&E and statutory requirments	(795)	0	0	0	(795)	795
Adjustments primarily involving the Accumulated Absences Account						
Amount by which officer remuneration in the CI&E on an accruals basis is different to the amounts chargeable under statutory	21	0	0	0	21	(21)
Total adjustments: [sum of lines above]	(410)	0	196	891	678	(678)

2013/14 Adjustments between accounting and funding basis	General Fund Balance **£000**	Earmarked Reserves **£0000**	Capital Grants Unapplied **£000**	Capital Receipts Reserve **£000**	Total Usable Reserves **£000**	Unusable Reserves **£000**
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement						
Charges for depreciation and amortisation of non-current assets	(1,888)	0			(1,888)	1,888
Revaluation gains/losses on PPE	(451)	0			(451)	451
Movements in the market value of Investment Properties	174	0			174	(174)
Asset value written-out on disposal	(93)				(93)	93
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					0	0
Statutory provision for the financing of capital investment	325	0		0	325	(325)
Capital expenditure charged against the General Fund	44	22	0		66	(66)
Revenue expenditure funded from capital under statute written off from capital adjusment account	(674)	0	144		(530)	530
Historic Cost Depreciation Adjustment	0	0	0		0	0
Capital expenditure charged to General Fund		0	0		0	0
Adjustments primarily involving the Capital Grants Unapplied Account						
Grants credited from the CI&E statement	0	0	0	0	0	0
Application of grants credited to revenue	648	0	(648)	0	0	0
Correction to Capital financing in 12/13	0	0	(24)	0	(24)	24
Application of grants to Capital Adjustment Account	0	0	254	0	254	(254)
Adjustments primarily involving Usable Capital Receipts						
Transfer of cash sale proceeds on disposal to CI&E statement	163	0	0	(163)	0	0
Unattached capital receipts transferred to useable reserves	242	0	0	(242)	0	0
Use of Capital Receipts to finance new expenditure	0	0	0	1,433	1,433	(1,433)
Use of UCR to contribute to cost of disposal [4% cap]	(5)	0	0	5	0	0
Transfer from deferred capital receipts upon receipt of cash	0	0	0	(12)	(12)	12
Adjustments primarily involving the pensions reserve						
Reversal of items relating to retirement benefits credited to CI&E	(1,284)	0			(1,284)	1,284
Adjustments primarily involving the Collection Fund Adjustment Account						
Differences between CI&E and statutory requirments	622	0			622	(622)
Adjustments primarily involving the Accumulated Absences Account						
Amount by which officer remuneration in the CI&E on an accruals basis is different to the amounts chargeable under statutory requirements	(15)	0			(15)	15
Total adjustments: [sum of lines above]	(2,193)	22	(273)	1,022	(1,424)	**1,424**

8. Transfer to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure 2014/15.

2014/15	Balance at 31/03/2014 £000	Transfers out 2014/15 £000	Transfers In 2014/15 £000	Balance at 31/03/2015 £000
Earmarked reserves:				
Improvement & Change Management Reserve	572	-	-	572
Investment Interest Smoothing Reserve	464	(464)	-	-
Investment Property Improvement and Incentive Reserve			705	705
Performance / WOSP Reward Grant funding	134	-	-	134
Other	1,289	(103)	2,368	3,554
Total	**2,459**	**(567)**	**3,073**	**4,965**

2013/14	Balance at 31/03/2013 £000	Transfers out 2013/14 £000	Transfers In 2013/14 £000	Balance at 31/03/2014 £000
Earmarked reserves:				
Improvement & Change Management Reserve	568	(3)	7	572
Investment Interest Smoothing Reserve	464	-	-	464
Performance / WOSP Reward Grant funding	134	-	-	134
Other	631	(83)	741	1,289
Total	**1,797**	**(86)**	**748**	**2,459**

9. Other operating expenditure

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

2013/14 Net Expenditure £000		2014/15 Net Expenditure £000
2,671	Parish Council precepts	2,921
180	Parish Council Support Grant	161
(65)	(Gains)/losses on the disposal of non-current assets	(44)
(242)	Other income - Unattached receipts	(518)
2,544	**Total**	**2,520**

10. Financing and investment income and expenditure

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

2013/14 Net Expenditure £000		2014/15 Net Expenditure £000
69	Interest payable and similar charges	55
(58)	Loan Impairment (Icelandic deposits)	-
(484)	Interest and similar income	(114)
(2,934)	Income and expenditure in relation to investment properties and changes in their fair value	(4,065)
(11)	Trading activites - Markets & Fairs	(50)
1,025	Net interest on the net defined benefit liability	1,076
(2,393)	**Total**	**(3,098)**

11. Taxation and non-specific grant income

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

Net Expenditure 2013/14 £000		Net Expenditure 2014/15 £000
(6,039)	Council tax income	(6,354)
(648)	Capital grant and contributions	(317)
(4,466)	Non-ringfenced government grants	(4,469)
(1,850)	Non-domestic rates	(2,606)
(13,003)	**Total**	**(13,746)**

12. Property, Plant and Equipment

Movement on balances:

2014/15	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Total PPE £000
Cost or valuation						
Opening balance at 1st April 2014	37,861	6,107	1,522	770	-	46,260
Additions	181	143				324
Revaluation increases/(decreases):						-
In the Revaluation Reserve	2,018					2,018
In the Surplus/Deficit on Provision of Services						-
Derecognition - disposals of assets	(29)	(100)				(129)
Transfers to 'assets held for sale'						-
Other re-group	(309)					(309)
Closing balance	39,722	6,150	1,522	770	-	48,164
Accumulated Depreciation and Impairment						
Opening balance at 1st April 2014	(587)	(2,914)	-	-	-	(3,501)
Depreciation charge for the year	(784)	(1,041)				(1,825)
Impairment losses (reversals):						
In the Revaluation Reserve	1,139					1,139
In the Surplus/Deficit on Provision of Services						-
Derecognition - disposals of assets	11	100				111
Other movements	1					1
Closing balance	(220)	(3,855)	-	-	-	(4,075)
Net Book Value of assets:						
at 31st March 2015	39,502	2,295	1,522	770	-	44,089

2013/14	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Total PPE £000
Cost or valuation						
Opening balance at 1st April 2013	35,433	6,426	1,522	770	-	44,151
Restatement of b/fwd balances		93				93
	35,433	6,519	1,522	770	-	44,244
Additions	653	327				980
Revaluation increases/(decreases):						-
In the Revaluation Reserve	1,847					1,847
In the Surplus/Deficit on Provision of Services						-
Derecognition - disposals of assets	(72)	(739)				(811)
Transfers to 'assets held for sale'						-
Other reclassifications						-
Closing balance	37,861	6,107	1,522	770	-	46,260
Accumulated Depreciation and Impairment						
Opening balance at 1st April 2013	(402)	(2,435)	-	-	-	(2,837)
Restatement of b/fwd balances		(93)				(93)
	(402)	(2,528)	-	-	-	(2,930)
Depreciation charge for the year	(722)	(1,102)				(1,824)
Impairment losses (reversals):						
In the Revaluation Reserve	536					536
In the Surplus/Deficit on Provision of Services						-
Derecognition - disposals of assets	1	716				718
Other movements						-
Closing balance	(587)	(2,914)	-	-	-	(3,501)
Net Book Value of assets:						
at 31st March 2014	37,274	3,193	1,522	770	-	42,759

Depreciation

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

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

Revaluations:

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

Since 2010 the Council has adopted a methodology of revaluing approximately 20% of its assets each year. The 2014/15 valuations and impairment review were undertaken by Mr. D. Thurlow BSc (Hons) MRICS, of West Oxfordshire District Council, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

In estimating fair values it has been assumed that:

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

13. Heritage Assets (Public Art)

2014/15	Public Art £000	Total Assets £000
Cost or valuation		
1st April 2014	109	109
Additions		-
Disposals	(18)	(18)
Revaluations		-
Impairment Losses / downward revaluations		-
Depreciation		-
Valuation as at 31st March 2015	**91**	**91**

2013/14	Public Art £000	Total Assets £000
Cost or valuation		
1st April 2013	109	109
Additions		-
Disposals		-
Revaluations		-
Impairment Losses / downward revaluations		-
Depreciation		-
Valuation as at 31st March 2014	**109**	**109**

14. Investment Properties

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

	2013/14 £'000	2014/15 £'000
Rental Income from Investment Property	(3,233)	(3,164)
Direct Operating expenses arising from investment property	299	305
Net (gain)/loss	(2,934)	(2,859)

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The authority has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

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

	2013/14 £'000	2014/15 £'000
Opening balance - 1st April	37,812	37,985
Additions		
Purchases		1,035
Construction	-	-
Subsequent expenditure	-	-
Disposals		
Net gain/(loss) from fair value adjustments (valuations)	173	1,246
Transfers to/from Property, Plant and Equipment		309
Other changes	-	-
Balance at 31st March	37,985	40,575

15. Intangible Assets

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

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.

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

	2013/14 £000	2014/15 £000
Balance at the start of the year:		
Gross value [purchase cost]	317	494
Accumulated amortisation	(70)	(133)
Net carrying amount at the start of the year	247	361
Movements in the year:		
Purchases	177	61
Amortisation	(63)	(96)
Asset disposals	-	-
Net carrying amount at the end of the year	361	326
Comprising:		
Gross carrying amount	494	555
Accumulated depreciation	(133)	(229)
	361	326

16. Financial Instruments

(a) Financial Instruments - Classifications

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

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

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

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

The Council has no outstanding borrowing as at 31st March 2015.

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

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

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

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

Balances in call accounts at 31st March 2015 are shown under 'cash and cash equivalents' in the Balance Sheet, as they represent highly liquid investments that are readily convertible to known amounts of cash, with an insignificant risk of changes in value.

The Council does hold any investments that have been measured at Fair Value through Profit or Loss.

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

(b) Financial Instruments – Balances
The financial assets and liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Instruments balances	Long - term 31/03/2014 £000	Long - term 31/03/2015 £000	Current 31/03/2014 £000	Current 31/03/2015 £000
Investments:				
Loans and receivables	6,184	6,111	4,193	60
Available-for-sale financial assets*	15,116	17,443	-	-
Total investments	**21,300**	**23,554**	**4,193**	**60**
Debtors:				
Loans and receivables	637	575	1,823	2,475
Total	637	575	1,823	2,475
Debtors that are not financial instruments			854	1,239
Total Debtors	**637**	**575**	**2,677**	**3,715**
Cash and cash equivalents				
Loan and receivables			5,515	6,036
Total cash and cash equivalents	**-**	**-**	**5,515**	**6,036**
Borrowings:				
Financial liabilities at amortised cost	-	-	-	-
Total borrowings	**-**	**-**	**-**	**-**
Other Long Term Liabilities:				
Finance Leases at amortised cost	(973)	(958)		
Total	(973)	(958)	-	-
Other Long Term Liabilities not financial instruments	(24,633)	(30,204)		
Total other long term liabilities	**(25,606)**	**(31,162)**	**-**	**-**
Creditors:				
Financial liabilities at amortised cost	-	-	(3,918)	(4,385)
Total	-	-	(3,918)	(4,385)
Creditors that are not financial instruments	-	-	(7,201)	(4,831)
Total creditors	**-**	**-**	**(11,119)**	**(9,216)**

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

Soft Loans - Balances

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

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

	Long - Term		Current	
	31/03/2014	31/03/2015	31/03/2014	30/03/2015
	£000	£000	£000	£000
Car loans to employees	115	90	6	15

The Council is currently debt-free and does not have to borrow to finance its activities. Therefore the notional cost of granting these loans equates to the investment interest which the Council would have made if the balance had been available to invest as part of its other treasury management investing activity. However, the interest rate charged for staff car loan is at 2% which is higher than average gross return of 1.87% on the treasury investment activities.

(c) Financial Instruments – Gains and Losses

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

Financial Instruments Income, Expense, Gains and Losses	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Assets and Liabilities at Fair Value through Profit and Loss	Total
2014/15	£000	£000	£000	£000	£000
Interest expense	2	-	-		2
Losses on derecognition	-	-	-		-
Reductions in fair value	-	-	-		-
Impairment losses	-	130	-		130
Fee expense	-	17			17
Total expense in Surplus or Deficit on the Provison of Services	2	147	-	-	149
Interest income	-	(271)	(189)		(460)
assets	-	(46)	-		(46)
Increases in fair value	-	(417)	-		(417)
Gains on derecognition	-	-	-		-
Fee income	-	-			-
Total income in Surplus or Deficit on the Provision of Services	-	(734)	(189)	-	(923)
Gains on revaluation			(133)		(133)
Losses on revaluation			116		116
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment			-		-
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure			-		-
Net (gain)/loss for the year	2	(587)	(206)	-	(791)

Financial Instruments Income, Expense, Gains and Losses	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Assets and Liabilities at Fair Value through Profit and Loss	Total
2013/14	£000	£000	£000	£000	£000
Interest expense	1				-
Losses on derecognition					-
Reductions in fair value					-
Impairment losses					-
Fee expense		66	3		69
Total expense in Surplus or Deficit on the Provison of Services	1	66	3	-	70
					-
Interest income		(316)			(316)
Interest income accrued on impaired financial assets		(113)			(113)
Increases in fair value					-
Gains on derecognition		(58)			(58)
Fee income					-
Total income in Surplus or Deficit on the Provision of Services	-	(487)	-	-	(487)
Gains on revaluation			(118)		(118)
Losses on revaluation			12		12
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment					-
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure					-
Net gain/(loss) for the year	1	(421)	(103)		(523)

(d) Financial Instruments - Fair Values

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

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

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

The Council has no long term investments at the Balance Sheet date. In the case of short term instruments and deferred liabilities (i.e. finance leases) the authority deems the carrying amount to be a reasonable approximation of the fair value.

	31/03/2014		31/03/2015	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
In- House Investment	4,593	4,537	6,036	6,036
Icelandic Deposits	1,169	1,169	1,141	1,141
Hanover Housing Association	5,031	5,352	5,031	5,448
Bonds	5,025	5,081	5,204	5,204
Pooled Funds	10,000	10,000	12,240	12,240
Total	25,818	26,139	29,652	30,069

Financial Assets

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

17. Inventories [Stock]

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

	2013/14 £000	2014/15 £000
Balance at 1st April	58	79
Movement in inventories	21	(25)
Closing balance at 31st March	**79**	**54**

18. Construction Contracts

At 31st March 2015 the Council had no major works or construction contracts in progress.

19. Debtors

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

	31/03/2014 £000	31/03/2015 £000
Central government bodies	197	55
Other local authorities	63	662
Public corporations and trading funds	-	-
Other entities and individuals	2,418	2,998
Net Debtors Total	**2,677**	**3,715**

20. Cash and Cash Equivalents

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

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

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

31/03/2014 £000		31/03/2015 £000
3	Cash held by the Authority	3
(229)	Bank current accounts	(281)
5,515	Money Market Funds / Bank call accounts	6,036
5,289		**5,758**

21. Assets held for sale

At 31st March 2015 the Council had no assets that were classified as 'held for sale'.

22. Creditors

	31/03/2014 £000	31/03/2015 £000
Central government bodies	(2,350)	(2,868)
Other local authorities	(3,941)	(690)
Other entities and individuals	(2,910)	(3,688)
Short Term Creditors	(9,201)	(7,247)
Short Term Creditors - S 106 balances	(1,919)	(1,969)
Total	**(11,119)**	**(9,216)**

23. Provisions

Other than provisions for bad and doubtful debts (which have been disclosed under the debtors note to the accounts), at 31st March 2015 the Council had the following provisions:

	Provision for redundancies £000	Property Searches litigation £000	Exchange rate fluctuation £000	Icelandic investments £000	Business rates appeals £000	Total £000
Opening balance 1st April	0	0	(58)	(79)	(872)	(1,008)
Use of provision in year	0	0	58	43	187	288
Additional provisons made	(96)	(69)	0	(300)	(457)	(922)
Unused provision reversed in year	0	0	0	0	0	0
Closing balance 31st March	**(96)**	**(69)**	**0**	**(336)**	**(1,142)**	**(1,642)**

Property Searches Litigation

In 2013/14 the Council was named (along with all other English local authorities) in a litigation case regarding the charging of property searches. The Council has established a provision for its likely repayment of search fees.

Icelandic Investments and exchange rate fluctuations

One of the Council's investments is held in Icelandic Krona, which is subject to changes in value against sterling. Changes in exchange rates and recoverable amounts have been established to account for possible losses when the Council's investments are redeemed.

Business Rates (NNDR) appeals

In 2013/14 new accounting arrangements for National Non-Domestic Rates (NNDR) were introduced. The NNDR provision has been set aside for the potential cost to the Council in relation to outstanding appeals against property valuations.

24. Usable Reserves

Movement in the Council's usable reserves are detailed in the Movement in Reserves Statement. Balances at 31st March are as follows:

31/03/2014 £000		31/03/2015 £000
2,459	Earmarked reserves	4,964
10,936	General fund	10,568
2,314	Capital Grants Unapplied	2,118
5,072	Capital Receipts	4,181
20,781	**Total Usable Reserves**	**21,831**

A detailed breakdown of the movements in usable reserves is outlined in Note 7 to these accounts.

25. Unusable Reserves

31/03/2014 £000		31/03/2015 £000
11,781	Revaluation Reserve	13,928
106	Available for Sale Financial Instruments Reserve	478
68,193	Capital Adjustment Account	70,254
559	Deferred Capital Receipts Reserve	499
(24,633)	Pension Reserve	(30,204)
708	Collection Fund Adjustment Account	(87)
(148)	Accumulated Absences Account	(127)
10	Unequal Pay Back Pay Account	10
56,576	**Total Unusable Reserves**	**54,751**

25a. Revaluation Reserve

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

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

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

31/03/2014 £000	Revaluation Reserve		31/03/2015 £000
9,457	**Balance at 1 April**		11,781
3,353	Upward revaluation of assets	3,283	
(519)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(906)	
2,834	Surplus or deficit on revaluation of assets not posted to the Surplus/Deficit on the Provision of Services		2,377
(510)	Difference between fair value depreciation and historical cost depreciation	(455)	
0	Accumulated gains in changes in asset lives	225	
(510)	Amount written off to the Capital Adjustment Account		(230)
11,781	**Balance at 31 March**		13,928

25b. Capital Adjustment Account

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

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

Movements in the Capital Adjustment Account can be broken down as follows:

31/03/2014 £000	Capital Adjustment Account		31/03/2015 £000
68,459	**Balance at 1 April**		**68,193**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(1,889)	> Depreciation, amortisation and impairment of non-current assets	(2,077)	
	> Changes in asset lives	(20)	
(450)	> Revaluation Gain/ losses on Property, Plant and Equipment	771	
(1,016)	> Revenue expenditure funded from capital under statute	(1,427)	
(93)	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	(46)	
(3,448)			(2,799)
511	Historic Cost Depreciation Adjustment		455
(2,937)	Net Written out amount of the cost of non-current assets consumed in the year		(2,344)
	Capital financing applied in the year:		
1,405	expenditure	1,560	
485	> Capital grants and contribution credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	548	
230	> Application of grants to capital financing from the Capital Grants Unapplied Account	519	
325	> Statutory provision for the financing of capital investment charged against the General Fund	340	
51	> Capital expenditure charged against the General Fund	221	
2,497			3,188
173	Movement in the market value of Investment properties debited or credited to the Comprehensive Income and Expenditure Statement		1,218
68,193	**Balance at 31 March**		**70,255**

25c. Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Council has no investments requiring adjusting through the Financial Instruments Adjustment Account.

25d. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31/03/2014 £000	Pensions Reserve	31/03/2015 £000
(22,962)	**Balance at 1 April**	**(24,633)**
5,571	Actuarial gains or (losses) on pensions assets and liabilities	(5,252)
(5,958)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of services in the Comprehensive Income and Expenditure Statement	(2,637)
(1,284)	Employer's pensions contributions and direct payments to pensioners payable in the year	2,318
(24,633)	**Balance at 31 March**	**(30,204)**

25e. Deferred Capital Receipts Reserve

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

31/03/2014 £000	Deferred Capital Receipts Reserve	31/03/2015 £000
529	**Balance at 1 April**	**559**
50	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	8
(20)	Transfer to the Capital Receipts Reserve upon receipt of cash	(68)
559	**Balance at 31 March**	**499**

25f. Collection Fund Adjustment Account

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

31/03/2014 £000	Collection Fund Adjustment Account	31/03/2015 £000
70	**Balance at 1 April**	**708**
638	Amount by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	(795)
708	**Balance at 31 March**	**(87)**

25h. Accumulated Absences Account

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

31/03/2014 £000	Accumulated Absences Account	31/03/2015 £000
(132)	**Balance at 1 April**	**(148)**
(15)	Change in provision required as at 31st March	21
(148)	**Balance at 31st March**	**(127)**

25g. Available for Sale Financial Instruments Reserve

The available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

31/03/2014 £000	Reserve balance		31/03/2015 £000
-	**Balance at 1 April**		**106**
118	Upward revaluation of investments	491	
(12)	Downward revaluation of investment not charge to the Surplus/Deficit on the Provision of Services	(119)	
106			**372**
-	Accumulated gains on assets sold and maturing assets written out to the CI&E as part of Other Investment income		-
106	**Balance at 31st March**		**478**

26. Cash Flow Statement – Operating activities

The cash flows for operating activities include the following:

31/03/2014 £000		31/03/2015 £000
(424)	Interest received	(497)
1	Interest paid	2
(423)		(495)

27. Cash Flow Statement – Investing activities

31/03/2014 £000		31/03/2015 £000
1,207	Purchase of property, plant and equipment, investment property and intangible assets	1,436
34,249	Purchase of short-term and long-term investments	13,425
-	Other payments for investing activites	-
(418)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(104)
(34,367)	Other receipts from investing activities	(15,216)
(244)	Capital Grants Received (Gov't)	(255)
(797)	Capital Grants Received (Non Gov't)	(564)
(370)	**Net cash flows from investing activities**	**(1,278)**

28. Cash Flow Statement – Financing activities

31/03/2014 £000		31/03/2015 £000
-	Cash receipts of short-and long-term borrowing	-
-	Other receipts from financing activities	-
-	Payment of short and long term borrowing	-
276	Other payments for financing activities	15
276	**Net cash flows from financing activities**	**15**

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

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

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

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

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

The income and expenditure of the Authority's principal service areas recorded in the budget reports for the year is detailed below. During the year there were movements of services between the Planning, Leisure & Housing and Environment directorates. The directorates reported below represent the Council's management structure at the end of the financial year.

2014/15	Chief Executives	Planning, Leisure & Housing	Environment	Resources	Grand Total
Fees, charges & other service income	(654,333)	(2,791,794)	(6,841,251)	(5,845,617)	(16,132,994)
Government Grants	(6,110)	(15,000)	(74,576)	(24,999,866)	(25,095,552)
Total income	(660,443)	(2,806,794)	(6,915,826)	(30,845,483)	(41,228,546)
Employee Expenses	574,865	1,995,443	2,384,705	5,003,481	9,958,494
Other service expenses	721,162	2,044,128	6,942,812	28,272,617	37,980,719
Support service recharges	884,551	922,385	702,385	1,407,557	3,916,878
Total expenditure	2,180,578	4,961,956	10,029,902	34,683,654	51,856,090
Net expenditure	**1,520,135**	**2,155,163**	**3,114,076**	**3,838,171**	**10,627,545**

2013/14	Chief Executives £	Planning, Leisure & Housing £	Environmental Services £	Resources £	Total £
Fees, charges & other service income	(275,376)	(1,994,645)	(7,857,343)	(5,221,411)	(15,348,775)
Government Grants		(19,079)	(56,174)	(23,969,059)	(24,044,313)
Total income	(275,376)	(2,013,725)	(7,913,518)	(29,190,470)	(39,393,088)
Employee Expenses	342,090	2,225,378	2,692,123	3,423,553	8,683,145
Other service expenses	543,033	2,013,873	7,831,965	26,793,739	37,182,610
Support service recharges	735,404	1,034,070	752,758	1,428,139	3,950,371
Total expenditure	1,620,527	5,273,321	11,276,846	31,645,431	49,816,125
Net expenditure	**1,345,152**	**3,259,596**	**3,363,328**	**2,454,961**	**10,423,037**

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

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

	2013/14 £	2014/15 £
Net expenditure in the Service Analysis [from above]	10,423,037	10,627,545
Annual Leave adjustment not included in the analysis	15,436	(20,933)
Net expenditure of services and support services not included in the analysis		
Add / (Deduct): IAS 19 adjustments	259,000	(757,353)
(Increase)/Decrease on current asset valuation	450,836	(831,540)
Removal of other trading activities & DSOs - not to be included in CI&E NCS	11,457	49,663
Removal of investment activities - not to be included in CI&E NCS	2,765,005	2,863,212
Revenue expenditure funded from capital under state - expenditure	1,023,153	1,606,027
Revenue expenditure funded from capital under state - funding	(442,050)	(548,175)
Waste Contract MRP charge	(393,010)	(393,010)
	14,112,865	12,595,436
Net Cost of Services in CI&E Statement	**14,112,865**	**12,595,436**

Reconciliation to subjective analysis

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

2014/15 Reconciliation to subjective analysis of total income & expenditure	Service Analysis £	Services not in Analysis £	Not reported to mgt £	Not to be in NCS £	Net Cost of Services £	Corporate Amounts £	Total £
Fees, charges & other service income	(12,887,619)				(12,887,619)	-	(12,887,619)
Interest and investment income	(3,245,375)			3,245,375	-	(3,355,489)	(3,355,489)
Income from council tax					-	(6,326,596)	(6,326,596)
Government grants and contributions	(25,095,552)		(548,175)		(25,643,727)	(7,936,839)	(33,580,566)
Total Income	**(41,228,546)**	**-**	**(548,175)**	**3,245,375**	**(38,531,346)**	**(17,618,924)**	**(56,150,270)**
Employee expenses	9,958,494	6,772	(785,057)	(853)	9,179,355	1,206	9,180,561
Other service expenses	36,059,851		(213,804)	(256,866)	35,589,181	256,866	35,846,048
Support Service recharges	3,916,878			(72,408)	3,844,470	72,408	3,916,878
impairment	1,920,867		(831,540)	(2,373)	1,086,954	2,373	1,089,327
Interest Payments					-	1,130,652	1,130,652
REFCUS			1,426,821		1,426,821	(1,205,832)	220,989
Precepts & Levies					-	2,921,580	2,921,580
Parish Council Support Grant					-	160,690	160,690
(Gain)/Loss on disposal of Non-Current Assets					-	(44,446)	(44,446)
Total Expenditure	**51,856,090**	**6,772**	**(403,579)**	**(332,501)**	**51,126,782**	**3,295,497**	**54,422,279**
(Surplus) / deficit on the provision of services	**10,627,545**	**6,772**	**(951,754)**	**2,912,875**	**12,595,436**	**(14,323,427)**	**(1,727,991)**

2013/14 Reconciliation to subjective analysis of total income & expenditure	Service Analysis £	Services not in Analysis £	Not reported to mgt £	Not to be in NCS £	Net Cost of Services £	Corporate Amounts £	Total £
Fees, charges & other service income	(12,225,098)		(442,050)	181,698	(12,485,450)	(423,847)	(12,909,297)
Interest and investment income	(3,123,677)			3,123,677	-	(3,607,696)	(3,607,696)
Income from council tax					-	(6,038,638)	(6,038,638)
Government grants and contributions	(24,044,313)				(24,044,313)	(6,964,684)	(31,008,996)
Total Income	**(39,393,088)**	**-**	**(442,050)**	**3,305,375**	**(36,529,762)**	**(17,034,865)**	**(53,564,628)**
Employee expenses	8,683,145		274,436	(12,839)	8,944,741	1,037,839	9,982,581
Other service expenses	35,295,033		911,951	(273,090)	35,933,894	273,531	36,207,424
Support Service recharges	3,950,371			(70,700)	3,879,671	70,700	3,950,371
Depreciation, amortisation and impairment	1,887,577			(3,255)	1,884,322	(55,116)	1,829,206
Interest Payments					-	69,237	69,237
Precepts & Levies					-	2,671,040	2,671,040
Parish Council Support Grant					-	180,381	180,381
(Gain)/Loss on disposal of Non-Current					-	(64,928)	(64,928)
Total Expenditure	**49,816,125**	**-**	**1,186,387**	**(359,884)**	**50,642,628**	**4,182,684**	**54,825,312**
(Surplus) / deficit on the provision of services	**10,423,037**	**-**	**744,337**	**2,945,491**	**14,112,866**	**(12,852,182)**	**1,260,684**

30. Acquired and Discontinued Operations

The Authority acquired no operations in 2014/15.

However, on 1st April 2015 the Council transferred its Grounds Maintenance and depot services to Ubico Ltd. In addition to transferring services, the Council became a shareholding in Ubico Ltd, buying a one-fifth share in the Company.

These changes have no impact upon the Council's balance sheet at 31st March, but do represent changes taking place within the Council and its service delivery model going forwards.

31. Trading Operations

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

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

32. Agency Services

Council Tax and NNDR

The Code requires the collection of Council Tax to be accounted for on an agency basis. The collection of Council Tax is in substance an agency agreement as the cash collected by the Council as billing authority from Council Tax payers belongs proportionately to the billing authority and the major preceptors. The accounts include creditor balances for the money owed by the Council [as billing authority] to Oxfordshire County Council and Thames Valley Police and Crime Commissioner as the cash paid to each authority in the year is different to amounts collected.

Business Rates income is collection on behalf of central government. However, 50% is paid over to central government with the remaining split locally, 40% to the Council and 10% paid across to Oxfordshire County Council.

Details of the amounts of Council Tax and Business Rates collected are disclosed within the Collection Fund statement and associated notes. The Council operates no other schemes on an agency basis.

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

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

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

Under the terms of the contract the Council paid GLL £51,948 to manage Woodstock & District Swimming Pool. Additionally, the Council incurred £14,648 of expenditure, including depreciation charges, in respect of the Swimming Pool.

The direct income and expenditure for the year ended 31st March 2015 incurred by GLL in managing Woodstock & District Swimming Pool, excluding the management fee paid by the Council, is as follows:

2013/14 £'000	Woodstock & District Swimming Pool	2014/15 £'000
	Expenditure	
42	Employees	39
44	Premises Related Expenditure	44
5	Supplies & Services	(1)
-	Capital Charges	0
91		**82**
	Income	
(50)	Fees and charges for services	(45)
(50)		(45)
41	**Net (surplus)/deficit**	**36**

34. Pooled Budgets

The Authority has no pooled budgets arrangement with third parties.

35. Members Allowances

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

	2013/14 £	2014/15 £
Allowances	318,811	318,614
Expenses	6,437	6,743
Total	325,248	325,357

36. Officer Remuneration

2014/15

Position	Salary, Fee and Allowances	Supplements	Honorarium	Benefit in Kind	Pension Contribution	Total Remuneration (£)
Chief Executive and Clerk of the Council	102,200		15,000	5,633	16,920	139,753
Strategic Director (Development)	44,108		6,778	6,755	7,371	65,012
Strategic Director (Environment)	76,192	615	15,035		12,678	104,520
Strategic Director (Resources)	74,177	5,643	11,127	123	12,328	103,398
Monitoring Officer	50,749	1,027	3,074	2,994	7,750	65,595

2013/14

Position	Salary, Fee and Allowances	Supplements	Honorarium	Benefit in Kind	Pension Contribution	Total Remuneration (£)
Chief Executive and Clerk of the Council	101,691		15,000	5,336	16,865	138,892
Strategic Director (Development)	73,812		8,858	6,485	11,966	101,121
Strategic Director (Environment)	75,813	5,040	7,899	0	12,603	101,355
Strategic Director (Resources)	73,812	1,341	8,857	3,224	11,904	99,138
Monitoring Officer	50,496	1,027	3,074	2,794	7,714	65,105

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

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

Remuneration band	2013/14 Number of employees	2014/15 Number of employees
£50,000 - £54,999	3	5
£55,000 - £59,999	4	2
£60,000 - £64,999	1	1
£65,000 - £69,999	1	4
£70,000 - £74,999		
£75,000 - £79,999		

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

Exit package cost banding (including special payments)	No. of compulsory redundancies		No. of other departures agreed		Total no. of exit package by cost band		Total cost of exit packages in each band (£)	
£	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
0-20,000	0	0	0	0	0	0	0	0
20,001-40,000								
Total	0	0	0	0	0	0	0	0

37. External Audit Costs

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

External audit costs	2013/14 £000	2014/15 £000
Fees payable in respect of statutory inspections for the year	61	61
Certification of grants and claims	18	17
Fees payable in respect of other services provided during the year	1	
Total	**80**	**78**

38. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15:

Miscellaneous government grants	2013/14 £000	2014/15 £000
Credited to taxation and non-specific grant income		
Demand on the Collection Fund	(6,039)	(6,354)
Revenue Support Grant	(2,818)	(2,196)
New homes bonus grant	(1,123)	(1,516)
Council tax freeze grant	(35)	(36)
S31 NDR compensation grant		(681)
Other specific government grants	(490)	(40)
Capital grants and contributions receivable	(648)	(317)
Non Domestic Rates Redistribution	(1,850)	(2,606)
Total	(13,003)	(13,746)
Capital Grants credited to the Comprenhensive Income & Expenditure Statement		
Disabled Facilities Grant	(244)	(251)
Significant revenue grant credited within the cost of services		
Benefit admin grant	(58)	(58)
Local services support grant	(21)	(29)
Housing benefit subsidy grant	(23,669)	(24,266)
Admin Subsidy grant	0	(254)
New burden grant	(42)	0
Other grants	(351)	(344)
Total	(24,385)	(25,201)

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

Capital grants receipts in advance	2013/14 £000	2014/15 £000
Environment Agency - land drainage grant	(298)	(196)
Total	(298)	(196)

39. Related Parties

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

Central Government

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

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in the year is shown in Note 35. All elected Members are required to complete a questionnaire detailing any areas where potential conflicts of interest may occur between their private interests and their position as the elected representatives of the Council. Details are recorded in the register of members' interest, open to public inspection at the Council Offices during office hours. There are no significant related party transactions to report.

Officers

Cotswold District Council

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

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

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

In addition to those listed above, there are a number of additional operational staff which the Council shares in a bid to boost efficiency and reduce costs. The employing Council invoices a proportionate share of the cost of the employee to the corresponding Council for any work done.

GO Shared Services

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

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

Other Public Bodies

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

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

Entities Controlled or Significantly Influenced by the Authority

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

40. Capital Expenditure and Capital Financing

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

Capital Expenditure and financing	2013/14 £000	2014/15 £000
Capital investment:		
Property, Plant and Equipment	980	324
Heritage Assets	-	
Investment Properties	-	1,035
Intangible Assets	177	61
Loans from capital resources	-	15
Revenue Expenditure Funded from Capital under Statute	1,016	1,427
Total Capital Expenditure	2,173	2,862
Sources of financing:		
Capital receipts	(1,384)	(1,575)
Government grants and other contributions	(738)	(1,048)
Direct revenue contributions	(51)	(240)
Revenue financing of Finance Lease liabilities [Waste vehicles]	(325)	(340)
Total Capital Financing	(2,498)	(3,203)

Capital Finance Requirement	2013/14 £000	2014/15 £000
Opening Capital Financing Requirement - 1st April	1,565	1,240
Movement in year	(325)	(340)
Closing Capital Financing Requirement - 31st March	1,240	900
Explanation of movements in year:		
Repayment of principal on assets acquired under finance leases	(325)	(340)
	(325)	(340)

41. Leases

Authority as Lessee

Finance Leases

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

	31/03/2014 £000	31/03/2015 £000
Other Land and Buildings	0	0
Vehicles, Plant, Furniture and Equipment	1,371	1,036
	1,371	1,036

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

	31/03/2014 £000	31/03/2015 £000
Finance lease liabilities (net present value of minimum lease payments) on non-current assets	1,297	958
plus		
Finance Costs payable in future years	114	61
Minimum lease payments	1,411	1,019

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/2014 £000	31/03/2015 £000	31/03/2014 £000	31/03/2015 £000
Not later than one year	393	393	339	357
Later than one year and not later than five years	1,018	626	958	601
Later that five years	0		0	0
	1,411	1,019	1,297	958

Operating Leases

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

	31/03/2014 £000	31/03/2015 £000
Not later than one year	171	143
Later than one year and not later than five years	484	469
Later than five years	1,133	846

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

	31/03/2014 £000	31/03/2015 £000
Minimum lease payments	168	151
Sublease payment receivable	(137)	(141)

Authority as Lessor

Finance Leases

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

Operating Leases

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

	31/03/2014 £000	31/03/2015 £000
Not later than one year	2,620	2,902
Later than one year and not later than five years	8,841	8,269
Later than five years	38,267	42,108
Total	49,728	53,279

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

42. Private Finance Initiatives and Similar Contracts

The Council has no Private Finance Initiatives or similar Contracts.

43. Impairment Losses

Details of any impairment losses within the Council's non-current assets are detailed under Note 12 on Property, Plant and Equipment.

The Council has no significant impairments to disclose.

44. Capitalisation of Borrowing Costs

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

45. Termination Benefits

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

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

There were no termination benefits paid out in 2014/15. Provision has been made in the accounts for one expected redundancy.

46. Pension Schemes accounted for as defined contribution schemes

The defined contribution scheme is not applicable to the Authority.

47. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Authority participates in two post-employment schemes:

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

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

Transactions relating to post-employment benefits

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

Defined Benefit Pension Schemes	2013/14 £000	2014/15 £000
Comprehensive Income and Expenditure Statement		
Service cost	1,578	1,561
Net Interest on the defined liability (asset)	1,003	1,036
Administration expenses	22	40
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	2,603	2,637

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure in the actuarial gains or losses on pension assets and liabilities at 31 March 2015 was a loss of £5.252m.

Remeasurement of the net assets / (defined liability)	2013/14 £000	2014/15 £000
Return on Fund assets in excess of interest	245	2,995
Other actuarial gains / (losses) on assets	(1,380)	-
Change in financial assumptions	(2,327)	(8,324)
Change in demographic assumptions	(2,251)	-
Changes in effect of asset ceiling	5,326	77
Remeasurement of the net assets / (defined liability)	(385)	(5,252)

Assets and Liabilities in Relation to Post-Employment Benefits

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

Reconciliation of PV of the defined benefit obligation:	**2013/14 £000**	**2014/15 £000**
Opening balance at 1 April	62,195	64,019
Current service cost	1,578	1,494
Interest cost	2,759	2,778
Change in financial assumptions	2,327	8,324
Change in demographic assumptions	2,251	-
Experience loss/(gain) on defined benefit obligation	(5,326)	(77)
Estimated benefits paid net of transfers in	(2,098)	(2,247)
Past service costs, including curtailments	-	67
Contributions by Scheme participants	374	406
Unfunded pension payments	(41)	(42)
Closing balance at 31 March	**64,019**	**74,722**

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

Reconciliation of fair value of the scheme assets:	**2013/14 £000**	**2014/15 £000**
Opening balance at 1 April	39,233	39,386
Interest on assets	1,756	1,742
Return on assets less interest	246	2,995
Other acturarial gains/(losses)	(1,380)	-
Administration expenses	(22)	(40)
Contributions by employer including unfunded	1,319	2,318
Contributions by Scheme participants	374	406
Estimated benefits paid plus unfunded net of transfers	(2,139)	(2,289)
Settlements prices received / (paid)	-	-
Closing Fair value of Scheme assets	**39,387**	**44,518**

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

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

Pension assets and liabilities recognised in the Balance Sheet

Scheme History	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Present value of the defined benefit obligation	(46,850)	(57,197)	(61,504)	(63,288)	(74,034)
Present value of unfunded obligation	(645)	(689)	(691)	(731)	(688)
Fair value of Fund assets (bid value)	32,907	33,400	39,233	39,386	44,518
Net defined benefit liability / (assets)	**(14,588)**	**(24,486)**	**(22,962)**	**(24,633)**	**(30,204)**

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £74.722m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance on the pension fund of £30.204m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

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

Scheme assets comprised

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

	31/03/2014 £000	%	31/03/2015 £000	%
Equity	26,782	68	30,047	67
Gilts	4,726	12	5,300	12
Other Bonds	1,575	4	1,634	4
Property	1,969	5	2,747	6
Cash	1,969	5	1,212	3
LLPs	1,575	4	1,502	3
Hedge Funds	788	2	13	0
Diversified Growth Fund	-	-	2,063	5
Total	39,384	100	44,518	100

Of the assets held at 31st March 2015:

Employer asset share - bid value	28/02/2015 % Quoted	% Unquoted
Fixed Interest Government Securities		
UK	5.0%	
Overseas	2.1%	
Index Linked Government Securities		
UK	4.8%	
Overseas	0.0%	
Corporate Bonds		
UK	2.9%	
Overseas	0.7%	
Equities		
UK	19.2%	11.1%
Overseas	11.3%	20.6%
Property		
All	0.0%	6.2%
Others		
Hedge fund		
Private Equity	0.9%	4.4%
Limited Liabilit Partnerships		3.4%
Diversfied Growth Fund		4.6%
Cash/Temporary Investments	2.5%	
Net Current Assets		
Debtors	0.4%	
Creditors	-0.1%	
Overseas		
Total	**49.7%**	**50.3%**

Basis for Estimating Assets and Liabilities

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

Estimates for the Council are based on the latest full valuation of the scheme as at 31st March 2013.

The principal assumptions used by the actuary are as follows:

Life Expectancy from age 65 (years)	2013/14	2014/15
Retiring today		
Males	23.2	23.3
Females	25.5	25.7
Retiring in 20 years		
Males	25.4	25.5
Females	27.9	28

Other financial assumptions applied by the actuary:	31st March 2014	31st March 2015
RPI increases	3.6%	3.2%
CPI increases	2.8%	2.4%
Salary increases	4.6%	4.2%
Pension increases	2.8%	2.4%
Discount rate	4.4%	3.3%

These assumptions are set with reference to market conditions at 31st March 2015:

In addition the following assumptions have been made:

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

The estimation of the defined benefit obligation is based upon the actuarial assumptions above. The sensitivity analyses below have been determined based upon possible changes in assumptions. These changes in assumptions and the impact of each, compared to the current estimation [middle column] are listed below:

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	73,439	74,722	76,030
Projected service cost	1,767	1,808	1,850
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	74,860	74,722	74,586
Projected service cost	1,809	1,808	1,807
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	75,903	74,722	73,563
Projected service cost	1,849	1,808	1,768
Adjustment to mortality age rating assumption	+1 Year	None	- 1 Year
Present value of total obligation	72,144	74,722	77,324
Projected service cost	1,747	1,808	1,869

Unfunded Benefit Obligation Reconciliation for the year to 31st March 2015

The Discretionary Benefits arrangements have no assets to cover liabilities.

	31/03/2014 £000	31/03/2015 £000
Opening Defined Benefit Obligation	691	731
Current Service cost	0	0
Interest cost	30	31
Change in financial assumtions	19	45
Change in demographic assumptions	64	0
Unfunded pension payments	(41)	(42)
Experience loss/(gain) on defined benefit obligation	(32)	(77)
Closing Defined Benefit Obligation	731	688

Projected pension expense for the year ending 31st March 2016

	31/03/2016 £000
Sevice cost	1,808
Net interest on the defined liability (asset)	982
Administration expense	46
Total loss (profit)	2,836
Employer contributions	900

48. Contingent Liabilities

The Council has no contingent liabilities to disclose.

49. Contingent Assets

The Authority has no contingent assets to report.

50. Nature and extent of risks arising from financial instruments

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

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

Overall Procedures for Managing Risk

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

- by formally adopting the requirements of the Code of Practice;

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

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

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

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

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

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

Credit Risk

Loans and Receivables

The Authority manages credit risk by ensuring that investments are placed with the Debt Management Office, other local authorities, AAA-rated money market funds and Banks and Building Societies of sufficiently high credit quality as set out in the Treasury Management Strategy. A limit of £5m of the total portfolio is placed on the amount of money that can be invested with a single counterparty. The Authority also sets a total group investment limit for institutions that are part of the same banking group. No more than £7.5m in total can be invested for a period longer than one year.

It must also be noted that although credit ratings remain a key source of information, the Authority recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Authority's Treasury Management Strategy Statement for 2014/15, approved by Full Council in February 2014. The 2014/15 Treasury Strategy can be found via the following web link: www.westoxon.gov.uk

The table below summaries the nominal value of the Authority's investment portfolio at 31st March 2015 and confirms that all investments were made in line with the Authority's approved credit rating criteria at the time of placing the investment:

	Investment values in £000 - Maturing within:			
	0-3 months	3-6 months	6-12 months	1 year +
Internally managed funds:				
Call accounts	6,035	0	0	0
Housing Association	0	0	0	5,000
UK Bonds	0	0	0	4,800
Externally managed funds:				
Pooled funds	0	0	0	12,000

Liquidity Risk

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

The Authority also has to manage the risk so that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Authority would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities. The Authority has no outstanding borrowing as at 31st March 2015.

Market Risk

- *Interest Rate Risk:* The Authority is exposed to risks arising from movements in interest rates. The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 100% on external debt that can be subject to variable interest rates.

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

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

	2014/15 £000
Increase in interest received from investments	(148)
Impact on the Surplus / Deficit on the Provision of Services	(148)

The approximate impact of a 1% fall in interest rates would be as above but with the movement being reversed. These assumptions are based on the same methodology as used in the 'Faire Value' disclosure note.

- *Price Risk:* The Authority does not invest in equity shares and therefore is not subject to any price risk (i.e. the risk that the Authority will suffer loss as a result of adverse movements in the price of financial instruments).
- *Foreign Exchange Risk:* The Authority holds some deposits in currencies other than sterling from Icelandic deposit repayment. The amounts of deposit outstanding are reconverted at the spot exchange rate at 31 March.

51. Heritage Assets: Five-Year Summary of Transactions

Heritage Assets: Five-Year Summary of Transactions	**2010/11 £000**	**2011/12 £000**	**2012/13 £000**	**2013/14 £000**	**2014/15 £000**
Acquisitions of Heritage Assets:					
Public Art - purchases/construction	55	33	10	-	-
Donated works	-	-	-	-	-
Fair value of acquisitions/donations in year	**55**	**33**	**10**	**-**	**-**
Disposals of Heritage Assets:					
NBV written-out	-	-	-	-	(18)
Disposal of assets	**-**	**-**	**-**	**-**	**(18)**

THE COLLECTION FUND

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

2013/14 £		Note	2014/15 £
	INCOME		
60,935,082	Council Tax	C2	62,826,718
32,956,934	Non-Domestic Rates	C1	33,248,802
2,442	Transitional Protection Payments - non-domestic rates		68,295
-	Contributions towards previous year's deficit - non-domestic rates		-
93,894,458	**Total Income**		**96,143,815**
	EXPENDITURE		
	Precepts and Demands:		
47,437,062	Oxfordshire County Council		49,079,355
6,301,026	Thames Valley Police and Crime Commissioner		6,519,085
5,939,262	West Oxfordshire District Council		6,236,968
	Business rates:		
14,435,866	Shares to County Council and the Authority		16,221,710
14,435,867	Payment of central share to government		16,221,710
163,678	Charge payable to General Fund for Costs of Collection		164,331
-	Other transfers to General Fund per regulations - Renewable Energy scheme		120,573
	Impairment of debts/appeals for Council Tax		
(3,490)	Write Offs		22,640
117,895	Increase / (decrease) in Provision		46,424
	Impairment of debts/appeals for non-domestic rates		
60,905	Write Offs		550,107
2,279,086	Increase in Provision		811,682
1,149,700	Contributions towards previous year's surplus - council tax		900,600
	Contributions towards previous year's surplus - non-domestic rates		1,585,010
92,316,857	**Total Expenditure**		**98,480,195**
1,577,601	Surplus / (Deficit) for the Year		(2,336,380)
1,047,170	Fund Balance at 1st April		2,624,771
2,624,771	**Fund Balance at 31st March**	C5	**288,391**

NOTES TO THE COLLECTION FUND

Note C1. Business Rates (National Non-Domestic Rates)

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

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

2013/2014		2014/15
46.2p	Small business non-domestic rating multiplier	47.1p
47.1p	Non-domestic rating multiplier	48.2p

Note C2. Council Tax

Council Tax income is derived from charges according to the value of residential properties. Properties are classified into 9 valuation bands (A*-H). The Council as billing authority calculates its tax base in accordance with Government Regulations. The number of dwellings is modified to take account of various discounts and exemptions allowed and an index is then used to calculate the equivalent number of Band D dwellings. The tax base calculation for 2014/15 is shown below:

Valuation Band	Total Dwellings in Band	Total Discounts, Exemption & Second Homes	Total Chargeable Dwellings	Weight [in 9ths]	Traditional Equivalent No of Band D Dwellings	New Regulation Adjustment	Band 'D' Equivalent Chargeable Dwellings
A*	2.00	(0.25)	1.75	5	0.97	-	0.97
A	1,417.00	(210.75)	1,206.25	6	804.17	16.33	820.50
B	4,536.00	(640.75)	3,895.25	7	3,029.64	20.61	3,050.25
C	15,509.00	(1,321.75)	14,187.25	8	12,610.89	64.00	12,674.89
D	9,956.00	(570.11)	9,385.89	9	9,385.89	(2,907.21)	6,478.68
E	6,761.00	(431.00)	6,330.00	11	7,736.67	86.17	7,822.84
F	3,718.00	(189.25)	3,528.75	13	5,097.08	59.23	5,156.31
G	2,441.00	(149.00)	2,292.00	15	3,820.00	110.83	3,930.83
H	325.00	(28.24)	296.76	18	593.52	36.00	629.52
Total	44,665.00	(3,541.10)	41,123.90		43,078.83	(2,514.04)	40,564.79
Collection rate %							98%
Plus Contribution in Lieu (MOD)							861.33
Tax base for 2014/15							40,614.82

The estimated collection rate for 2014/15 was 98%, giving a Council Tax Base of 40,614.82 (40,037.02 2013/14).

Note C3. Precepts and Demands made on the Collection Fund

The following Precepts were paid during the financial year:

	2013/14 £	2014/15 £
Oxfordshire County Council	47,437,062	49,079,355
Oxfordshire County Council - Fund Surplus	916,746	715,882
Thames Valley Police and Crime Commissioner	6,301,026	6,519,085
Thames Valley Police and Crime Commissioner - Surplus	121,763	95,090
District Council Precept	3,268,222	3,315,388
District Council – Collection Fund Surplus	111,191	89,628
Parish Precepts	2,671,040	2,921,040
Total	**60,827,050**	**62,735,468**

Note C4. Provision for Uncollectable Amounts

Provision has been made within the accounts for uncollectable debts. As the 31st March the provision on the Collection Fund was as follows:

	2013/14 £	**2014/15 £**
Council Tax	777,788	824,213
National Non-Domestic Rates (NNDR)	2,279,086	3,090,768
Total provision	**3,056,874**	**3,914,981**

The movement on the Council Tax Provisions Account can be analysed as follows:

	2013/14 £	**2014/15 £**
Opening balance on the provision	659,893	777,788
Write-offs during the year	3,489	(22,640)
Additional provision required	114,406	69,065
Total provision	**777,788**	**824,213**

The movement on the Non Domestic Rate Provisions Account is as follows:

	2013/14 £	**2014/15 £**
Opening balance on the provision	191,612	2,279,086
Write-offs during the year	(60,904)	(550,107)
Additional provision required	2,148,378	1,361,789
Total provision	**2,279,086**	**3,090,768**

Note C5. Collection Fund Surplus

The table below shows the apportionment for the balance on the Collection Fund as at 31st March:

Council Tax	1st April 2014 £	Increase / (decrease) in year £	31st March 2015 £
Oxfordshire County Council	(831,596)	(17,296)	(848,892)
Thames Valley Police & Crime Commissioner	(110,428)	(2,297)	(112,725)
West Oxfordshire District Council	(98,772)	(2,054)	(100,826)
(Surplus) / deficit	**(1,040,796)**	**(21,647)**	**(1,062,443)**
Non-domestic rates			
Central Government (50%)	(791,987)	1,179,013	387,026
Oxfordshire County Council (10%)	(158,397)	235,802	77,405
West Oxfordshire District Council (40%)	(633,589)	943,210	309,621
(Surplus) / deficit	**(1,583,973)**	**2,358,025**	**774,052**
Collection Fund Balance	**(2,624,769)**	**2,336,378**	**(288,391)**

Annual Governance Statement 2014-15

1. Scope of responsibility

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

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

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

2. The purpose of the governance framework

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

2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of West Oxfordshire District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically. The Corporate Management Team (including the S151 Officer), the Monitoring Officer and all operational Heads of Service have each signed an assurance statement that adequate controls are in place for 2014-15. An adequate system of internal control has been in place at West Oxfordshire District Council for the year ending 31 March 2015.

2.3. The governance framework has been in place at West Oxfordshire District Council for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

3. The governance framework

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

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

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

3.4. The Council maintains an adequate and effective Internal Audit service. The Internal Audit Annual Report which contains an overall assurance of the adequacy of internal control has been published, with a satisfactory grading. Grant Thornton (the External Auditors) have access to internal audit work so that where appropriate they may choose to place reliance on the work of the Internal Auditors during 2014-15. During the year the Council's internal audit service has been delivered through Audit Cotswolds, a partnership arrangement with Cheltenham and Cotswold Councils.

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

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

3.7. The Council maintains an ongoing active approach to risk management, maintaining a Risk Register and linking risks to actions in service plans and managing them effectively. Corporate risks are frequently reviewed by the Management Team and Cabinet and reported via the Audit & General Purposes Committee. The embedding of risk management throughout the organisation is a continuous improvement process. Risk management was also reviewed by Audit Cotswolds during 2014-15, who are able to provide assurance that risk is effectively managed.

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

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

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

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

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

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

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

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

3.16. The Council continues to contribute to the National Fraud Initiative (NFI) reviewing government systems data which is matched by the Audit Commission and investigating anomalies to prevent or detect fraud. An annual fraud survey was also undertaken on behalf of the Audit Commission.

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

3.18. The Council's Business Continuity Plan (BCP) and emergency management plan for the community, is in place and compliant with the Civil Contingencies Act 2004, covering all of its operations. BCPs have been reviewed by the Council in 2014-15.

3.19. The Council's Vision and Priorities were reviewed in 2012 and have been incorporated into a Council Plan and have been subject to annual refresh processes. These top level objectives are set out in the Delivery Plan with key milestones and performance measures attached which are subsequently reported to the Executive and Scrutiny Committees quarterly. Priorities have been developed to reaffirm the Council's Vision.

3.20. The Council is currently preparing a new Local Plan for the District. This will align with the National Planning Policy Framework and set out a long term plan for managing development up to 2031. Local Plans are important documents because they guide future planning decisions about what is built and where, including new homes and businesses. The Local Plan provides a spatial expression of the Council's Vision. The Council consulted on the Local Plan between March and May 2015, and it is expected to be finalised in early 2016 after an Examination in Public.

3.21. A new 2020 Vision for Joint Working is currently being progressed which has the potential to deliver significant further shared service savings to the Council in the medium term.

3.22. The Council continues to pursue value for money in its procurement of goods and services, working closely with the Oxfordshire Districts Procurement Hub and its partners with the GO Shared Services partnership to deliver benefits of efficiency and effectiveness. The Council uses national framework agreements where advantageous.

3.23. Shared service arrangements with Cotswold District Council and other authorities have continued to be developed during 2014-15 with a Senior Management Team review; and cascading down to operational Service levels. These also include changes to Legal, Property Services and Customer Services and further savings in ICT and Revenues and Benefits.

4. Review of effectiveness

4.1. West Oxfordshire District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2. West Oxfordshire District Council has assessed the effectiveness of the governance framework using the 21 key systems and processes as identified in the CIPFA

"Delivering Good Governance in Local Government: Framework Addendum December 2012". The results have been tabled below:

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

	defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements	detailed job specification. This role is a shared arrangement with the Cotswold DC under a formal secondment agreement. The respective roles of Leader and Chief Executive are set out in the Council's Constitution, underpinned by the more general requirements of the Member/Officer Protocol. Other aspects are contained in the Chief Executive's job specification.
6.	developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff	The roles and responsibilities of Members generally and all office holders are set out in the Council's Constitution, along with the way in which the various elements of the Council interact and complement each other. The Constitution is supported and underpinned by separate Codes of Conduct for Members and Officers, and a joint Member/Officer Protocol, which set out guidelines as to behaviour and practical issues. A comprehensive induction programme provides further assistance to Members and officers as to their roles and responsibilities. The Constitution is also reviewed regularly reflecting legislative changes, guidance and best practice.
7.	reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality	The Constitution contains a comprehensive description of the allocation of functions and responsibilities across the Member and Officer structures. The relevant sections are kept under regular review to ensure that it accurately reflects legislative and local requirements, guidance and best practice. The Council has a Data Quality Policy 2009. At year end, those responsible for compiling performance indicators outturns complete a document providing evidence for the data reported. Internal audit reviews performance management arrangements, including the outturns for a number of performance indicators annually.
8.		The Council's Risk Management Group oversees corporate risk management. The Council has a

	reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability	Risk Management Policy and risks are identified and managed both corporately and at service level, as part of the Performance Management process. The Risk Management Group meets quarterly and reviews the risk register and they are reviewed by the senior management team. Decisions are made regarding risk scores, removing obsolete risks and adding new risks to the register. Audit and General Purposes Committee has oversight of the Risk Management Policy and processes and they are considered by Cabinet quarterly. Appropriate training is provided to Members and Officers. The standard committee report template also includes a section to highlight/identify associated risks.
9.	ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained, including the "*CIPFA code of practice on managing the risk of fraud and corruption*".	The Council also has a Counter Fraud and Corruption strategy. All new employees and members are briefed on these policies during their induction. Refresher training is provided to Heads of Service, managers and Members as required. Counter-fraud and corruption guidance is issued to all staff and managers. This Policy was updated and presented to Audit & General Purposes Committee in June 2013. In 2014-15 the Head of Audit Cotswolds successfully led a bid for funding to DCLG to combat fraud in the region via the establishment of a Gloucestershire-wide Counter Fraud Hub. Also counter fraud resources were maintained despite the introduction of the DWP Single Fraud Investigation Service in February 2015. Through this work the authority is able to make the following statement: "*Having considered all the principles, I am satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.*"
10.		The Even Better programme controls and delivers

	ensuring effective management of change and transformation	the projects of change and this has been broadened to include joint working with CDC to deliver further efficiencies, in line with the Council's plan Furthermore, the change programme 2020 Vision was introduced. This is a programme to develop further collaborative working between this authority and three others.
11.	ensuring the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government* (2010) and, where they do not, explain why and how they deliver the same impact	The governance requirements in the CIPFA Statement are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the Leadership Team, with a status at least equivalent to other members (of that team). The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the authority's Annual Governance Report, together with how these deliver the same impact. The Chief Finance Officer does report directly to the Chief Executive at West Oxfordshire, he is the shared Strategic Director of Resources (shared with Cotswold DC). The West Oxfordshire Chief Finance Officer has direct access to the Chief Executive as necessary. He is able to fulfil the Chief Finance Officer role as defined by CIPFA.
12.	ensuring the authority's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2010) and, where they do not, explain why and how they deliver the same impact	The Head of Audit Cotswolds fulfils the role of Head of Internal Audit for West Oxfordshire DC. Through the Partnership Section 101 Agreement, and the Job Description for the position, it is evidenced that the CIPFA role is delivered in full. A statement of the 5 Principles within the CIPFA role has been completed by the Head of Audit Cotswolds demonstrating compliance with this requirement.
13.		The Head of Democratic Services is designated as the Monitoring Officer. Duties in this regard are set out in the Council's Constitution and the

	ensuring effective arrangements are in place for the discharge of the monitoring officer Function	officers' detailed job specifications. These Officers, supported by others within Democratic Services and Legal Services, ensure that the Council's decision-making processes comply with legislative and Constitutional requirements.
14.	ensuring effective arrangements are in place for the discharge of the head of paid service function	The Chief Executive is designated as the Head of the Paid Service. His duties in this regard are set out in the Council's Constitution and the officer's detailed job specification. This role is a shared arrangement with the West Oxfordshire DC under a formal secondment agreement.
15.	undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*	A dedicated Audit Committee has been in existence for a number of years (through the Audit & General Purposes Committee). Its functions are set out in the Constitution and they have recently conducted a review of its effectiveness in line with guidelines.
16.	ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful	All reports contain a section on legal implications, including comments relating to ultra vires where relevant. The Council's Procurement Rules also include information relating to letting contracts under European Regulations.
17.	whistleblowing and investigating complaints from the public	The Council has published a whistle-blowing policy. The Council also has an Anti Fraud and Corruption strategy. All new employees and members are briefed on these policies during their induction. Refresher training is provided to Heads of Service, managers and Members as required. This includes requirements within procurement strategy/procurement rules requiring contracting organisations to ensure that employees are made aware of the Council's Whistle Blowing Policy. The Whistle Blowing Policy is communicated to all existing contractors and ensuring they make their employees aware of how to access the Council's policy. The Council's complaints process includes a centrally managed recording system to log all complaints. This system enables reports to be

		generated including statistical data on numbers and types of complaint.
18.	identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training	The induction programme provided for Members immediately after each District Council election, together with the on-going programme, aims to provide Members with the skills needed to perform their roles. Members are encouraged to identify individual and specific training and development needs. Members are also required to undertake training before performing some specific roles, such as planning and licensing. Officers are appraised annually and the process identifies any skills or training gaps. The Corporate Training Programme is developed from the identified training gaps. A further example of specific training: A comprehensive series of presentations were given to the members of the Audit and General Purposes Committee through the year to ensure they were operating effectively based on an assessment conducted by the Head of Audit Cotswolds. This was supplemented by a presentation from the external auditor on the risks of fraud in 2014-15.
19.	establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability	The West Oxfordshire Community Strategy sets out the community's aspirations and the Council Plan links directly into this and shares many of the strategic outcomes. In developing the Community Strategy the Council has undertaken extensive market research, consultation and community engagement with local communities and stakeholders to ensure the priorities meet local needs and aspirations One of the priorities of the Council is to 'work in partnership to sustain vibrant, healthy and economically prosperous towns and villages with full employment', and partnership activities detailed in the Council Plan work towards that goal, whilst engaging local people and local

	and encouraging open consultation	institutional stakeholders with accountability to the public The Council also has an Equality Scheme, part of which sets out how the authority aims to consult with people from protected groups on proposals which may affect them. We aim to target engagement with protected groups at relevant groups, rather than a broad-brush approach. The Council annually publishes information which demonstrates how the Council complies with equality law.
20.	enhancing the accountability for service delivery and effectiveness of other public service providers	All tasks and performance indictors are attributed to individual Heads of Service and Portfolio Holders to ensure direct accountability. Service Delivery Plans identify key tasks and three year targets for performance indicators. Local government is accountable in a number of ways. Elected local authority members are democratically accountable to their local area and this gives a clear leadership role in building sustainable communities. All members must account to their communities the decisions they have taken and the rationale behind those decisions. All authorities are subject to external review through the external audit of their financial statements. They are required to publish their financial statements and are encouraged to prepare an annual report. Many are subject to national standards and targets. Their budgets are effectively subject to significant influence and overview by government, which has powers to intervene. Members and Officers are subject to codes of conduct. Additionally, if someone believes that maladministration may have occurred, the aggrieved person may lodge a formal complaint with the Council. If that person is not content with any response, then the matter

		can be pursued through the Local Government Ombudsman.
21.	incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.	The Council has approved a policy on partnership working and is committed to working in partnership to the benefit of the residents of the district and to provide high quality, value for money services. The Council has formed partnerships working at both strategic and operational level, to optimise opportunities to achieve its corporate priorities

5. Significant Governance Issues during 2014-15

5.1 A key element of the annual governance review process is also to identify any significant internal control issues. The Council has adopted the approach recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) which has identified what may be considered generally as a significant issue. These include:

- The issue has seriously prejudiced or prevented achievement of a principal objective;
- The issue has resulted in a need to seek additional funding to allow it to be resolved;
- The issue has resulted in significant diversion of resources from another aspect of the business;
- The issue has led to a material impact on the accounts;
- The audit committee, or equivalent, has advised that it should be considered significant for this purpose, or
- The Head of Internal Audit has reported on it as significant in the annual opinion on the internal control environment.

5.2 Based on the above; continued rigour is important in the following areas:

- During 2014/15, the Council engaged in the 2020 Vision Programme with Cheltenham Borough Council, Forest of Dean District Council and Cotswold District Council. As part of this programme, the Chief Executive and one of the Strategic Directors were engaged upon programme work on an interim basis. Arrangements were put in place for the Strategic Director (Corporate Resources) to act as the Head of Paid Service during the interim period.

- There was one area of significant governance or control framework risk that was reported in the Head of Internal Audit's Annual Opinion in relation to 2014-15. The internal audit of social media required an interim report to be issued due to significant control weaknesses. This report was presented to senior management and an action plan agreed to resolve the issues.

5.3 Over the coming year, the Council will continue to strive for effective, practical and robust corporate governance and deliver improvements where needed.

6. Approval of Leader and Chief Executive Officer

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

Leader and Chief Executive on behalf of West Oxfordshire District Council

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

Opinion on the financial statements

We have audited the financial statements of West Oxfordshire District Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of West Oxfordshire District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on accounting statements

In our opinion the accounting statements:

- give a true and fair view of the financial position of West Oxfordshire District Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

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

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

We have nothing to report in these respects.

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

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources
We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:
- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, West Oxfordshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

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

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

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September 2015