WEST OXFORDSHIRE
DISTRICT COUNCIL

Statement of Accounts 2015/2016

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NARRATIVE REPORT

Local authorities in England are required by the Accounts and Audit Regulations 2015 to publish a narrative statement within the Statement of Accounts. This 'Narrative Report' replaces the Explanatory Foreword that introduced the Statement of Accounts is previous years.

The purpose of this report is to provide an understandable guide to the most significant matters reported in the accounts and to provide information on the Council's financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.

1. The 'core' financial statements

The statement of accounts comprises four 'core' statements and Collection Fund, with its supporting notes. To gauge an idea of the Council's financial position and activities the 'core' statements provide a good summary. To gain a detailed understanding of the accounts the core statements need to be read in conjunction with the supporting notes to the accounts.

The purpose of each of the core statements is briefly outlined below:

The Comprehensive Income & Expenditure Statement (CI&E)
The CI&E statement shows the accounting cost in the year of providing services i.e. 'running costs' of the Council in accordance with generally accepted accounting practices, rather than the amount to be funded by taxation and includes 'notional' charges such as depreciation within capital charges.

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.

Balance Sheet
The Balance Sheet shows the financial position of the authority at a specific point in time. For these accounts the balance sheet represents the position at 31st March (the end of the financial year). The 'top half' of the balance sheet summarises the assets and liabilities that the Council holds, or has accrued with other parties. The 'bottom half' of the balance sheet details the Council's reserves, which represent the 'net worth' of the authority.

Reserves are reported in two categories.

- Usable reserves, which (as the name suggests) include revenue and capital resources which are available for use, and can be used to meet future expenditure.

- Unusable reserves which are primarily adjustment accounts which absorb the difference between the outcome of applying proper accounting practices and the requirement of statutory arrangements for funding expenditure. These accounts do not represent balances that can be spent.

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.

The Collection Fund

Although not a core statement as such, the Council is also required to produce a Collection Fund statement. The collection fund is a statutory fund separate from the main accounts of the Council. It shows the various transactions relating to council tax and business rates collection.

2. Finance performance and value for money

Council's base revenue budget (Total Cost of Services) for 2015/16 was £10,870,700 with a revised budget figure of £11,142,976. The increase in budget within the Cost of Services and changes in funding were as follows:

- £159,600 change in contract cost for services transferred to Ubico Ltd [this is an accounting change only with the reversal of the charges shown within the '*capital charges*', '*finance lease & loan interest*' and '*capital expenditure charged to the revenue account*' financing lines below the Cost of Service];
- (£58,004) of transfers to earmarked reserves, primarily grant balances or specific funds that were unspent during the year. Transfers were respect of Election Equipment (£5k), CCTV (£24k), Neighbourhood Grant (£5k) and Property Search s.31 grant (£24k);
- £170,680 transfers from reserves to finance specific projects or schemes;

The table below shows how the actual revenue expenditure for 2015/16 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	5,890,763	5,089,383	(801,380)
Planning, Leisure and Housing Services	1,106,396	1,044,988	(61,408)
Resources	2,529,917	2,179,005	(350,912)
Chief Executives	1,615,900	1,400,751	(215,149)
Cost of Services	**11,142,976**	**9,714,127**	**(1,428,849)**
Capital Expenditure charged to the Revenue Account	657,100	644,094	(13,006)
Temp Loan Interest	2,500	4,698	2,198
Capital Charges (Depreciation)	(1,812,000)	(1,818,547)	(6,547)
Financed by:			
Investment income	(550,000)	(629,111)	(79,111)
Icelandic Movement	(527,249)	(531,323)	(4,074)
Finance Lease & Loan Interest	(5,500)	(8,941)	(3,441)
Transfers to / from (-)Collection Fund	(291,013)	(291,013)	-
Revenue Support Grant	(1,568,224)	(1,568,222)	2
Business Rates			
NNDR / Business Rates Net Income	(3,073,400)	(4,126,162)	(1,052,762)
Other Government Grants			
New Homes Bonus	(1,831,431)	(1,837,754)	(6,323)
Council Tax Freeze Grant & other Gov. Grant	(35,978)	(45,738)	(9,760)
Grant Allocated to Parishes (Council Tax Support)	148,188	148,188	0
Use of Balances			
General Fund Balances	217,639	217,639	-
Pension Contribution	473,000	473,000	-
Transfer to / (from) Earmarked Reserves	414,573	3,016,247	2,601,674
Net Requirement	**3,361,181**	**3,361,181**	**-**

Reasons for the underspend

- Commercial Properties £107k mainly due to unbudgeted income from the Witney Industrial Estate, a higher proportion of income from Woolgate / Marriott developments, and the filling of an empty property on the Talisman Industrial Estate;
- Employee related costs are £318k underspent across all services (in excess of the budgeted 3% vacancy factor) and are reflected in lower recharges from support services. This includes savings from the Chief Executive, Strategic Director and Business Improvement Manager being seconded to the 2020 Project;
- Investment interest receipts are £79k in excess of budget;
- Continued strong budgetary control and awareness of longer term budgetary position of Council.

Income
In most service areas income has exceeded budget. Planning Application income and Pre-Application advice income was above budget by £63,730. The service performed strongly for the first half of the year, with demand slowing slightly in the second-half of the year.

The following service areas with positive variances include Licencing £46k, Land Charges £18k, Parking £36k and Trade Waste £52k all showing income over-budget.

Building Control income was £84,036 under-target partly offset by reduced staffing costs of £12,000, whilst Markets income was below budget by £14,868.

Investment Interest
The investment income budget for 2015/16 was set at £550k assuming an average investment balance of £37m achieving an overall return of 1.50%. Investment receipts exceeded budget by £79,111 with the overall level of return of 1.62%. The performances of the individual aspects of the portfolio are as follows:

Performance of Fund 1 April 2015 to 31 March 2016	**Pooled Funds**	**In-House**	**Housing Assoc / Bonds**	**Total**
Budget (£)	£120,000	£72,500	£357,500	£550,000
Budgeted return (%)	1.00%	0.60%	3.31%	1.50%
Gross interest (£)	£186,518	£87,399	£355,194	£629,111
Gross rate of Return (%)	1.55%	0.54%	3.29%	1.62%

The In-house team were budgeted to achieve £72.5k for the year. Actual performance generated £87,399 of interest receipts, averaging a return of 0.62% from fixed term deposits and 0.44% from Money Market Funds (MMFs), an overall return of 0.54%. The in-house team are constrained by having to meet cash flow requirements to conduct the Council's business and consequently invested for short time periods especially with Money Market Funds.

The Council held Icelandic investments of £1.137m at 1st April 2015. Returns on this sum were not included in the budget. At 31st March the outstanding balance stood at £1.117m. Interest accrued for 2015/16 from the Glitnir and KSF investments totalled £43k. In addition, the Authority made a gain on the exchange rate on monies held in the Escrow Account of £168k. In total £210k of 'gains' were made in respect of the Council's Icelandic investments. This surplus has been transferred to an earmarked reserve to offset any future exchange rate fluctuations.

Business Rates Retention Scheme

This is the second year the Council has been part of the business rates pool with Cherwell and Oxfordshire County Council. The purpose of this pool is to reduce the levy payable to central government on growth in the business rates base.

Unfortunately, the accounting arrangements for Business Rates are complex and introduce timing difficulties into specific items charged to the revenue account due to differential treatment under statute. The original budget and the actual outturn for 2015/16 are as follows:

	Original Budget 2015/16	Actual outturn 2015/16	Variance 2015/16	
	£'000	£'000	£'000	
Business Rates Income	13,301	13,301		Movement for RV, appeals etc. - Charged next year
Less: Tariff	-10,300	-10,300		Fixed
Renewable Energy	198	198		Any variation – Charged / Received next year
S31 Grant / Relief	745	868	123	Charged to revenue in year
	3,944	4,067	123	
Less: Levy	-870	-514	356	Charged to revenue in year
Net Business Rates	3,074	3,553	479	
Renewables from 2014/15		121	121	Added into current year
Contribution from Pool		453	453	Charged to revenue in year
Total Business Rates	3,074	4,127	1053	Surplus of £1,053k above budget

The budgeted levy for 2015/16 was £870,144 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 £514,105 which reflects a reduced level of growth over the year compared to the estimate set in January 2015. However, there is a Pool distribution back to the Council of £453,325.

The value of properties under appeal in respect of the 2010 list as at the end of March 2016 was approaching £28 million. The overall impact of these appeals is an increase to the required provision of £184,415, bringing the provision to a total of £3.039 million.

The Council is now receiving benefit from Solar Farms that have come into the rating list since 2014/15. Due to the accounting requirements the sum of £120,572 in respect of 2014/15 will be brought into the 2015/16 revenue account. This is over and above the 2015/16 budgeted sum of £198k.

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 created a net surplus compared to budgeted income of £1,052,762. It is proposed to move this sum to the Business Rate Movement Reserve which will contribute to the budgeted Collection Fund deficit (£1.057 m) in 2016/17 and the impact of any potential future losses of income.

Use of General Fund Balances

The Council approved a transfer of £1,052,762, the full surplus generated from the Business Rates Retention Scheme (as shown in the table above) to the Business Rates Smoothing Reserve. The purpose of this reserve is to alleviate the risk of potential movements in rating income in future years.

The Council have also earmarked £1,227,000 of the 2015/16 underspends to support the 2020 Partnership, with Cotswold District Council, Cheltenham Borough Council and the Forest of Dean District Council. In addition, £246,169 is earmarked for the Investment Property and Incentive Reserve and £75,000 has been utilised to set up an Ubico future service enhancements reserve. However, the overall underspend achieved during 2015/16 still allows the budgeted payment back to General Fund Balances of £690,639.

In summary, the General Fund balances at 1 April 2015 stood at £10,568,371. The addition of £690,639 [£473,000 a contribution to balances for the prepayment made in respect of pension fund contributions in 2014/15 and a further £217,639] in the year has increased balances to £11,259,011 at 31 March 2016.

Retaining General Fund balances at current levels will assist the longer term planning that will be incorporated into the Medium Term Financial Strategy. Whilst the creation and extension of a number of earmarked reserves are to fund future enhancement and development or mitigate risk. A formal review of the strategy will take place during 2016/17.

3. Material assets and liabilities acquired during the year

No material assets and liabilities acquired during the year 2015/16.

4. Pension Liability

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

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

	£000
Fair value of employer assets	43,659
Present value of defined benefit obligation	(72,141)
Surplus / (deficit) on the pension fund	(28,482)

5. Explanation of any material and unusual charges or credits in the accounts

Surplus assets - revaluations
During the year the Council's surplus assets were revalued, as required under a change in valuation basis under the Code. All revaluations were undertaken in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation guidance and the principal of 'best use' described in the standard (IFRS13). As a result of the change in valuation methodology, the value of surplus assets increased by over £2.4 million from their previous valuation.

Changes in the valuation of pension fund liabilities
The Council's pension fund liability is calculated by the actuary in accordance with International Accounting Standard 19 (IAS 19). The liability in the pension fund has decreased by £1.7m over the past year. The movement is largely due to changes in actuarial assumptions.

6. Significant Changes in Accounting Policies

The Council's 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'). The Council's accounting policies are based upon the requirements of the Code.

2015/16 saw the application of IFRS 13, Fair Value Measurement, which has impacted upon the valuation of the Council's surplus assets. Surplus assets are now valued on a 'highest and best use' rather than existing use basis. This change has increased the value of surplus assets on the Council's balance sheet. See Note 12 to the accounts for further details.

There have been no other changes in accounting policy which had had a significant impact upon balances or accounting treatments within the Council.

7. Major Changes in function

No major changes in functions have taken place during 2015/16.

8. Capital Investment

The revised 2015/16 capital programme is £2.41 million. Actual expenditure for the year totalled £1.125 million. The underspend against the programme relates to timing issues and will need to be slipped into the new financial year. In general, there is no need to carry forward or 'slip' budgets when a scheme is completed, unless a retention payment is still due.

The capital programme was financed from capital receipts (£147,848) and Government grant (£328,719) with the balance of funding coming from the developers under S106 agreements and other external contributions.

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 2015 £000	31st March 2016 £000
General Fund balance	10,568	11,259
Earmarked reserves	4,964	7,981
Capital grants unapplied account	2,118	2,541
Capital receipts	4,181	4,738
	21,831	**26,519**

The Council plans to utilise its capital receipts and revenue resources to fund its capital programme.

10. Events after the reporting date

The Council's remaining investment in the Icelandic bank Glitnir was sold in an Icelandic Government backed 'currency auction' in June 2016. The Council's investment with KSF was not part of the auction (the remaining investment has a value of approximately 30k).

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

Following the United Kingdom's vote to leave the European Union the economic outlook for the UK has immeasurably altered and the long term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU, particularly with regard to single-market access. The short term outlook is more predictable; economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment.

UK CPI inflation will probably rise over the coming year as previous rates in commodity prices and the sharp depreciation in sterling begin to drive up imported material costs for businesses. The medium term outlook for inflation is likely to support looser monetary policy. The cut in the Bank Rate plus increasing asset purchases (QE) are direct actions the Bank of England have applied to support growth and achieve sustainable levels of inflation.

In terms of risk to this Council, at the moment there is no significant change, but like the rest of the country it is wait and see how the implications of the 'Brexit' evolve and what direct impact it will have in the short and longer term.

Business Rates - This is the second year the Council has been part of the North Oxfordshire Business Rates Pool and have benefitted from the implications of no levy and business growth. The level of growth has not been as initially forecast as there are still a significant number of valuation appeals that could impact on overall growth. As a result it is necessary to make provision for this potential fall in rating value at this point in time. Consequently, forecasting a sustainable level of growth with appeals outstanding and alongside the impending revaluation of the rating list has meant only a prudent 1% increase in Business Rates each year has been built into the Council's Medium Term Financial Strategy (MTFS) up to 2019/20.

Revenue Support Grant (RSG), for 2016/17 and a four year indicative settlement were set out by the government in December 2015. Effectively, RSG is being removed over a four year period and this has been factored into the MTFS. The Council will need to formally endorse its acceptance of a four year settlement by October 2016 to at least guarantee receiving this level of settlement.

New Homes Bonus began in 2011/12 as a 'reward' over a six year period for additional housing generated within the District. The Council will receive its anticipated New Homes Bonus in 2016/17 (the sixth year since the start of the scheme). However, as part of the governments finance settlement it was announced the system is going to be changed and indications are that there could at least be a reduction of 33% future funding. As a result the Medium Term Financial Strategy has assumed a new reduced basis of allocation from 2017/18 although the overall scheme is under a consultation process and specific details are still to be agreed.

The '2020 Vision for Joint Working' is progressing and a Joint Committee for all partner Councils came into operation in February 2016. The Council's Chief Executive is undertaking a new role as 2020 Partnership Managing Director, with two Strategic

Directors now sharing responsibilities to manage West Oxfordshire District Council and Cotswold District Council. The 2020 Programme has appointed a number of 'Group Managers' to plan business cases to incorporate a cross section of services from the partner Councils into the 2020 Programme. The overall business case for the Programme is currently being reviewed and updated and initial indications are that the original savings programme will be achieved. Some savings have already been taken by partner Councils and the Public Protection Project is now complete with a phased implementation up to August 2016 when the new structure will be fully operational. 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.

The Council, together with other districts within Oxfordshire has commissioned some work to consider the future structure of all local government in Oxfordshire. Should this work, or indeed work being conducted by Oxfordshire County Council, conclude that a unitary structure of local government would suit Oxfordshire better, then the Secretary of State will need to make a final decision on the structure. This outcome would lead to West Oxfordshire District Council being abolished and replaced by another Council. The timing of any change remains uncertain but it is unlikely to occur before April 2019.

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 2016.

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, 29th September 2016.

Signed: ______________________ Date: ______________

On behalf of West Oxfordshire District Council

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2014/15 Gross Expenditure £000	2014/15 Income £000	2014/15 Net Expenditure £000		2015/16 Gross Expenditure £000	2015/16 Income £000	2015/16 Net Expenditure £000	Note
1,624	(403)	1,221	Cultural and related service	2,343	(371)	1,973	
7,372	(2,404)	4,968	Environmental and regulatory services	7,600	(2,596)	5,004	
3,412	(2,344)	1,068	Planning services	3,579	(1,738)	1,841	
736	(325)	411	Highways, Roads and Transport Services	380	(339)	41	
26,988	(25,363)	1,625	Housing Services	27,771	(26,241)	1,530	
2,467	(458)	2,009	Corporate and Democratic Core	2,643	(695)	1,948	
163	0	163	Non Distributed Costs	165	0	165	
5,576	(4,446)	1,130	Central Services to the Public	3,787	(2,919)	868	
48,339	(35,743)	12,595	**Cost of Services - continuing operations**	48,268	(34,899)	13,369	
2,659	(139)	2,520	Other Operating Expenditure	2,581	0	2,581	9
258	(3,355)	(3,097)	Financing and Investment Income and Expenditure	838	(4,426)	(3,587)	10
10,183	(23,929)	(13,746)	Taxation and Non-Specific Grant Income	10,361	(24,054)	(13,693)	11
61,439	(63,166)	**(1,728)**	**(Surplus) or Deficit on Provision of Services**	62,048	(63,379)	(1,331)	
		(2,378)	(Surplus) or deficit on revaluation of non current assets			(3,268)	
		(372)	(Surplus) or deficit on revaluation of available for sale financial assets			439	
		5,252	Remeasurement of the net defined benefit liability			(3,652)	
		0	Other (gains) and losses			0	
		2,502	**Other Comprehensive Income and Expenditure**			(6,480)	
		774	**Total Comprehensive Income and Expenditure**			(7,811)	

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement 2015/16

	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 2015	**10,568**	**4,964**	**2,118**	**4,181**	**21,831**	**54,752**	**76,583**
Surplus/(deficit) on provision of services (accounting basis)	1,331	0	0	0	1,331	0	**1,331**
Other Comprehensive Expenditure and Income	0	0	0	0	0	6,480	**6,480**
Total Comprehensive Income & Expenditure	**1,331**	**0**	**0**	**0**	**1,331**	**6,480**	**7,811**
Adjustments between accounting basis & funding basis under regulations	2,376	0	0	0	2,376	(1,930)	**446**
Other movements in reserves	0	0	423	557	980	(1,426)	**(446)**
Net Increase / (Decrease) in GF balance before Transfers to Earmarked Reserves	**3,707**	**0**	**423**	**557**	**4,687**	**3,125**	**7,811**
Transfers (to) / from Earmarked Reserves	(736)	736					
Transfers (to) / from Business Rates Reserve	(1,053)	1,053					
Transfer (to) 2020 Programme Reserve	(1,227)	1,227					
Increase / (Decrease) in Year	**691**	**3,016**	**423**	**557**	**4,687**	**3,125**	**7,811**
Balance at 31 March 2016	**11,259**	**7,981**	**2,541**	**4,738**	**26,518**	**57,876**	**84,394**

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**

BALANCE SHEET

31st March 2015 £000 (restated) *		Note	31st March 2016 £000
44,090	Property, Plant & Equipment	12	46,050
91	Heritage Assets	13	91
40,575	Investment Property	14	41,046
326	Intangible Assets	15	245
23,554	Long Term Investments	16	23,325
575	Long Term Debtors	16	683
109,211	**Long Term Assets**		**111,440**
60	Short Term Investments	16	1,031
54	Inventories	17	48
3,715	Short Term Debtors	19	6,151
6,039	Cash and Cash Equivalents	20	3,984
0	Assets held for sale		0
9,867	**Current Assets**		**11,214**
(281)	Bank Overdraft	20	0
(7,604) *	Short Term Creditors	22	(5,881)
(1,969)	Short Term Creditors - s.106 balances	22	(1,946)
(1,642)	Provisions	23	(1,540)
(11,495)	**Current Liabilities**		**(9,367)**
0	Long Term Creditors		0
(30,805) *	Other Long Term Liabilities	16	(28,711)
(196)	Capital Grants Receipts in Advance	38	(182)
(31,000)	**Long Term Liabilities**		**(28,894)**
76,583	**Net Assets**		**84,394**
21,831	Usable reserves	24	26,518
54,752	Unusable reserves	25	57,876
76,583	**Total Reserves**		**84,394**

* 2014/15 creditor balance has been restated, with a movement between short-term creditors (increase) and other long-term liabilities (decrease) of £357,000. The net worth of the Council is unaffected by the movement.

These financial statements replace the unaudited financial statements certified by the Chief Finance Officer on 30th June 2016.

CASHFLOW STATEMENT

31/03/2015 £000		Note	31/03/2016 £000
(1,728)	Net (surplus) or deficit on the provision of services		(1,331)
2,107	(A) Adjust net surplus or deficit on the provision of services for non-cash movements		1,886
413	(B) Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		797
495	(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		633
(495)	(D) Cash flows from Operating Activities include the following items (required to be disclosed separately)	26	(633)
792	Net cash flows from Operating Activities		1,352
(1,278)	Investing Activities	27	67
15	Financing Activities	28	356
(470)	**Net (increase) or decrease in cash and cash equivalents**		**1,775**
5,287	Cash and cash equivalents opening balance		5,757
5,757	Cash and cash equivalents at closing balance		3,982
470	**Movement in Cash (Decrease negative, Increase positive)**		**(1,775)**

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 2015/16 and the Service Reporting Code of Practice 2015/16, 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, the discount rate based upon the annualised yield at the 18 year point on the Merrill Lynch AA-rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and duration of the Authority's liabilities.
- 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.

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

(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.

(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 (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 any 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 (updated)

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
- Surplus assets – fair value, 'highest and best use'.
- all other classes of asset – current value, determined as the amount that would be paid for the asset in its existing use

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their 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.

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.

The primary change in accounting standards or forthcoming changes in the Code is the 2016/17 Code interpretation on transport infrastructure assets. The change to the code will require the establishment of a separate class of asset for ‘transport infrastructure assets’. The Council does not currently have any assets that meet this definition will therefore have no requirement to restate any prior-year balances.

There are no additional changes in accounting standards which require mention that are expected to have a material impact upon the financial statements of the Council.

3. Critical judgements in applying accounting policies

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

- The Council has a one-sixth share in Ubico Limited. The company provides a range of integrated environmental services including, commercial refuse collection and grounds maintenance services on behalf of the Council. The separate operating practices, management structure and the application of majority-voting on the Ubico Limited board do not constitute the Council having joint-control or significant influence over the company. The Council’s interest has therefore been classified as an investment in Ubico and group accounts have not been prepared.

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

- A significant level of risk remains due to the volume of outstanding business rates appeals which are being processed by the Valuation Office. Where appeals are successful, refunds of business rates are generally repayable back to the latest valuation date which reduces the business rates yield in the year in which the refund is made. This set of accounts includes a provision for appeal losses. The value has been assessed using information of outstanding appeals supplied by the valuation office, as at 31st March, and using experience of previous appeals rates.

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.

Significant assumptions and estimations have been applied to the following areas within the accounts:

- 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

There are no events to report.

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.

2015/16 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	(1,819)	0	0	0	(1,819)	1,819
Adjustments written-out on changes in assets lives	0	0	0	0	0	0
Surplus or deficit on revaluation on non-current assets	291	0	0	0	291	(291)
Movements in the market value of Investment Properties	606	0	0	0	606	(606)
Asset value written-out on disposal	(197)	0	0	0	(197)	197
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment	356	0	0	0	356	(356)
Capital expenditure charged against the General Fund	619	0	0	0	619	(619)
Capital grants applied from CI&E	322	0	0	0	322	(322)
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	459	0	(459)	0	0	0
REFCUS spend charged to the Capital Adjustment Account	(852)	0	0	0	(852)	852
Application of grants from Unapplied to CAA	0	0	37	0	37	(37)
Adjustments primarily involving Usable Capital Receipts						
Transfer of cash sale proceeds on disposal to CI&E statement	338	0	0	(338)	0	0
Unattached capital receipts transferred to useable reserves	480	0	0	(480)	0	0
Use of Capital Receipts to finance new expenditure	0	0	0	76	76	(76)
Use of capital Receipts to finance REFCUS expenditure	0	0	0	0	0	0
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	(225)	(225)	225
New loan issued in the year	0	0	0	72	72	(72)
Deferred capital receipts	0	0	0	338	338	(338)
Adjustments primarily involving the pensions reserve						
Reversal of items relating to retirement benefits credited to CI&E	(2,793)	0	0	0	(2,793)	2,793
Employer's pensions contributions and payments to pensioners in y	863	0	0	0	863	(863)
Adjustments primarily involving the Collection Fund Adjustment Account						
Differences between CI&E and statutory requirments	(1,049)	0	0	0	(1,049)	1,049
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	0	0	0	0	0	0
Total adjustments: [sum of lines above]	(2,376)	0	(423)	(557)	(3,356)	3,356

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)

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 2015/16.

2015/16	Balance at 31/03/2015 £000	Transfers out 2015/16 £000	Transfers In 2015/16 £000	Balance at 31/03/2016 £000
Earmarked reserves:				
Improvement & Change Management Reserve	572	0	0	572
High speed Broadband Reserve	1,579	0	0	1,579
Investment Property Improvement Reserve	705	0	246	951
Business Rate Movement Reserve	746	0	1,053	1,799
Icelandic exchange rate and valuation reserve	0	0	527	527
2020 Programme Reserve	0	0	1,227	1,227
Other	1,362	(195)	159	1,326
Total	**4,964**	**(195)**	**3,212**	**7,981**

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
High speed Broadband Reserve	600		978	1,578
Investment Property Improvement and Incentive Reserve			704	704
Other	823	(103)	686	1,406
Total	**2,459**	**(567)**	**3,073**	**4,965**

9. Other operating expenditure

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

	2014/15 Net Expenditure £000	2015/16 Net Expenditure £000
Parish Council precepts	2,921	3,053
Parish Council Support Grant	161	148
(Gains)/losses on the disposal of non-current assets	(44)	(141)
Other income - Unattached receipts	(518)	(480)
Total	**2,520**	**2,581**

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:

	2014/15 Net Expenditure £000	2015/16 Net Expenditure £000
Interest payable and similar charges	55	42
Interest and similar income	(114)	(1,172)
Income and expenditure in relation to investment properties	(2,994)	(2,836)
Fair value movement in relation to investment properties	(1,071)	(597)
Trading activites - Markets & Fairs	(50)	(38)
Net interest on the net defined benefit liability	1,076	1,014
Total	**(3,098)**	**(3,587)**

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:

	2014/15 Net Expenditure £000	2015/16 Net Expenditure £000
Council tax income	(6,354)	(6,493)
Capital grant and contributions	(317)	(459)
Non-ringfenced government grants	(4,469)	(4,319)
Non-domestic rates	(2,606)	(2,421)
Total	**(13,746)**	**(13,693)**

12. Property, Plant and Equipment

PPE balances have moved as follows:

2015/16	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 2015	39,722	6,454	1,522	770	-	48,468
Additions		179			-	179
Revaluation increases/(decreases):						-
In the Revaluation Reserve	480				2,373	2,853
In the Surplus/Deficit on Provision of Servic	300					300
Derecognition - disposals of assets		(754)				(754)
Transfers from Investment Property	144					144
Other re-group						-
Closing balance	40,646	5,880	1,522	770	2,373	51,190
Accumulated Depreciation and Impairment						
Opening balance at 1st April 2015	(220)	(4,159)	-	-	-	(4,379)
Depreciation charge for the year	(801)	(915)				(1,716)
Depreciation and impairment losses (reversals):						
In the Revaluation Reserve	260					260
In the Surplus/Deficit on Provision of Servic	136					136
Derecognition - disposals of assets		557				557
Other movements						-
Closing balance	(625)	(4,517)	-	-	-	(5,143)
Net Book Value of assets:						
at 31st March 2016	40,020	1,363	1,522	770	2,373	46,048

2014/15	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Total PPE £000
Cost or valuation		(restated)*				(restated)*
Opening balance at 1st April 2014	37,861	6,411	1,522	770	-	46,564
						-
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						-
Other re-group	(309)					(309)
Closing balance	39,722	6,454	1,522	770	-	48,468
Accumulated Depreciation and Impairment						
Opening balance at 1st April 2014	(587)	(3,218)	-	-	-	(3,805)
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)	(4,159)	-	-	-	(4,379)
Net Book Value of assets: at 31st March 2015	39,502	2,295	1,522	770	-	44,089

* The 2014/15 opening Gross Value and Accumulated Depreciation figures have been restated. The 'Vehicles, Plant and Equipment' column opening 'cost' and 'accumulated depreciation' lines were understated by £304,000. These have been amended. The change does not affect the Net Book Value of the assets.

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
- Car Parks – over 20-years or lifetime agreed with the Council's valuer
- Vehicles, Plant and Equipment are depreciated over 5 to 7 years as appropriate
- Infrastructure, Heritage and Community Assets are not depreciated

Revaluations:

Since 2010 the Council has adopted a methodology of revaluing approximately 20% of its assets each year. The 2015/16 valuations and impairment review were undertaken by Mr. D. Thurlow BSc (Hons) MRICS, of West Oxfordshire District Council, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and the Code of Practice on Local Authority Accounting in the United Kingdom .

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

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

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 £'000	2015/16 £'000
Balance brought forward 1st April	109	91
Disposals	(18)	-
Valuation as at 31st March	**91**	**91**

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.

	2014/15 £'000	2015/16 £'000
Rental Income from Investment Property	(3,164)	(3,170)
Direct Operating expenses arising from investment property	305	334
Net (gain)/loss	(2,859)	(2,836)

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:

	2014/15 £'000	2015/16 £'000
Opening balance - 1st April	37,985	40,575
Additions		
Purchases	1,035	
Construction	-	
Subsequent expenditure	-	
Disposals		
Net gain/(loss) from fair value adjustments (valuations)	1,246	616
Transfers (to)/from Property, Plant and Equipment	309	(144)
Other changes	-	-
Balance at 31st March	40,575	41,047

Fair value hierarchy

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

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

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:

	2014/15 £000	2015/16 £000
Balance at the start of the year:		
Gross value [purchase cost]	494	528
Accumulated amortisation	(133)	(202)
Net carrying amount at the start of the year	361	326
Movements in the year:		
Purchases	61	21
Amortisation	(96)	(102)
Asset disposals	-	-
Net carrying amount at the end of the year	326	245
Comprising:		
Gross carrying amount	555	549
Accumulated depreciation	(229)	(304)
	326	245

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 2016.

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 2016 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 31/03/2015 £000	Long - term 31/03/2016 £000	Current 31/03/2015 £000	Current 31/03/2016 £000
Investments:				
Loans and receivables	6,111	6,318	60	1,031
Available-for-sale financial assets*	17,443	17,007	-	-
Total investments	**23,554**	**23,325**	**60**	**1,031**
Debtors:				
Loans and receivables	575	683	2,475	3,429
Total	575	683	2,475	3,429
Debtors that are not financial instruments			1,239	2,722
Total Debtors	**575**	**683**	**3,714**	**6,151**
Cash and cash equivalents				
Loan and receivables			6,039	3,983
Total cash and cash equivalents	**-**	**-**	**6,039**	**3,983**
Borrowings:				
Financial liabilities at amortised cost	-	-	-	-
Total borrowings	**-**	**-**	**-**	**-**
Other Long Term Liabilities:				
Finance Leases at amortised cost	(601)	(229)	(357)	(372)
Total	(601)	(229)	(357)	(372)
Other Long Term Liabilities not financial instruments	(30,204)	(28,482)		
Total other long term liabilities	**(30,805)**	**(28,711)**	**(357)**	**(372)**
Creditors:				
Financial liabilities at amortised cost	-	-	(4,742)	(4,660)
Total	-	-	(4,742)	(4,660)
Creditors that are not financial instruments	-	-	(4,831)	(3,167)
Total creditors	**-**	**-**	**(9,573)**	**(7,827)**

* 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	
	31/03/2015	31/03/2016	30/03/2015	31/03/2016
	£000	£000	£000	£000
Car loans to employees	90	84	15	4

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
2015/16	£000	£000	£000	£000	£000
Interest expense		-	-		-
Losses on derecognition	-	-	-		-
Reductions in fair value	-	52	-		52
Impairment losses	-	-	-		-
Fee expense	-	20	1		21
Total expense in Surplus or Deficit on the Provison of Services	-	72	1	-	73
Interest income	-	(278)	(374)		(652)
assets	-				-
Increases in fair value	-		(12)		(12)
Gains on derecognition	-	(168)	-		(168)
Fee income	-	-			-
Total income in Surplus or Deficit on the Provision of Services	-	(446)	(386)	-	(832)
Gains on revaluation			(14)		(14)
Losses on revaluation			349		349
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	-	(374)	(50)	-	(424)

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)

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

	31/03/2015		31/03/2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
In- House Investment	6,036	6,036	4,514	4,514
Icelandic Deposits	1,141	1,141	1,316	1,316
Hanover Housing Association	5,031	5,448	5,031	4,979
Bonds	5,204	5,204	5,054	5,066
Pooled Funds	12,240	12,240	11,953	11,953
Total	29,652	30,069	27,868	27,828

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:

	2014/15 £000	2015/16 £000
Balance at 1st April	79	54
Movement in inventories	(25)	(6)
Closing balance at 31st March	**54**	**48**

18. Construction Contracts

At 31st March 2016 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:

	31/03/2015 £000	31/03/2016 £000
Central government bodies	55	851
Other local authorities	662	1,462
Finance lease income		109
Other entities and individuals	2,998	3,729
Net Debtors Total	**3,714**	**6,151**

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:

	31/03/2015 £000	31/03/2016 £000
Cash held by the Authority	3	1
Bank current accounts	(281)	470
Money Market Funds / Bank call accounts	6,036	3,512
	5,758	**3,983**

21. Assets held for sale

At 31st March 2016 the Council had no assets that were classified as 'held for sale'.

22. Creditors

	31/03/2015 £000 (restated)	31/03/2016 £000
Central government bodies	(2,868)	(1,471)
Other local authorities	(690)	(1,939)
Other entities and individuals	(3,688)	(2,099)
Finance lease liabilities	(357)	(372)
Short Term Creditors	(7,604)	(5,881)
Short Term Creditors - S 106 balances	(1,969)	(1,946)
Total	**(9,573)**	**(7,827)**

23. Provisions

Other than provisions for bad and doubtful debts (which have been disclosed under the debtors note to the accounts), at 31st March 2016 the Council had the following provisions:

	Exit Package £000	Property Searches litigation £000	MMI Scheme £000	Icelandic investments £000	Business rates appeals £000	Total £000
Opening balance 1st April	(96)	(69)	0	(336)	(1,142)	(1,642)
Use of provision in year	16	100			128	244
Additional provisons made	(202)	(69)	(4)		(202)	(477)
Unused provision reversed in year				336		336
Closing balance 31st March	**(282)**	**(38)**	**(4)**	**-**	**(1,215)**	**(1,540)**

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

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.

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

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

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:

	31/03/2015 £000	31/03/2016 £000
Earmarked reserves	4,964	7,981
General fund	10,568	11,259
Capital Grants Unapplied	2,118	2,541
Capital Receipts	4,181	4,738
Total Usable Reserves	**21,831**	**26,519**

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

25. Unusable Reserves

	31/03/2015 £000	31/03/2016 £000
Revaluation Reserve	13,928	16,907
Available for Sale Financial Instruments Reserve	478	39
Capital Adjustment Account	70,254	69,982
Deferred Capital Receipts Reserve	499	684
Pension Reserve	(30,204)	(28,482)
Collection Fund Adjustment Account	(87)	(1,136)
Accumulated Absences Account	(127)	(127)
Unequal Pay Back Pay Account	10	10
Total Unusable Reserves	**54,751**	**57,876**

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.

Revaluation Reserve	31/03/2015 £000	31/03/2016 £000
Balance at 1 April	11,781	13,928
Upward revaluation of assets	3,283	3,706
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(906)	(438)
Difference between fair value depreciation and historical cost depreciation	(455)	(289)
Accumulated gains in changes in asset lives	225	
Balance at 31 March	13,928	16,907

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:

31/03/2015 £000	Capital Adjustment Account		31/03/2016 £000
68,193	**Balance at 1 April**		**70,254**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(2,077)	> Depreciation, amortisation and impairment of non-current assets	(1,819)	
(20)	> Changes in asset lives		
771	> Revaluation Gain/ losses on Property, Plant and Equipment	291	
(1,427)	> Revenue expenditure funded from capital under statute	(852)	
(46)	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	(197)	
(2,799)			(2,577)
455	Historic Cost Depreciation Adjustment		289
(2,344)	Net Written out amount of the cost of non-current assets consumed in the year		(2,287)
	Capital financing applied in the year:		
1,560	> Use of the Capital Receipts Reserve to finance new capital expenditure	76	
548	> Capital grants and contribution credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	322	
519	> Application of grants to capital financing from the Capital Grants Unapplied Account	37	
340	> Statutory provision for the financing of capital investment charged against the General Fund	356	
221	> Capital expenditure charged against the General Fund	619	
3,188			1,409
1,218	Movement in the market value of Investment properties debited or credited to the Comprehensive Income and Expenditure Statement		606
70,254	**Balance at 31 March**		**69,982**

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.

Pensions Reserve	31/03/2015 £000	31/03/2016 £000
Balance at 1 April	**(24,633)**	**(30,204)**
Actuarial gains or (losses) on pensions assets and liabilities	(5,252)	3,652
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)	(2,793)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,318	863
Balance at 31 March	**(30,204)**	**(28,482)**

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.

Deferred Capital Receipts Reserve	31/03/2015 £000	31/03/2016 £000
Balance at 1 April	**559**	**499**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	8	410
Transfer to the Capital Receipts Reserve upon receipt of cash	(68)	(225)
Balance at 31 March	**499**	**684**

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.

Collection Fund Adjustment Account	31/03/2015 £000	31/03/2016 £000
Balance at 1 April	**708**	**(87)**
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)	(1,049)
Balance at 31 March	**(87)**	**(1,137)**

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.

Accumulated Absences Account	31/03/2015 £000	31/03/2016 £000
Balance at 1 April	**(148)**	**(127)**
Change in provision required as at 31st March	21	
Balance at 31st March	**(127)**	**(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.

Reserve balance	31/03/2015 £000	31/03/2016 £000
Balance at 1 April	**106**	**478**
Upward revaluation of investments	491	14
Downward revaluation of investment not charge to the Surplus/Deficit on the Provision of Services	(119)	(453)
	372	(439)
Accumulated gains on assets sold and maturing assets written out to the CI&E as part of Other Investment income	-	-
Balance at 31st March	**478**	**39**

26. Cash Flow Statement – Operating activities

The cash flows for operating activities include the following:

	31/03/2015 £000	31/03/2016 £000
Interest received	(497)	(638)
Interest paid	2	5
	(495)	(633)

27. Cash Flow Statement – Investing activities

	31/03/2015 £000	31/03/2016 £000
Purchase of property, plant and equipment, investment property and intangible assets	1,436	271
Purchase of short-term and long-term investments	13,425	14,000
Other payments for investing activites	-	
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(104)	(439)
Other receipts from investing activities	(15,216)	(13,020)
Capital Grants Received (Gov't)	(255)	(335)
Capital Grants Received (Non Gov't)	(564)	(409)
Net cash flows from investing activities	**(1,278)**	**67**

28. Cash Flow Statement – Financing activities

	31/03/2015 £000	31/03/2016 £000
Cash receipts of short-and long-term borrowing	-	
Other receipts from financing activities	-	
Payment of short and long term borrowing	-	
Other payments for financing activities	15	356
Net cash flows from financing activities	**15**	**356**

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.

2015/16	Chief Executives	Planning, Leisure & Housing	Environment	Resources	Grand Total
Fees, charges & other service income	(552,532)	(2,096,793)	(6,905,824)	(6,824,917)	(16,380,067)
Government Grants	(2,793)	(15,000)	(12,160)	(25,845,213)	(25,875,166)
Total income	(555,326)	(2,111,793)	(6,917,984)	(32,670,130)	(42,255,233)
Employee Expenses	462,532	1,920,119	1,282,295	4,237,676	7,902,622
Other service expenses	704,617	2,078,194	8,182,628	29,306,686	40,272,125
Support service recharges	788,927	928,546	685,425	1,391,714	3,794,613
Total expenditure	1,956,077	4,926,859	10,150,348	34,936,076	51,969,360
Net expenditure	**1,400,751**	**2,815,066**	**3,232,364**	**2,265,946**	**9,714,127**

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**

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.

	2014/15 £	2015/16 £
Net expenditure in the Service Analysis [from above]	10,627,545	9,714,127
Annual Leave adjustment not included in the analysis	(20,933)	-
Net expenditure of services and support services not included in the analysis		
Add / (Deduct): IAS 19 adjustments	(757,353)	914,594
(Increase)/Decrease on current asset valuation	(831,540)	(300,462)
Removal of other trading activities & DSOs - not to be included in CI&E NCS	49,663	39,326
Removal of investment activities - not to be included in CI&E NCS	2,863,212	2,838,726
Revenue expenditure funded from capital under state - expenditure	1,606,027	878,052
Revenue expenditure funded from capital under state - funding	(548,175)	(321,878)
Waste Contract MRP charge	(393,010)	(393,010)
	12,595,436	13,369,475
Net Cost of Services in CI&E Statement	**12,595,436**	**13,369,475**

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.

2015/16 Reconciliation to subjective analysis of total income & expenditure	Service Analysis £	Not reported to mgt £	Not to be in NCS £	Net Cost of Services £	Corporate Amounts £	Total £
Fees, charges & other service income	(13,134,692)			(13,134,692)	-	(13,134,692)
Interest and investment income	(3,245,375)		3,359,473	114,098	(4,528,849)	(4,414,751)
Income from council tax				-	(6,493,447)	(6,493,447)
Government grants and contributions	(25,875,166)	(321,878)		(26,197,045)	(7,679,801)	(33,876,846)
Total Income	**(42,255,233)**	**(321,878)**	**3,359,473**	**(39,217,639)**	**(18,702,096)**	**(57,919,735)**
Employee expenses	7,902,622	914,594	(8,908)	8,808,308	10,313	8,818,622
Other service expenses	38,453,578	(393,010)	(390,184)	37,670,385	390,184	38,060,569
Support Service recharges	3,794,613		(79,420)	3,715,193	79,420	3,794,613
Depreciation, amortisation and impairment	1,818,547	(300,462)	(2,911)	1,515,175	2,911	1,518,086
Interest Payments				-	1,055,585	1,055,585
Movement on valuation of IP				-	(597,294)	(597,294)
REFCUS		878,052		878,052	-	878,052
Precepts & Levies				-	3,053,189	3,053,189
Parish Council Support Grant				-	148,188	148,188
(Gain)/Loss on disposal of Non-Current Assets				-	(140,731)	(140,731)
Total Expenditure	**51,969,360**	**1,099,175**	**(481,422)**	**52,587,113**	**4,001,765**	**56,588,879**
(Surplus) / deficit on the provision of services	**9,714,127**	**777,297**	**2,878,051**	**13,369,475**	**(14,700,331)**	**(1,330,856)**

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)**

30. Acquired and Discontinued Operations

The Authority acquired no additional operations or discontinued any functions during 2015/16.

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 the billing authority 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 collected 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 2016 incurred by GLL in managing Woodstock & District Swimming Pool, excluding the management fee paid by the Council, is as follows:

Woodstock & District Swimming Pool	2014/15 £'000	2015/16 £'000
Expenditure		
Employees	39	35
Premises Related Expenditure	44	38
Supplies & Services	(1)	5
Capital Charges	0	0
	82	79
Income		
Fees and charges for services	(45)	(44)
	(45)	(44)
Net (surplus)/deficit	**36**	**34**

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.

	2014/15 £	2015/16 £
Allowances	318,614	327,330
Expenses	6,743	10,085
Total	**325,357**	**337,416**

36. Officer Remuneration

2015/16

Position	Salary, Fee and Allowances	Supplements	Honorarium	Benefit in Kind	Pension Contribution	Total Remuneration (£)
Chief Executive and Clerk of the Council[1]	112,590	0	8,750	6,417	17,512	145,269
Strategic Director (Development)[3]	22,383	0	3,412	4,302	3,734	33,831
Strategic Director (Environment)[2]	77,329	6,083	15,293	0	13,152	111,857
Strategic Director (Resources)[1]	75,288	6,083	17,293	242	13,371	112,277
Strategic Director (Planning)[2]	64,441	14,336	7,558	0	10,224	96,559
Monitoring Officer	51,506	1,027	6,074	3,393	8,291	70,291

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

Notes:

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

2. The Council's Strategic Director (Planning)* is an employee of Cotswold DC, seconded for 50% to West Oxfordshire DC. The Strategic Director (Environment) is an employee of Cotswold DC and was seconded and funded through the 2020 Programme. The figures shown above represent the full salary, allowances and pension costs incurred by Cotswold District Council as the employing authority.

   *This is a new post with effect from 1 June 2015; the annualised salary for the post is £77,329.

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

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

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	2014/15 Number of employees	2015/16 Number of employees
£50,000 - £54,999	5	7
£55,000 - £59,999	2	3
£60,000 - £64,999	1	1
£65,000 - £69,999	4	3
£70,000 - £74,999	0	2

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in note 45.

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	2014/15 £000	2015/16 £000
Fees payable in respect of statutory inspections for the year	61	46
Certification of grants and claims	17	13
Total	**78**	**59**

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

38. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16:

Miscellaneous government grants	2014/15 £000	2015/16 £000
Credited to taxation and non-specific grant income		
Demand on the Collection Fund	(6,354)	(6,493)
Revenue Support Grant	(2,196)	(1,568)
New homes bonus grant	(1,516)	(1,838)
Council tax freeze grant	(36)	(36)
S31 NDR compensation grant	(681)	(868)
Other specific government grants	(40)	(10)
Capital grants and contributions receivable	(317)	(154)
Non Domestic Rates Redistribution	(2,606)	(2,421)
Total	(13,746)	(13,388)
Capital Grants credited to the Comprenhensive Income & Expenditure Statement		
Disabled Facilities Grant	(251)	(305)
Significant revenue grant credited within the cost of services		
Benefit admin grant	(58)	0
Local services support grant	(29)	(22)
Housing benefit subsidy grant	(24,266)	(25,181)
Admin Subsidy grant	(254)	(235)
New burden grant	0	(16)
Other grants	(344)	(370)
Total	(25,201)	(26,129)

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	2014/15 £000	2015/16 £000
Environment Agency - land drainage grant	(196)	(180)
Total	(196)	(180)

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 effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant element of the Council's funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (e.g. Council Tax bills and Housing Benefits). 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. Although the officers in these positions have influence over operational activities, decisions on overall policy and the strategic direction are still set by Cabinet and Council. The shared posts as at 31st March are as follows:

Employed by: West Oxfordshire District Council	Employed by: Cotswold District Council
Chief Executive Officer	Strategic Director (Planning)
Strategic Director (Resources)	Strategic Director (Environment)
Head of Business Improvement & Change	Head of GO Shared Services & Audit Cotswolds
Head of Revenues & Benefits	Head of Environmental Services
Head of Leisure & Community Services	Head of Legal & Property Services
Head of Public Protection & Regulation Services	

In addition to the senior positions listed above, there is 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 (Note 47).

Ubico Limited

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

During 2015/16 the shareholding of Ubico Ltd expanded, with four additional partner councils became shareholders during the year; Tewkesbury Borough Council, West Oxfordshire District Council, Forest of Dean District Council and Stroud District Council. Following the expansion, all partners have an equal 1/6th shareholding in the Company.

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

While the Council has a 1/6th shareholding in Ubico Ltd, and a place on the Board of Ubico Ltd, the Council is not deemed to have significant influence over the company. The separate operating practices, management structure and majority-voting on the Ubico board do not constitute any means of joint-control over the company. The Council's interest is therefore classed as an investment in Ubico.

The Council's Chief Executive Officer, Mr. D. Neudegg, holds the position of non-executive Director on the board of Ubico Ltd.

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	2014/15 £000	2015/16 £000
Capital investment:		
Property, Plant and Equipment	324	179
Heritage Assets		
Investment Properties	1,035	
Intangible Assets	61	22
Loans from capital resources	15	72
Revenue Expenditure Funded from Capital under Statute	1,427	852
Total Capital Expenditure	2,863	1,125
Sources of financing:		
Capital receipts	(1,575)	(148)
Government grants and other contributions	(1,048)	(358)
Direct revenue contributions	(240)	(619)
Revenue financing of Finance Lease liabilities [Waste and recycling vehicles]	(340)	(356)
Total Capital Financing	(3,203)	(1,481)

Capital Finance Requirement	2014/15 £000	2015/16 £000
Opening Capital Financing Requirement - 1st April	1,240	900
Movement in year	(340)	(356)
Closing Capital Financing Requirement - 31st March	900	544
Explanation of movements in year:		
Repayment of principal on assets acquired under finance leases	(340)	(356)
	(340)	(356)

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:

	31/03/2015 £000	31/03/2016 £000
Other Land and Buildings	0	0
Vehicles, Plant, Furniture and Equipment	1,036	701
	1,036	701

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:

	31/03/2015 £000	31/03/2016 £000
Finance lease liabilities (net present value of minimum lease payments) on non-current assets	958	601
plus		
Finance Costs payable in future years	61	24
Minimum lease payments	1,019	625

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/2015 £000	31/03/2016 £000	31/03/2015 £000	31/03/2016 £000
Not later than one year	393	393	357	372
Later than one year and not later than five years	626	232	601	229
Later that five years				
	1,019	625	958	601

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:

	31/03/2015 £000	31/03/2016 £000
Not later than one year	143	159
Later than one year and not later than five years	469	518
Later than five years	846	800

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

	31/03/2015 £000	31/03/2016 £000
Minimum lease payments	151	110
Sublease payment receivable	(141)	(148)

Authority as Lessor

Finance Leases

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

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

	31/03/2015 £000	31/03/2016 £000
Finance lease debtor (net present value of minimum lease payments):		
Current	0	109
Non-current	0	71
Plus		
Unearned finance income	0	6
Gross investment in the lease	0	186

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31/03/2015 £000	31/03/2016 £000	31/03/2015 £000	31/03/2016 £000
Not later than one year	0	112	0	109
Later than one year and not later than five years	0	68	0	65
Later than five years	0	6	0	6
	0	186	0	180

The Council has not set-aside an allowance for uncollectable debts in relation to its finance leases. Any outstanding debts would be accounted for within the Sundry Debtors bad-debt provision.

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:

	31/03/2015 £000	31/03/2016 £000
Not later than one year	2,902	2,450
Later than one year and not later than five years	8,269	7,799
Later than five years	42,108	43,432
Total	53,279	53,681

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 2015/16. Provision has been made in the accounts for the expected redundancy that the Council has agreed. Packages are grouped into bands of £20,000 up to £100,000 and bands of £50,000 thereafter.

Exit package cost banding (including special payments)	Exit packages – 2014/15		Exit packages – 2015/16	
	Number	Cost in £	Number	Cost in £
£0 – £20,000	0	0	5	62,332
£20,001- £40,000	0	0	2	41,631
£40,001 - £60,000	0	0	1	57,857
£60,001 – £80,000	0	0	1	70,291
Total	**0**	**0**	**9**	**232,111**

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	2014/15 £000	2015/16 £000
Comprehensive Income and Expenditure Statement		
Service cost	1,561	1,779
Net Interest on the defined liability (asset)	1,036	987
Administration expenses	40	27
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	2,637	2,793

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 2016 was a gain of 3.652m.

Remeasurement of the net assets / (defined liability)	2014/15 £000	2015/16 £000
Return on Fund assets in excess of interest	2,995	(1,465)
Other actuarial gains / (losses) on assets	-	-
Change in financial assumptions	(8,324)	5,124
Change in demographic assumptions	-	-
Changes in effect of asset ceiling	77	(7)
Remeasurement of the net assets / (defined liability)	(5,251)	3,652

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:	**2014/15 £000**	**2015/16 £000**
Opening balance at 1 April	64,019	74,722
Current service cost	1,494	1,614
Interest cost	2,778	2,443
Change in financial assumptions	8,324	(5,124)
Change in demographic assumptions	-	-
Experience loss/(gain) on defined benefit obligation	(77)	7
Estimated benefits paid net of transfers in	(2,247)	(2,034)
Past service costs, including curtailments	67	165
Contributions by Scheme participants	406	390
Unfunded pension payments	(42)	(42)
Closing balance at 31 March	**74,722**	**72,141**

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

Reconciliation of fair value of the scheme assets:	**2014/15 £000**	**2015/16 £000**
Opening balance at 1 April	39,386	44,518
Interest on assets	1,742	1,456
Return on assets less interest	2,995	(1,465)
Other acturarial gains/(losses)	-	-
Administration expenses	(40)	(27)
Contributions by employer including unfunded	2,318	863
Contributions by Scheme participants	406	390
Estimated benefits paid plus unfunded net of transfers	(2,289)	(2,076)
Settlements prices received / (paid)	-	-
Closing Fair value of Scheme assets	**44,518**	**43,659**

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	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Present value of the defined benefit obligation	(57,197)	(61,504)	(63,288)	(74,034)	(71,492)
Present value of unfunded obligation	(689)	(691)	(731)	(688)	(649)
Fair value of Fund assets (bid value)	33,400	39,233	39,386	44,518	43,659
Net defined benefit liability / (assets)	**(24,486)**	**(22,962)**	**(24,633)**	**(30,204)**	**(28,482)**

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £72.141m 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 £28.482m. 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:

	31/03/2015		31/03/2016	
	£000	%	£000	%
Equity	30,047	67	27,928	64
Gilts	5,300	12	5,786	13
Other Bonds	1,634	4	1,536	4
Property	2,747	6	3,468	8
Cash	1,212	3	1,306	3
LLPs	1,502	3	1,720	4
Hedge Funds	13	0	0	0
Diversified Growth Fund	2,063	5	1,915	4
Total	**44,518**	**100**	**43,659**	**100**

Of the assets held at 31st March 2016:

Employer asset share - bid value	31/03/2016	
	% Quoted	% Unquoted
Fixed Interest Government Securities		
UK	5.4%	-
Overseas	2.7%	-
Index Linked Government Securities		
UK	5.2%	-
Overseas	-	-
Corporate Bonds		
UK	3.1%	-
Overseas	0.4%	-
Equities		
UK	18.4%	14.4%
Overseas	10.6%	20.6%
Property		
All	-	7.9%
Others		
Hedge fund		
Private Equity		
Limited Liabilit Partnerships	-	3.9%
Diversfied Growth Fund	-	4.4%
Cash/Temporary Investments	2.9%	-
Net Current Assets		
Debtors	0.8%	-
Creditors	-0.7%	-
Overseas		
Total	**48.8%**	**51.2%**

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)	**2014/15**	**2015/16**
Retiring today		
Males	23.3	23.3
Females	25.7	25.8
Retiring in 20 years		
Males	25.5	25.6
Females	28	28.1

Other financial assumptions applied by the actuary:	31st March 2015	31st March 2016
RPI increases	3.2%	3.2%
CPI increases	2.4%	2.3%
Salary increases	4.2%	4.1%
Pension increases	2.4%	2.3%
Discount rate	3.3%	3.6%

These assumptions are set with reference to market conditions at 31st March 2016:

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	70,905	72,141	73,400
Projected service cost	1,412	1,444	1,477
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	72,258	72,141	72,024
Projected service cost	1,445	1,444	1,443
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	73,297	72,141	71,005
Projected service cost	1,447	1,444	1,412
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	74,353	72,141	69,996
Projected service cost	1,481	1,444	1,408

Unfunded Benefit Obligation Reconciliation for the year to 31st March 2016

The Discretionary Benefits arrangements have no assets to cover liabilities.

	31/03/2015 £000	31/03/2016 £000
Opening Defined Benefit Obligation	731	688
Current Service cost	0	0
Interest cost	31	22
Change in financial assumtions	45	(26)
Change in demographic assumptions	0	0
Unfunded pension payments	(42)	(42)
Experience loss/(gain) on defined benefit obligation	(77)	7
Closing Defined Benefit Obligation	**688**	**649**

Projected pension expense for the year ending 31st March 2017

	31/03/2016 £000
Service cost	1,444
Net interest on the defined liability (asset)	1,010
Administration expense	26
Total loss (profit)	2,480
Employer contributions	803

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 £7m of the total portfolio is placed on the amount of money that can be invested with a single counterparty. The Authority also sets a total group investment limit for institutions that are part of the same banking group. No more than £15m in total can be invested for a period longer than one year.

It must also be noted that although credit ratings remain a key source of information, the Authority recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Authority's Treasury Management Strategy Statement for 2015/16, approved by Full Council in February 2015. The 2015/16 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 2016 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:				
Fixed term Deposits		1,000		
Call accounts	3,510			
Housing Association				5,000
UK Bonds			2,300	2,500
Externally managed funds:				
Icelandic investments #			1,316	
Pooled funds	11,904			
	15,414	1,000	3,616	7,500

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

Liquidity Risk

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

The Authority also has to manage the risk so that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Authority would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities. The Authority has no outstanding borrowing as at 31st March 2016.

Market Risk

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

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

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

	2015/16 £000
Increase in interest received from investments	282
Impact on the Surplus / Deficit on the Provision of Services	

  (Based upon investment returns in short term deposits/Call accounts and Money Market Funds).

  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 'Fair Value' disclosure note.

- *Price Risk:* The Authority does have a number of Pooled Fund investments of high credit quality and is defined as those having a credit rating of A- or higher.
- *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.

Fair value hierarchy

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

All of the Council's money-market funds and pooled fund investments are deemed to be categorised as Level 1 in the valuation hierarchy, as quoted prices are available for these assets. Authorities are required to maximise the use of level 1 inputs (available prices) and minimise the use of level 3 inputs (calculations based upon non-market data such as cash-flow forecasts and other non-market data).

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.

2014/15 £		Note	2015/16 £
	INCOME		
62,826,718	Council Tax	C2	64,773,819
33,248,802	Non-Domestic Rates	C1	32,106,341
68,295	Transitional Protection Payments - non-domestic rates		(17,768)
-	Contributions towards previous year's deficit - non-domestic rates		-
96,143,815	**Total Income**		**96,862,392**
	EXPENDITURE		
	Precepts and Demands:		
49,079,355	Oxfordshire County Council		50,747,539
6,519,085	Thames Valley Police and Crime Commissioner		6,740,480
6,236,968	West Oxfordshire District Council		6,414,370
	Business rates:		
16,221,710	Shares to County Council and the Authority		16,625,797
16,221,710	Payment of central share to government		16,625,798
164,331	Charge payable to General Fund for Costs of Collection		163,844
120,573	Other transfers to General Fund per regulations - Renewable Energy sche		294,335
	Interest on refunds		7,327
	Impairment of debts/appeals for Council Tax		
22,640	Write Offs		59,866
46,424	Increase / (decrease) in Provision		37,404
	Impairment of debts/appeals for non-domestic rates		
550,107	Write Offs		387,890
811,682	Increase in Provision		16,144
900,600	Contributions towards previous year's surplus - council tax		1,132,700
1,585,010	Contributions towards previous year's surplus - non-domestic rates		441,907
98,480,195	**Total Expenditure**		**99,695,401**
(2,336,380)	Surplus / (Deficit) for the Year		(2,833,009)
2,624,771	Fund Balance at 1st April		288,391
288,391	**Fund Balance at 31st March**	C5	**(2,544,618)**

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.

2014/15		2015/16
47.1p	Small business non-domestic rating multiplier	48.0p
48.2p	Non-domestic rating multiplier	49.3p

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 2015/16 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 Adjustments	Band 'D' Equivalent Chargeable Dwellings
A*	2.00	(0.25)	1.75	5	0.97	-	0.97
A	1,394.00	(217.75)	1,176.25	6	784.17	20.33	804.50
B	4,549.00	(646.00)	3,903.00	7	3,035.67	18.66	3,054.33
C	15,527.00	(1,341.50)	14,185.50	8	12,609.33	43.12	12,652.45
D	9,959.00	(377.28)	9,581.72	9	9,581.72	(2,825.26)	6,756.46
E	6,787.00	(433.75)	6,353.25	11	7,765.08	75.16	7,840.24
F	3,752.00	(190.75)	3,561.25	13	5,144.03	52.72	5,196.75
G	2,447.00	(153.50)	2,293.50	15	3,822.50	99.17	3,921.67
H	332.00	(30.50)	301.50	18	603.00	36.00	639.00
Total	44,749.00	(3,391.28)	41,357.72		43,346.47	(2,480.10)	40,866.37
Collection rate %							98.5%
Plus Contribution in Lieu (MOD)							922.44
Tax base for 2015/16							41,175.81

The estimated collection rate for 2015/16 was 98.5%, giving a Council Tax Base of 41,175.81 (40,614.82 2014/15).

Note C3. Precepts and Demands made on the Collection Fund

The following Precepts were paid during the financial year:

	2014/15 £	2015/16 £
Oxfordshire County Council	49,079,355	50,747,539
Oxfordshire County Council - Fund Surplus	715,882	899,035
Thames Valley Police and Crime Commissioner	6,519,085	6,740,480
Thames Valley Police and Crime Commissioner - Surplus	95,090	119,416
District Council Precept	3,315,388	3,361,181
District Council – Collection Fund Surplus	89,628	114,249
Parish Precepts	2,921,040	3,053,189
Total	**62,735,468**	**65,035,089**

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:

	2014/15 £	**2015/16 £**
Council Tax	824,213	861,617
National Non-Domestic Rates (NNDR)	3,090,768	3,106,912
Total provision	**3,914,981**	**3,968,529**

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

	2014/15 £	**2015/16 £**
Opening balance on the provision	777,788	824,213
Write-offs during the year	(22,640)	(59,866)
Additional provision required	69,065	97,270
Total provision	**824,213**	**861,617**

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

	2014/15 £	2015/16 £
Opening balance on the provision	2,279,086	3,265,564
Adj. to the 01.4.14 opening provision balance	174,796	-
Write-offs during the year	(550,107)	(387,890)
Additional provision required	1,361,789	404,034
Total provision	**3,265,564**	**3,281,708**

The NNDR provision does not include an element for unlodged rating appeals. While it is likely that the Council will be affected by appeals that are yet to be lodged, it is difficult to predict with any accuracy the value of appeals or likely success rate. The value of any such appeals is unlikely to be material to the accuracy of the NNDR balances.

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 2015** **£**	**Increase / (decrease) in year** **£**	**31st March 2016** **£**
Oxfordshire County Council	(848,892)	286,473	(562,419)
Thames Valley Police & Crime Commissioner	(112,725)	38,041	(74,684)
West Oxfordshire District Council	(100,826)	34,026	(66,800)
(Surplus) / deficit	**(1,062,443)**	**358,540**	**(703,903)**

Non-domestic rates	**£**	**£**	**£**
Central Government (50%)	387,026	1,237,235	1,624,261
Oxfordshire County Council (10%)	77,405	247,447	324,852
West Oxfordshire District Council (40%)	309,621	989,787	1,299,408
(Surplus) / deficit	**774,052**	**2,474,469**	**3,248,521**
Collection Fund Balance	**(288,391)**	**2,833,009**	**2,544,618**

Annual Governance Statement 2015 / 2016

1. SCOPE OF RESPONSIBILITY

West Oxfordshire District Council is responsible for ensuring that:

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

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

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

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

In addition to this, CIPFA issued its *Statement on the Role of the Chief Finance Officer in Local Government (2010).* The Annual Governance Statement (AGS) reflects compliance of this statement for reporting purposes. The Council's Chief Finance Officer is the Statutory Section 151 Officer (S151 Officer).

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

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

3. THE GOVERNANCE ENVIRONMENT

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

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users
- Reviewing the Council's vision and its implications for the Council's governance arrangements
- Measuring the quality of services for users, ensuing that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources
- Defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the Council and partnership arrangements
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- Reviewing and updating standing orders, standing financial instructions, scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained
- Ensuring effective management of change and transformation
- Ensuring the Council's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)* and, where they do not, explain why and how they deliver the same impact
- Ensuring the Council's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Audit (2010)* and, where they do not, explain why and how they deliver the same impact
- Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function
- Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function
- Undertaking the core functions of an Audit Committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- Whistleblowing and for receiving and investigating complaints from the public
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council's overall governance arrangements.

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

1. Focusing on the purpose of the Council and on outcomes for the community, and creating and implementing a vision for the local area

Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users

The Council's Corporate Strategy "The Council Plan 2012-2015" was adopted for the financial year 2015/16 and outlines the Council's Aim 'to maintain and enhance West Oxfordshire as one of the best places to live, work and visit in Great Britain'. The Council's Aims and Priorities are determined by Members through Cabinet and Council, following consultation with the public. The Aims and Priorities are published in a Corporate Strategy document.
The Council revises the 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.

Reviewing the Council's vision and its implications for the Council's governance arrangements

A new Council Plan (2016-2019) was drafted during 2015/16 and was approved by Cabinet and Council and is available on the WODC website

Translating the vision into objectives for the Council and its partnerships

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

Measuring the quality of services for users, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources and value for money

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

2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles

Council and partnership arrangements

During 2015/16 the Chief Executive was appointed to the role of Managing Director of the 2020 Partnership and consequently temporary arrangements were made to allocate some of his previous duties to other officers – notably the Strategic Directors. The Strategic Director responsible for Resources (S151 Officer) temporarily took on the role of Acting Head of Paid Service enabling the Chief Executive to be released to deliver Partnership responsibilities. The Head of Paid Service is a statutory role and the duties in this regard are set out in the Council's Constitution and the officer's detailed job specification. This role is a shared arrangement with Cotswold DC under a formal secondment agreement. The respective roles of Leader and Head of Paid Service are set out in the Council's Constitution, underpinned by the more general requirements of the Member/Officer Protocol. An appraisal process, across the two Councils, is in place.

The Council has a Protocol which sets out the roles and responsibilities of Members and officers and gives guidance in relation to planning work.

3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

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.

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Reviewing the effectiveness of the Council'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. At year end, officers are requested to verify the outturns of their performance indicators and provide supporting evidence. Internal audit reviews performance management arrangements, including the outturns for a number of performance indicators annually.

Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

The Council has a Risk Management Policy and risks are identified and managed both corporately and at service level, as part of the Performance Management process. The Risk Management Group meets quarterly and reviews the risk register 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.

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 Anti-Corruption Policy. All new employees and Members are briefed on this policy during their induction. Refresher training is provided to Heads of Service, Managers and Members as required.

Counter Fraud and Anti-Corruption guidance is issued to all staff and managers. This Policy was updated and presented to Audit & General Purposes Committee in March 2015 and

updates on activity are presented to the Audit and General Purposes Committee quarterly. A business case for the establishment of a multi–Council shared Counter Fraud unit is being developed supported by funding from the Department of Communities and Local Government following the transfer of benefit fraud investigation to the Department of Work and Pensions.
Ensuring effective management of change and transformation The Council has incorporated all its change management and transformation activities within the 2020 Programme which has a full time establishment to deliver the significant programme set out. It has adopted appropriate Programme Management tools and techniques to facilitate delivery against the programme targets.
Ensuring the Council's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the role of the Chief Financial Officer in Local Government (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 Council'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 although as mentioned above temporary arrangements were established to account for the Chief Executive taking on the role of Partnership Managing Director. As a consequence the S151 Officer was also nominated Acting Head of Paid Service. Potential conflicts exist by this officer having this dual role and the Managing Director of the Partnership is charged with ensuring those conflicts are minimised. This approach was confirmed as permanent in February 2016 and discussions with regard to potential conflicts were held with the Council's external auditors who confirmed they were satisfied that such conflicts would be adequately managed by the controls put in place. This post is shared with Cotswold DC.
Ensuring the Council'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.
Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function 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 officers' detailed job specifications. This Officer is supported by others within Democratic Services and Legal Services, to ensure that the Council's decision-making processes comply with legislative and Constitutional requirements.

Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function As set out above the Strategic Director (Resources) has been re-designated as the Head of the Paid Service initially on acting terms and subsequently permanently. The duties in this regard are set out in the Council's Constitution and the officer's detailed job specification. This role is a shared arrangement with Cotswold DC under a formal secondment agreement.
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 function is set out in the Constitution and they have conducted a review of its effectiveness in line with guidelines.
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.
Whistle Blowing and receiving and investigating complaints from the public The Council has published a whistleblowing policy. The Council also has a Counter Fraud and Anti-Corruption Policy. All new employees and members are briefed on this policy 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.
5. Developing the capacity and capability of Members and Officers to be effective
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.

6. Engaging with local people and other stakeholders to ensure robust public accountability
Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation The Council Plan sets out the aspirations for the District and is refreshed annually with a full refresh every three or four years. Appropriate consultation with stakeholders such as Towns and Parishes and the public is carried out to support the periodic refresh. 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 institutional stakeholders with accountability to the public
Enhancing the accountability for service delivery and effectiveness of other public service providers All tasks and performance indicators 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 Council 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.
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 Council's overall governance arrangements The Council has approved a policy on partnership working and is committed to working in partnership to the benefit of the residents of the district and to provide high quality, value for money services. The Council has formed partnerships working at both strategic and operational level, to optimise opportunities to achieve its corporate priorities

4. REVIEW OF EFFECTIVENESS

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

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

There were matters arising from audit reviews during the year that were deemed significant control weaknesses. On these occasions either a 'poor' or 'limited' assurance opinion was issued. The risks associated with the control issues raised in the audit reports are being actively managed by the responsible Managers. Therefore, due to the positive response to the findings and recommendations in these audits and the number of satisfactory and high assurance opinion audits being finalised during the year, the overall opinion for WODC is Satisfactory Assurance. The Council's Financial Rules and Contract Rules being kept under review and revised periodically. Other explicit review / assurance mechanisms, such as the annual report from the Local Government Ombudsman and reports from Audit Cotswolds or Grant Thornton.

5. SIGNIFICANT GOVERNANCE ISSUES DURING 2015/2016

In preparing this statement and reviewing the effectiveness of our governance arrangements we have identified areas where we need to focus attention and improvement work over the next financial year. These areas of work are planned to strengthen the control framework and are set out in the table below.

No.	Key Area of Focus	Planned Actions
1	2020 Vision Partnership – delivery of shared services	Ensure robust arrangements are in place to enable the Council to have assurance over the quality of shared services provided and the level of savings achieved.

Five Limited assurance audit reports were issued during the year, these being:

1. Social Media – weaknesses identified during testing included non-compliance with the Social Media Guidance Document, lack of documented business cases for social media accounts and an inconsistent approach to 'liking' and 'following' of other social media accounts.
2. Contract Management – weaknesses identified during testing included non-compliance with Contract Rules, including non-usage of purchase orders through ABW (also non-compliance with Financial Rules), contracts not being published on the contracts register.
3. Business Continuity Management – weaknesses identified during testing included no evidence of a Business Continuity Strategy, out of date Business Continuity Plan for Service Systems, out of date service business continuity plans, lack of contact data in service business continuity plans and lack of regular review and maintenance of business continuity plans
4. GOSS Health and Safety (Personal Security) – weaknesses identified during testing included out of date policies and procedures, lack of fire drills being undertaken, out of date first aider information and lack of first aid boxes within the building, lack of lone working procedures in service areas.
5. Security – weaknesses identified during testing included industry standards not being met due to the lack of CCTV cameras, particularly in interview rooms, security of paper files, cash amounts held can be above the safe's insurance amount, lack of process / procedure for banking cash and cheques. Other observations included introduction of a Proximity Access Control (PAC) system to ensure a log of all instances when doors are accessed and by whom, this system, if introduced, could also be used for access to ICT server rooms

Findings, recommendations and actions have been agreed with Management, follow-up reviews have been planned for 2016/17 to ensure actions are being implemented.

6. APPROVAL OF THE LEADER AND THE HEAD OF PAID SERVICE

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

Signed on behalf of West Oxfordshire District Council:

Cllr James Mills
Leader of the Council

Date:

Frank Wilson
Strategic Director
(Head of Paid Service)

Date:

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

We have audited the financial statements West Oxfordshire District Council (the "Authority") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- present a true and fair view of the financial position of the Authority as at 31 March 2016 and of its expenditure and income for the year then ended; and

- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

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

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Authority under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

Respective responsibilities of the Authority and 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 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code in satisfying ourselves whether the Authority put in place proper arrangements to secure value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of the Authority in accordance with the requirements of the Act and the Code.

John Golding

John Golding
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Hartwell House, 55-61 Victoria Street, Bristol, BS1 6FT

30th September 2016

Glossary

A

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

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

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

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

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

Appointed Auditors
The Audit Commission Act 1998 (Amended) includes a statutory requirement that a local authority's annual Statement of Accounts be subject to external review by a duly appointed external auditor. For 2014/15 the responsibility for the appointment of said external auditor has been devolved to Grant Thornton UK LLP.

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

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

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

B

Balance Sheet Date
The Balance sheet date represents the date at which the balance sheet is 'accurate' and represents the net assets of the Council. This is a snapshot at a moment in time. For these accounts the balance sheet date is 31st March

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

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

C

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

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

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

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

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

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

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

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

Contingent Liability
A contingent liability is either:

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

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

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

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

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

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

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

D

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

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

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

E

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

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

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

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

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

F

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

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

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

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

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

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

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

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

G

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

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

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

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

H

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

I

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

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

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

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

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

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

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

J

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

L

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

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

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

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

M

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

M

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

N

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

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

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

Net Expenditure
Gross expenditure less specific service income.

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

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

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

O

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

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

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

P

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

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

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

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

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

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

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

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

R

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

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

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

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

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

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

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

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

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

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

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

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

S

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

T

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

W

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