Oxfordshire County Council

Statement of Accounts

2019/2020

OXFORDSHIRE
COUNTY COUNCIL

Contents

Introduction

The purpose of the Narrative Statement is to provide information on the Council, its main objectives and strategies and the principal risks it faces. It sets out information to help readers understand the Council's financial position and performance during 2019/20.

Oxfordshire County Council provides services to residents, businesses and communities across the whole county.

We are responsible for children's and adult social care, public health, support for education and families, highways, waste disposal, libraries and cultural services, fire and rescue and a range of community safety services.

We participate in and lead key partnerships that work to deliver housing and growth, environmental benefits, safer communities and improved health and wellbeing for all Oxfordshire residents.

With our partners at Cherwell District Council, we are developing an innovative new model of working in local government, focusing on delivering joined up approaches that maximise benefits for residents.

We use the learning from this partnership to improve our work with all of Oxfordshire's councils and other organisations.

Vision for Oxfordshire

Oxfordshire County Council's ambition, as set out in our Corporate Plan, is for a county where local residents and businesses can flourish - a thriving Oxfordshire.

Our Corporate Plan 2019-22 set out our vision for thriving communities for everyone in Oxfordshire. It explained the priorities and focus for us to achieve our vision. It explained how we will realise our vision and how we measure progress through our robust performance management framework.

You can read more about our Vision and Corporate Plan on our website.

- Vision: https://www.oxfordshire.gov.uk/council/our-vision
- Corporate Plan 2019-22: https://www.oxfordshire.gov.uk/sites/default/files/file/about-council/CorporatePlan.pdf
- In February 2020 our Corporate Plan was updated. Our new corporate plan for 2020-24 is published here: https://www.oxfordshire.gov.uk/sites/default/files/file/about-council/CorporatePlan2020.pdf

Our "thriving communities" may be ones of place – from inner city areas to historic market towns, villages to rural hamlets – or ones based on age, race, religion or other factors. The Council must ensure that we remain responsive to local issues and local need and must work hard to provide value for money and deliver effective and efficient services.

Our core services in 2019/20 included:

- Children, Education and Families (including the safeguarding of children, looked after children, services to vulnerable children and young people and their families, adoption and fostering services and some education services)
- Adult Social Care (commissioning and providing services which keep adults safe and provide the support our residents need for independent living).
- Services for public health including mental health
- Highways maintenance and transport planning
- Strategic spatial planning including major infrastructure, inward investment and housing growth
- Strategic environmental management including carbon emissions reduction, energy efficiency and waste disposal
- Community safety including Fire and Rescue and Trading Standards
- Cultural Services including libraries, museums and the Music Service
- Coroners' and Registration services

These services are either provided directly by the Council or are commissioned from and delivered by other organisations. Most of these services are mandatory, meaning that the Council must provide them because it is under a statutory duty to do so.

Our leadership and workforce

Our Constitution sets out the rules and procedures by which the council operates.
https://www2.oxfordshire.gov.uk/cms/content/council-constitution

The Council has 63 members (or 'councillors'), elected by the public to represent a particular local area, or 'Division'. Collectively they are responsible for the democratic structure of the council, overseeing our key policies and services and setting the council's annual budget and capital programme. More information can be found on our website.
https://www.oxfordshire.gov.uk/cms/public-site/about-your-council

The Leader of the Council is Cllr Ian Hudspeth. Cllr Hudspeth appoints a Cabinet, responsible for key decisions to manage the Council's business. Details of Cabinet members and their responsibilities can be found on our website.
https://www2.oxfordshire.gov.uk/cms/content/cabinet

Employees ('officers') support Cabinet and Council in their work and manage the Council's services and operations. The Chief Executive (Yvonne Rees) leads the most senior group of officers, the Chief Executive's Direct Reports (CEDR), who advise councillors on policy and implement councillors' decisions.

As at 31 March 2020 the Council's staff complement stood at 4123.42 FTE (full-time equivalent) posts, representing 5,079 employees. Most staff are structured into one of several directorates, each responsible for a group of services and functions in support of the Council's Vision and Corporate Plan.

The Council works in close partnership with Cherwell District Council. We developed the partnership further during the year. The two councils share a Chief Executive and senior management team, and many officers work jointly across both councils. The partnership offers opportunities to join up services for residents and reduce the costs of providing services

We also work collaboratively with partners in the public, private and voluntary sector to achieve the best outcomes for our residents. Further details of how the Council works, both internally and with external partners, can be found in our Annual Governance Statement.

Our performance

During 2019/20 common approaches to performance reporting, risk management and assurance were significantly enhanced to improve focus, consistency and cohesive business management across the Council. Directorates are responsible for setting their strategies and business objectives for the year ahead and the longer term, in support of ambitions and commitments set out in the Corporate Plan.

Throughout 2019/20 we have reported on each month's performance to internal managers, councillors and the public. The monthly Business Management and Monitoring Reports bring together information on performance, finance and risk, giving a balanced picture of how the Council is doing and providing audiences with greater insight into our business than in previous years. Additionally, having reported only quarterly (four times per year) in previous years, 2019/20 was our first full year of monthly reporting, which provided internal and external audiences with a more frequent opportunity to consider the Council's progress.

The monthly reports describe performance in terms of a set of 47 indicators which most clearly demonstrate progress towards the outcomes in the Corporate Plan. The Council's performance outturn for 2019/20 has been published in detail in our Business Management and Monitoring Report: February and March 2020.
https://mycouncil.oxfordshire.gov.uk/documents/s50624/CA_MAY2620R11%20March%202020%20OCC%20Business%20Management%20and%20Monitoring%20Report.pdf

In our monthly reports we show the latest assessment of our 47 performance indicators. Most are given a Red, Amber or Green (RAG) rating, signifying whether or not progress is on track. In deciding RAG ratings we consider data on current performance and an assessment of progress. The exceptions are a small number of indicators and outcomes for which a performance target is not appropriate, but which we include in reports to provide updates on activity in these important areas. These indicators are shaded grey. At 31 March the 47 indicators were assessed as follows:

RAG	Count	%
Green	22	47%
Amber	14	**30%**
Red	1	2%
Grey	10	21%

Risk Management

During 2019/20 we strengthened our risk management activities. This helped us to ensure that we continued to identify and address any uncertainties relating to the achievement of our priorities. A new Risk and Opportunities Management Strategy, agreed by Cabinet in September 2019, ensured a cohesive approach to this work.

The biggest risks facing the Council – known as Leadership Risks – were reported to Cabinet in our monthly Business Management and Monitoring Reports. Leadership risks are those that are significant in size and duration and could impact on the performance of the Council as a whole, and in particular on its ability to deliver its strategic priorities.

Directorates and teams within the Council also maintained "operational" risk registers to ensure that individual services, projects or areas of business remained on course. Operational risks which become more severe can be escalated to the Leadership level for management.

Our financial operating model

The Council sets a revenue budget, medium-term financial plan (MTFP) and capital programme in the February preceding the start of the financial year. These are underpinned by a Financial Strategy, Capital & Investment Strategy, Treasury Management Strategy and a risk assessment of the level of balances required. Construction of the budget and budget proposals are subject to challenge by the Council's Leadership Team and the Director of Finance. Councillors have the opportunity to question and challenge the proposals through engagement sessions and member presentations. The Performance Scrutiny Committee scrutinises the budget proposals at its meeting in December before Cabinet propose the budget, MTFP and capital programme in January. Throughout the year, regular financial monitoring reports are presented to Cabinet.

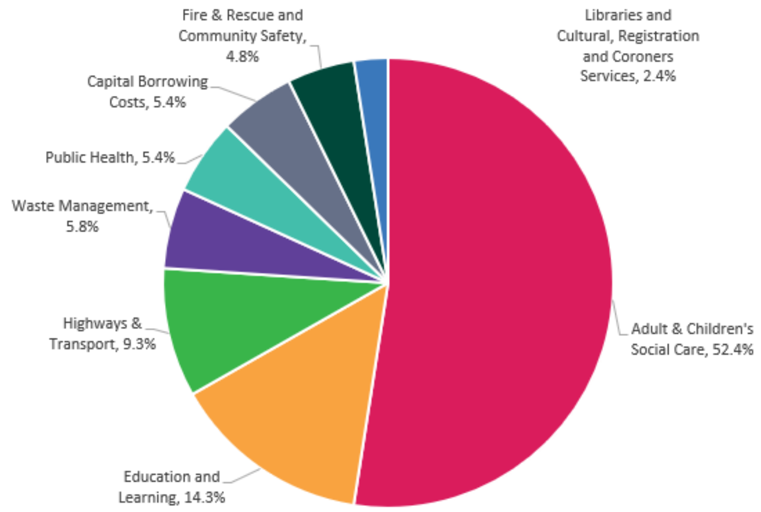
Revenue spending plans for 2019/20

Our budget for the provision of services in 2019/20 and Medium Term Financial Plan (MTFP) to 2022/23 was agreed by Council in February 2019. The budget included funding to address demand pressures for statutory social care services which were expected to continue to rise.

The most significant risk to the 2019/20 budget was in relation to the demand led budgets and in particular children's social care, high needs and special educational needs home to school transport which are all under significant pressure in the 2018/19 financial year when the 2019/20 budget was set. There were also a range of pressures and uncertainties in adult social care, particularly in relation to growing demand and the potential consequences of pressures on the health system. To help mitigate these risks, a contingency budget of £7.6m was built into the budget in 2019/20 to provide some degree of a safety net against directorate overspends. Savings plans continue to be an important element in setting a balanced budget and the MTFP to 2022/23 included savings of £63.7m (£36.1m in 2019/20).

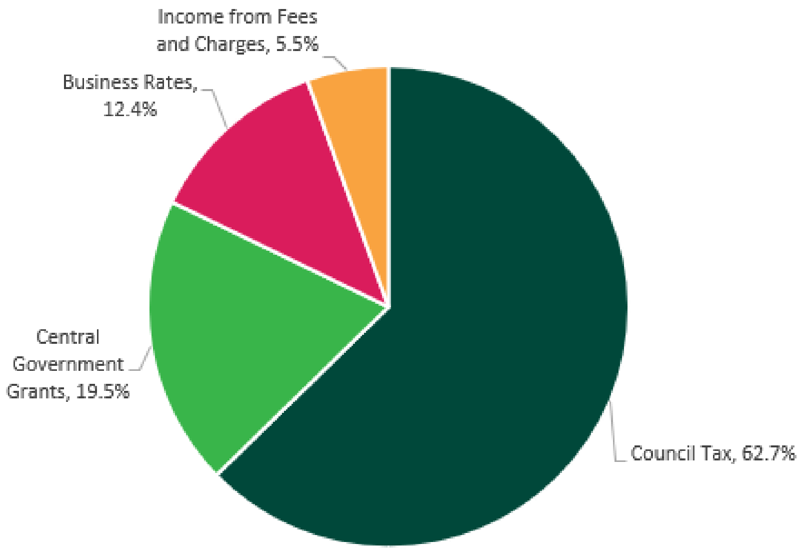
The 2019/20 budget included a planned contribution from General Balances of £6.0m to support the delivery of a service redesign programme through the creation of the Transformation Reserve (See Note 44).

In total, we planned to spend £802.6m on delivering services in 2019/20:



We intended to finance £353.0m of our spending plan from specific and general government grants, contributions from other bodies, charging and interest income and a contribution from reserves and balances. Therefore, our budgeted net operating budget totalled £450.5m.

The net operating budget was financed from: Business Rates (£74.2m); and Council Tax (£376.4m). Council tax for a Band D property was set at £1,468.83. This was a 2.99% increase from 2018/19.



Revenue Financial outturn position

Revenue

As set out in the table that follows there was a £3.7m variation to directorate budgets at year end. The most significant overspend was within Children's Services, of which £4.5m related to an increase in demand within the Corporate Parenting budget for higher cost placements for children with complex needs.

As part of the budget setting process, a £7.6m contingency had been created to offset the risk of overspends occurring within demand led budgets. At year end, £4.0m was unallocated.

The year end position included £0.3m related to costs arising from measures to address the COVID-19 pandemic at the end of March funded by £0.3m of additional government grant. This funding was part of the £14.5m COVID-19 grant received from government at the end of March 2020. The remaining balance of £14.2m was carried forward to fund expenditure in 2020/21.

Other significant variations included additional interest of £2.2m, additional government grant of £0.5m, and additional £0.1m relating to the gain from the business rate pooling arrangement. These variations were combined with the Directorate overspend and unspent contingency to give an overall Council underspend of £2.5m.

As part of the MTFP agreed by Council on 12 February 2019 it was agreed that £6.0m would be transferred from general balances (County Fund) to fund the Transformation Programme. In year there were further calls on general balances totalling £0.4m, increasing the total call on general balances to £6.4m. This was offset by the overall Council underspend of £2.5m which reduced the contribution from general balances to £3.9m. This is set out in the Movement on General Balances table on the following page.

	Original Budget £m	Final Budget £m	Actual Net Exp £m	Variation Final Bgt £m
Directorates				
Children's Services	113.745	118.062	122.955	4.893
Adult Services	184.027	183.974	184.571	0.597
Public Health*	0	0	0	0
Communities	113.466	112.896	112.166	-0.73
Resources	28.843	28.425	27.403	-1.022
	440.081	**443.357**	**447.096**	**3.738**
Strategic Measures				
Capital Financing	23.691	23.691	23.395	-0.296
Interest on Balances	-8.419	-8.419	-10.648	-2.229
Unringfenced Government Grants	-18.743	-19.176	-38.947	-19.771
Contingency	7.629	3.972	0.003	-3.969
Insurance Recharge	2.897	2.897	2.903	0.006
Transformation Savings	-1.5	-0.646	0	0.646
Public Health Saving Recharge	-0.25	0	0	0
	5.305	**2.319**	**-23.294**	**-25.613**
Contributions to/from Corporate Reserves				
Contributions to (+) / from (-) reserves	11.16	11.16	30.547	19.387
	11.16	**11.16**	**30.547**	**19.387**
Funding				
Business Rates Top-up Grant	-39.896	-39.896	-39.896	0
Business Rates	-34.279	-34.279	-34.4	-0.121
Council Tax Requirement	-369.065	-369.065	-369.065	0
Council Tax Surpluses	-7.306	-7.306	-7.306	0
	-450.546	**-450.546**	**-450.667**	**-0.121**
Overall Surplus (-) / Deficit (+)	**6**	**6.29**	**3.682**	**-2.609**
Planned Contribution from balances	-6	-6.29	0.135	6.425
Overall Increase (-) / Decrease (+) in General Balances	**0**	**0**	**3.817**	**3.817**

*Public Health is funded by the Public Health Grant. Under the terms and conditions of the grant any variation should be transferred to the Public Health Reserve.

General balances at 31 March 2020 were £24.1m. This is £4.8m higher than the risk assessed level of balances for 2019/20 and £0.7m higher than the risk assessed level of £23.4m for 2020/21 as set out in the Medium-Term Financial Plan (MTFP) approved by Council in February 2020.

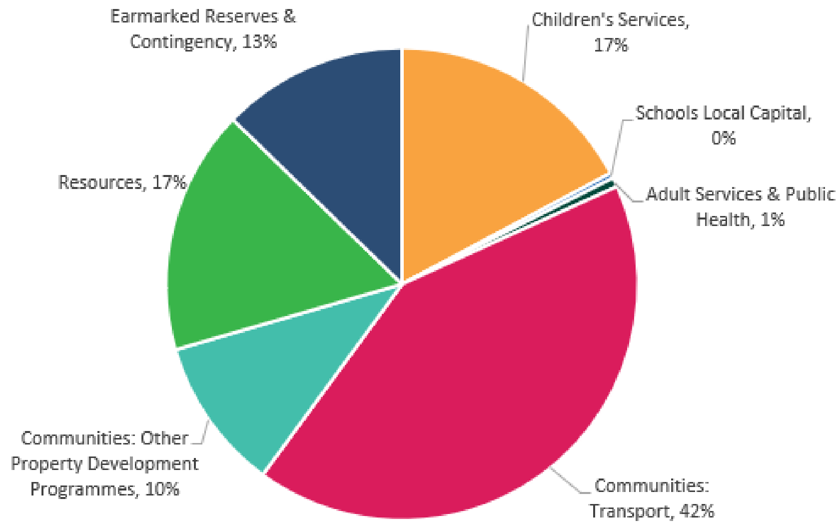
Movement on General Balances	£m
General Balances at 1 April 2019	**28**
Calls on Balances/Returns to Balances Budgeted Contribution to Transformation Reserve	-6
Northfield School Revenue Costs	-0.3
Schools converting to academy status deficit balances	-0.1
Directorate Overspend after use of Corporate Contingency	-0.3
Strategic Measures underspend	2.8
General Balances at 31 March 2020	**24**
Risked Assessed Level of General Balances 2019/20	19.3
Level of surplus balances	**4.8**

Further detail is set out in Annex C of the Business Management Report to Cabinet on 26 May 2020.

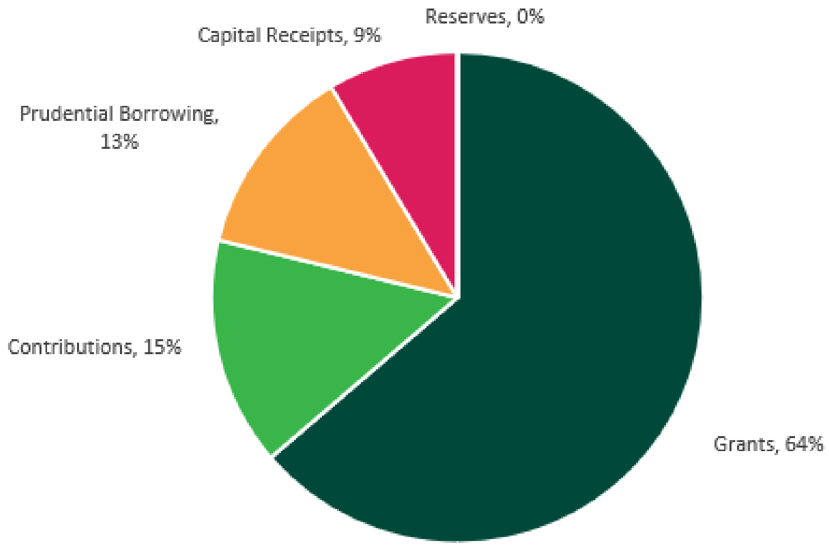
Capital

Capital investment plans for 2019/20

The original capital programme for 2019/20 was agreed by Council in February 2019. This set out an expected programme of spend of £218.5m. This included £37.6m on providing additional school places and new schools in housing developments and £91.4m on major infrastructure projects, including large road improvement schemes, and road maintenance.



We planned to fund this from grants and contributions (£172.1m), capital receipts (£18.8m) and prudential borrowing (£27.6m).



In some cases, this reflected expected programmes rather than individually agreed schemes, so the position set out was overestimated at the beginning of the year.

The capital programme for 2019/20 was last updated in February 2020. At that point in the year, expected spend to 31 March 2020 totalled £163.6m. Actual capital programme expenditure for the year 2019/20 was £105.7m. The variation between the latest programme and the final outturn is £57.9m (-35%). Of this variation, £29.8m relates to the Housing & Growth Deal programme and £7.0m relates to schemes delivered on behalf of OxLEP. These schemes will be delivered in future years.

The Capital Programme expenditure of £105.7m was funded by £78.7m of capital grants and other external contributions, £26.3m of developer contributions, £0.6m of revenue contributions and £0.1m of prudential borrowing.

Further detail is set out in the [Capital Outturn Report to Cabinet on 26 May 2020].

Financial Outlook and the COVID-19 pandemic

The 2020/21 revenue budget includes a planned contribution to balances of £4.6m. Taking into account the 2019/20 year end position, at the start of the year, general balances are £28.7m; £5.2m above risk assessed levels of £23.4m. This means that the County Council is in a relatively strong position to withstand the financial uncertainty created by the COVID-19 pandemic.

The government has provided some funding to local authorities to help manage additional costs incurred as a result of measures put in place to manage the pandemic. In addition to the £14.5m COVID-19 grant received in March 2020, a further tranche of funding was received in May of which the County Council's share was £12.7m taking the total allocation to £27.2m

Local Authorities were required to submit data on anticipated costs and lost income relating to Covid-19 to the Ministry of Housing, Communities and Local Government (MHCLG) in mid April 2020. The information required was an estimate of the impact for the 2020/21 financial year with a focus on expected costs in April 2020. Information submitted for the County Council set out an early estimate of the potential impact for 2020/21 of £64.6m. Based on the grant allocations announced to date, this leaves a potential funding shortfall of £37.3m for the 2020/21 financial year. There is also an expected impact into 2021/22, although at this stage it is not possible to accurately forecast the impact.

The ongoing impact into 2021/22 is expected due to reduced income from council tax and business rates as well as a potential on-going increase in demand in adults and children's social care and the ongoing impact of any savings planned for 2020/21 which are not delivered. Scenarios are being modelled which will be used to shape the early assumptions used for Service and Resource planning.

The Government has also confirmed that the Review of Relative Needs and Resource and 75% business rates retention will no longer be implemented in 2021/22. The statement also said that "the Government will continue to work with councils on the best approach to the next financial year, including how to treat accumulated business rates growth and the approach to the 2021/22 local government finance settlement". Until this approach is confirmed there is ongoing uncertainty about future funding arrangements.

Further detail is set out in Annex D of the Business Management Report to Cabinet on 26 May 2020. An update on the estimated financial impact of COVID-19 will be taken to Cabinet in June.

Basis of Preparation and Presentation

The Council produces a Statement of Accounts to provide transparency about the Council's finances, to give assurance to stakeholders that public money has been properly accounted for and that the financial standing of the council is on a secure basis.

The accounts (including notes to the accounts) for 2019/20 are set out on pages 14 to 93.

The accounts bring together all the Council's financial statements for the year 2019/20 and show its financial position as at 31 March 2020. The statements reflect both revenue and capital elements for the General Fund, including transactions relating to joint operations with other local authorities and health bodies.

The County Council is the administering authority for the Oxfordshire Local Government Pension Fund. As such, the Fund accounts are included as a disclosure within the Council's accounts.

The Statement of Accounts must provide a 'true and fair' view of the Council's financial position at 31 March 2020 and of its income and expenditure for the 2019/20 financial year. When preparing the accounts consideration is given to the materiality of information. Disclosure of information is made where omitting it could be misleading or inhibit the true and fair view.

The strong and prudent level of general balances, combined with Earmarked Reserves (Note 44), are sufficient to ensure that the County Council is able to continue to meet the cost of the provision of services over the medium term. Therefore, the accounts are prepared on a 'going-concern' basis.

Financial Statements

Compre-hensive Income and Expenditure Statement	Shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.
Movement in Reserves Statement	Shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'useable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves' (for example the Revaluation Reserve which holds unrealised gains and losses or the Capital Adjustment Account which holds adjustments between the accounting basis and funding basis under regulations). This statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance in the year following those adjustments.
Balance Sheet	The balance sheet shows the values as at 31 March 2020 of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority, analysed between 'useable' and 'unusable' reserves.
Cash Flow Statement	This summarises the changes in cash and cash equivalents during 2019/20. 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 flows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

Notes to the accounts

The Notes to the Accounts explain and provide further detail behind the key items and entries within the Financial Statements. They consist of:

- Expenditure and Funding Analysis – Compares the net expenditure as funded by taxation with the accounting cost of providing services as presented in the Comprehensive Income and Expenditure Statement.

- Notes to the Accounts – Which explain some of the key items and disclosures in the accounts.

- Pension Fund Accounts – These are the accounts of the Pension Fund, which is operated for employees of the County Council, district councils and other bodies.

- Statement of Responsibilities for the Statement of Accounts – Outlines the key responsibilities in respect of the accounts, together with statements from the Chief Finance Officer and Chairman of the Audit & Governance Committee.

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (ie government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Annual Governance Statement

The Audit & Governance Committee will be asked to approve our Annual Governance Statement (AGS) at its meeting on 22 July 2020. The AGS summarises the governance framework that has been in place in the Council during 2019/20. The Statement demonstrates that we have effective arrangements for the governance of the Council and that we are satisfied that we have a robust system of internal control.

Conclusion

The end of 2019/20 was dominated by the early impacts of the COVID-19 outbreak. This will have a significant impact on the Council, our resources and our communities for several years to come. Robust financial planning and business management and reporting will be key to maintaining essential service delivery and protecting the most vulnerable.

For 2019/20 as a whole, through careful planning and management, Oxfordshire County Council has ensured that we achieved or made good progress with our priorities for the year. We have delivered many effective and vital services to the residents and communities of Oxfordshire and have reached the end of the business year in a robust financial position.

This will serve us well in facing the uncertainties ahead in 2020/21 as we respond to the challenges of Coronavirus and continue to work towards our vision of Thriving Communities for Everyone in Oxfordshire.

The County Council's Responsibilities

The County Council 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. For Oxfordshire County Council, that officer is the Director of Finance
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets

The Audit & Governance Committee has examined these accounts and authorised the Chairman to approve the statement of accounts on its behalf.

Signed: ………………………………………

Date ………………

Chairman of the Audit & Governance Committee

The Responsibilities of the Director of Finance

The Director of Finance is responsible for the preparation of the County Council'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 2019/20 ('the Code of Practice').

In preparing this Statement of Accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice

The Director of Finance has also

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

Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the County Council and its income and expenditure for the year ended 31 March 2020.

Signed:………………………………………

Date …………………

LORNA BAXTER
Director of Finance

A description of the purpose of this note is included in the Narrative Report.

2018/19 Expenditure chargeable to the County Fund £'000	Adjustments between funding and accounting basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Notes	2019/20 Expenditure chargeable to the County Fund £'000	Adjustments between funding and accounting basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
112,107	44,026	156,132	Communities		112,166	33,937	146,104
116,098	34,607	150,705	Children's Services		122,955	29,902	152,857
184,304	-1,196	183,109	Adult Services		184,571	744	185,316
0	81	81	Public Health		0	-514	-514
28,462	8,196	36,658	Resources		27,403	11,920	39,324
0	24,061	24,061	Other Corporate Costs		0	-1,274	-1,274
440,970	**109,776**	**550,746**	**Service Costs**		**447,096**	**74,716**	**521,812**
-442,857	-26,858	-469,715	Other Income and Expenditure not charged to services		-443,278	-63,983	-507,261
-1,887	**82,918**	**81,031**	**Surplus (-) or Deficit (+) on Provision of Services**	4	**3,817**	**10,733**	**14,550**
25,719			Opening County Fund Balance at 1 April		27,971		
365			Restatement of Opening Balances				
26,084			**Restated Balance at 1 April**				
1,887			Add Surplus (-) or deficit (+) on the County Fund for the year		-3,817		
27,971			**Closing County Fund Balance at 31 March**		**24,154**		

A description of the purpose of this statement is included in the narrative report.

2018/19 Gross Expenditure £'000	Income £'000	Net Expenditure £'000		Notes	2019/20 Gross Expenditure £'000	Income £'000	Net Expenditure £'000
200,546	-44,414	156,132	Communities		192,470	-46,366	146,104
412,648	-261,943	150,705	Children's Services		409,197	-256,341	152,857
247,003	-63,894	183,109	Adult Services		253,568	-68,252	185,316
30,654	-30,573	81	Public Health		29,505	-30,019	-514
39,390	-2,732	36,658	Resources		42,659	-3,336	39,324
24,620	-559	24,061	Other Corporate Costs		-137	-1,137	-1,274
954,861	**-404,115**	**550,746**	**Cost of Services**		**927,262**	**-405,450**	**521,812**
67,661	-861	66,800	Other Operating Expenditure	14	35,348	-612	34,736
42,841	-8,292	34,549	Financing and Investment Income and Expenditure	15	58,507	-10,804	47,702
0	-571,064	-571,064	Taxation and Non-Specific Grant Income	19	0	-589,700	-589,700
1,065,364	**-984,332**	**81,031**	**Surplus (-) or Deficit (+) on Provision of Services**	5	**1,021,117**	**-1,006,566**	**14,550**
			Items that will not be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services				
		-17,239	Surplus (-) or Deficit (+) on revaluation of non-current assets	49			-75,718
		651	Impairment losses on non-current assets charges to the revaluation reserve	49			750
		59,858	Remeasurements of the net defined benefit liability (asset)	18			-346,029
		43,269					-420,996
			Items that may be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services				
		-3,132	Other gains or losses				0
		-3,132					0
		40,137	**Other Comprehensive Income and Expenditure**				**-420,996**
		121,169	**Total Comprehensive Income and Expenditure**				**-406,446**

Children’s Services, Adult Services & Public Health were previously grouped together under the People Directorate in the 2018/19 Accounts.

A description of the purpose of this statement is included in the Narrative Report

	Notes	County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants and Contbns Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
Balance at 1 April 2018		26,084	96,566	22,580	48,070	**193,300**	**-185,448**	**7,852**
Movement in reserves during 2018/19								
Total Comprehensive Income and Expenditure		-81,031	3,132	0	0	**-77,899**	**-43,269**	-121,169
Adjustments between accounting basis and funding basis under statutory provisions	6	75,520	0	881	33,049	**109,450**	**-109,450**	0
Transfers to / from earmarked reserves	44	7,398	-7,398	0	0	**0**	**0**	0
Increase (+) or Decrease (-) In Year		1,887	-4,266	881	25,320	**31,551**	**-152,720**	**-121,169**
Balance at 31 March 2019		27,971	92,300	23,461	81,120	**224,852**	**-338,168**	**-113,316**
Movement in reserves during 2019/20								
Total Comprehensive Income and Expenditure		-14,550	0	0	0	**-14,550**	**420,996**	406,446
Adjustments between accounting basis and funding basis under statutory provisions *	6	21,296	0	683	6,472	**28,451**	**-28,451**	0
Transfers to / from earmarked reserves *	44	-10,563	18,292	0	-7,729	**0**	**0**	0
Increase (+) or Decrease (-) In Year		-3,817	18,292	683	-1,257	**13,901**	**392,545**	**406,446**
Balance at 31 March 2020		24,154	110,592	24,145	79,862	**238,753**	**54,377**	**293,129**
Schools balances are held within Earmarked Reserves (see Note 44).								

A description of the purpose of this statement is included in the Narrative Report

As at 31 March 2019 £'000		Notes	As at 31 March 2020 £'000	£'000
	Long Term Assets			
1,109,194	Property, Plant and Equipment	22	1,208,800	
19,989	Investment Property	23	23,503	
1,449	Intangible Assets	25	1,226	
40,000	Long Term Investments	34	54,000	
6,741	Long Term Debtors	35	6,986	
1,177,372	**Total Long Term Assets**			**1,294,515**
	Current Assets			
0	Assets Held for Sale	24	600	
71,506	Debtors	36	75,335	
360,840	Short Term Investments	34	359,377	
34,307	Cash and Cash Equivalents	37	32,897	
466,652	**Total Current Assets**			**468,210**
	Current Liabilities			
-27,059	Short Term Borrowing	34	-29,740	
-120,958	Short Term Creditors and Revenue Receipts in Advance	39	-92,248	
-5,219	Provisions due within one year	40	-6,939	
-507	Short Term Finance Liability	28,34	-524	
-37,704	Short Term Capital Grants Receipts in Advance	42	-28,483	
-191,446	**Total Current Liabilities**			**-157,934**
	Long Term Liabilities			
-9,769	Long Term Creditors and Revenue Receipts in Advance	39	-13,348	
-3,563	Provisions due over one year	40	-3,023	
-321,383	Long Term Borrowing	34	-315,383	
-1,113,706	Pension Liability	18	-824,566	
-17,506	Long Term Finance Liability	28,34	-16,981	
-7,433	Deferred Income	41	-6,048	
-92,535	Long Term Capital Grants Receipts in Advance	42	-132,312	
-1,565,893	**Total Long Term Liabilities**			**-1,311,660**
-113,316	**Net Assets (+) / Net Liabilities (-)**			**293,130**
	Financed from:			
224,852	**Usable Reserves**	43-46		**238,753**
-338,168	**Unusable Reserves**	47-52		**54,377**
-113,316	**Total Reserves**			**293,130**

A description of the purpose of this statement is included in the Narrative Report

2018/19 £'000		Notes	2019/20 £'000
81,031	**Net (surplus) or deficit on the provision of services**		**14,550**
-169,701	Adjust net surplus or deficit on the provision of services for non-cash movements	53	-65,087
141,743	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	54	82,084
53,073	Net cash flows from Operating Activities		**31,548**
-87,169	Investing activities	55	-32,645
24,453	Financing activities	56	2,507
-9,644	Net increase (-) or decrease (+) in cash and cash equivalents		**1,410**
24,664	Cash and cash equivalents at the beginning of the reporting period		34,307
34,308	**Cash and cash equivalents at the end of the reporting period**		**32,897**

1. Summary of Significant Accounting Policies General

The Statement of Accounts summarises the County Council's transactions for the 2019/20 financial year and its position at the year-end 31 March 2020. It has been compiled in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20* (the *Code)*, published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the County Council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The County Council has carried out a detailed assessment of the likely impact of COVID-19 on its financial position and performance during 2019/20, 2020/21 and beyond. This included consideration of the following:-

- Loss of income on a service by service basis, due to temporary closures, reduction in demand, and increased collection losses.
- Additional expenditure on a service by service basis, e.g. provision of new and expanded services in response to the crisis such as additional costs relating to provision of Personal Protective Equipment and a temporary place of rest.
- Changes to government policy, e.g. guidance on supplier relief, additional funding for local authorities, and additional responsibilities which sit alongside this.
- The impact on the County Council's capital programme, e.g. delays caused by government restrictions, and whether there is a need to rephase work for other reasons.
- The impact of all of the above on the County Council's cash flow and treasury management, including availability of liquid cash (as at 31 October 2020 the Council had £74m instant access deposits), impact on investment returns, and availability of external borrowing if required.
- The estimated overall impact on the County Council's General Fund

As set out in the Financial Monitoring Report to Cabinet on 21 July, this review has highlighted that COVID-19 poses a significant financial challenge for the Council, as it will for all local authorities.

To manage this, Cabinet agreed to ask officers to identify plans to address the potential overspend in 2020/21 arising from COVID-19 and report back to the next meeting with recommendations for action. On 18 August 2020, Cabinet considered a revised balanced budget for 2020/21 that that includes budgets to meet the additional costs of COVID-19 and to enable effective budget management. The revised budget was agreed by full Council on 8 September.

Based on the County Council's latest monitoring report to 31 August and considered by Cabinet on 13 October, measures taken in setting the revised budget are sufficient to ensure that there is no net impact of COVID-19 on the General Fund in 2020/21 when the vast majority of additional cost is expected to crystallise. The revised budget has also created a reserve of £6m to manage the impact of collection fund losses in 2021/22. Since this report, a further £3.9m of unringfenced grant funding was announced which takes the total grant funding received to £34.9m. Other funding, received for specific purposes, has also been received and is set out in the report. Cabinet will continue to receive monthly updates on the financial position.

The County Council's General Fund balance as at 31 March 2020 is £24.1m. A budgeted contribution of £4.6m is included in the 2020/21 budget which will take balances to £28.7m. The current forecast is for balances to reach £30.3m at 31 March 2021 at year end after taking into account the in-year monitoring position. The Council's prudent minimum balance on the

General Fund is £23.4m. In addition, the County Council's cashflow forecast demonstrates that the Council has access to sufficient cash for the period of 12 months after the accounts are approved for issue to support Council activities. The Treasury Management Mid- Term Review was considered by Cabinet on 17 November 2020.

It is therefore noted that there is significant headroom within the General Fund to absorb the estimated financial impact of COVID-19 in the short to medium-term. Furthermore, the Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern.

Accruals of Income and Expenditure

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

Where income and expenditure has been recognised, but the cash has not been received or paid, a debtor or creditor for the relevant amount is recognised in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is reduced and a charge is made to revenue for the income that might not be recoverable.

Government Grants and Contributions

Government grants and third party contributions are accounted for on an accrual basis and are recognised in the Statement of Accounts when there is reasonable assurance that the County Council will comply with the conditions attached to their payment and that the grants or contributions will be received.

Grants and contributions relating to capital and revenue expenditure are recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the County Council has not satisfied. Conditions are stipulations that require the grant or contribution to be returned to the provider if the terms of the grant or contribution are not met.

Monies advanced as grants or contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (capital monies within Capital Grants Receipts in Advance). When conditions are satisfied, the grant or contribution is credited to the relevant directorate line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income line (un-ringfenced revenue grants and all capital grants and contributions) in the Comprehensive Income and Expenditure Statement.

Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement are reversed out of the County Fund Balance in the Movement in Reserves Statement - where the grant/contribution 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.

Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with any conditions that would require repayment of the grant or contribution if not met, and the grants and contributions will be received.

Grants and contributions are credited to the Comprehensive Income and Expenditure Statement when recognised as due to the Council (i.e. specific revenue grants and contributions are credited to the relevant service line in the Cost of Services, and capital grants and contributions and non ring-fenced grants are credited to Taxation and Non Specific Grant Income and Expenditure).

Where specific revenue grants and contributions are credited to the Comprehensive Income and Expenditure Statement, but the associated expenditure has not yet been incurred, the grant is set aside in an Earmarked Revenue Reserve so that it can be matched with the expenditure in a subsequent year.

Capital grants and contributions are reversed out of the General Fund Balance in the Movement in Reserves Statement and are transferred to the Capital Adjustment Account (if the grant eligible expenditure has been incurred); or to the Capital Grants Unapplied Account.

Revenue grants and contributions that have been credited to the relevant directorate line in the Comprehensive Income and Expenditure Statement that remain unapplied as at the Balance Sheet Date and are required to meet committed expenditure in future years are transferred to an earmarked reserve through the Movement in Reserves Statement.

Council tax and business rates income

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement (CIES) for the year is the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the County Fund is taken to the Collection Fund Adjustment Account and included as an adjusting item in the Movement in Reserves Statement.

The district councils in Oxfordshire are acting as agents of the County Council in collecting council tax and business rates. The cash collected from council tax payers and business rates payers belongs proportionately to the district councils and the major preceptors. There is therefore a debtor/creditor position between each district council and the County Council to recognise that the net cash paid to the County Council in the year is not the same as its share of cash collected. The County Council recognises its share of council tax and business rates debtor and creditor balances, impairment allowances for doubtful debts and provisions for losses on appeal in its Balance Sheet. The Cash Flow Statement of the County Council includes the net council tax and business rates cash received from the Collection Fund in the year.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are recognised as an expense in the year in which employees render service to the Council.

Termination Benefits

Termination benefits are charged, on an accruals basis, to the relevant service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Post-Employment Benefits

The County Council participates in four pension schemes:

- The Local Government Pension Scheme;
- The Fire-fighters' Pension Scheme;
- The Teachers' Pension Scheme; and
- The NHS Pension Scheme.

These schemes provide defined benefits to members. However, the arrangements for the teachers' pension scheme and the NHS pension scheme mean that liabilities for these benefits cannot be identified to the County Council. These schemes are therefore accounted for as if they are defined contributions schemes – no liability for future payment of benefits is recognised in the Balance Sheet and the relevant service lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable in the year.

The County Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award are accounted for on the same basis as defined benefit schemes.

For the schemes treated as defined benefit schemes the Cost of Services includes:

- Current service cost – the increase in the present value of a scheme's liabilities resulting from employee service in the current period. This is included in the relevant directorate line within the Cost of Services.
- Past service cost – the increase in the present value of the scheme liabilities for employee service in prior periods, resulting from a scheme amendment or curtailment. This is included in Other Corporate Costs within the Cost of Services.
- Gain/loss on settlement – changes in liabilities relating to actions that relieve the County Council of primary responsibility for a pension obligation. This is included in Other Corporate Costs within the Cost of Services.

The net interest on the defined benefit liability (asset) – the change during the period in the net defined benefit liability (asset) that arises from the passage of time - is included in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. Remeasurements comprising actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuary has updated their assumptions – and the return on scheme assets, excluding amounts included in net interest on the net defined liability (asset), are recognised in Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement.

Scheme assets attributable to the County Council are measured at fair value as at the Balance Sheet date. Scheme liabilities attributable to the County Council are measured on an actuarial basis using the projected unit method. The net pensions liability is recognised in the Balance Sheet.

The amount chargeable to the County Fund for providing pensions for employees is the amount payable for the year in accordance with the statutory requirements governing each particular pension scheme. Where this amount does not match the amount charged to the Surplus or Deficit on the Provision of Services for the year the difference is taken to the Pensions Reserve via the Movement in Reserves Statement.

Fire-fighters injury awards are disability benefits paid by the County Council that do not form part of the fire-fighters pension scheme. However, the measurement of these long-term benefits is subject to the same degree of uncertainty as the measurement of fire-fighters post-employment benefits and therefore they are accounted for in the same way as fire-fighters post-employment benefits.

Property, Plant and Equipment

Assets that have a physical substance and are held for use in the production or supply of goods or services, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. These include operational land and buildings, vehicles, plant and equipment, surplus assets, assets under construction and infrastructure.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that future economic benefits or service potential associated with the item will flow to the County Council and the cost of the item can be measured reliably. This excludes expenditure on routine repairs and maintenance, which is charged directly to service revenue accounts as an expense when incurred.

Assets are initially measured at cost, comprising:

- The purchase price
- Any 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (this only applies when the County Council has an obligation to carry out such activities when the item is acquired, constructed or installed)

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

Property, Plant and Equipment is subsequently carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historic cost
- Other Property, Plant and Equipment assets (excluding surplus assets) – current value, determined as the amount that would be paid for the asset in its existing use
- Surplus assets – fair value (at highest and best use), determined as the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date

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

Where non-property assets have short useful lives or low values (or both), depreciated historic cost basis is used as a proxy for current value.

A *de minimis* level of £20,000 is applied for land and buildings and £15,000 for vehicles and plant, other than for schools local capital spend where a *de minimis* of £2,000 is applied.

Revaluations of property assets are undertaken on a three-year rolling programme as shown below. Material changes to asset valuations are adjusted in the interim periods.

		Date of Last Revaluation	Date of Next Revaluation
Year 1	Secondary and Special Schools, Other Educational Premises (Children's, Youth and Sports Centres), Surplus Assets and properties not re-valued.	2018/19	2021/22
Year 2	Primary, Nursery, Junior and Infant Schools	2015/16	2019/20
Year 3	Social Care Premises, Libraries, Museums and Adult Learning, Fire & Rescue Service Premises, Community Safety, Staff Housing, Central Offices and Highways Depot	2017/18	2020/21

Investment properties valuations are reviewed annually. Assets held for sale are revalued at the point of reclassification to that category.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a directorate.

Decreases in valuations are accounted for as follows:

- 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 directorate in the Comprehensive Income and Expenditure Statement

Assets are assessed each year as to whether there is an indication of impairment. Where indications exist and the recoverable amount of the asset is materially lower than the carrying amount, an impairment loss is recognised for the shortfall. Where impairment losses are identified they are accounted for in the same way as decreases in valuations.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant directorate, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation of Property, Plant and Equipment

Depreciation is provided for on all Property, Plant and Equipment with a finite life, which is determined at acquisition or revaluation. Assets in the course of construction are not depreciated until they are brought into use. Depreciation is an estimation technique that is calculated using the straight-line method with the following asset lives:

- Buildings: 60 years (or less if specified by the valuer)
- Vehicles, plant and equipment: between 5 and 30 years
- IT equipment and infrastructure: between 3 and 5 years
- Infrastructure (roads and bridges): 35 years

Land is determined to have an infinite life and is not depreciated.

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

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

Charges to Revenue for Property, Plant and Equipment

Services, support services and trading accounts are charged with a capital charge for all Property, Plant and Equipment used in the provision of services. The charge covers the annual provision for depreciation and revaluation and impairment losses where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The County Council is not required to raise council tax to fund depreciation or revaluation/impairment losses. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (referred to as Minimum Revenue Provision (MRP)). Depreciation and revaluation/impairment losses are therefore replaced by the MRP contribution in the County Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

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. To be classified as an Asset Held for Sale the asset must meet the following criteria:

- Available for immediate sale in its present condition
- The sale must be highly probable
- Actively marketed at a reasonable sale price
- The sale should be expected to be completed within 1 year

Assets Held for Sale are measured at the lower of their carrying value and fair value less costs to sell at initial reclassification. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Decreases in fair value less costs to sell are recognised in Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. 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 Property, Plant and Equipment and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation 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, the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Receipts from the disposal of assets in excess of £10,000 are categorised as capital receipts. Capital receipts are appropriated to the Capital Receipts Unapplied reserve from the County Fund Balance in the Movement in Reserves Statement.

The written off value of assets disposed of is appropriated to the Capital Adjustment Account from the County Fund Balance in the Movement in Reserves Statement so that there is no charge against the Council Tax.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost and subsequently at fair value (at highest and best use), being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Investment properties are not depreciated and are revalued annually according to market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Gains and losses on disposal are posted to Other Operating Expenditure. The gains and losses are reversed out of the County Fund Balance to the Capital Adjustment Account (or Capital Receipts Unapplied for disposal receipts over £10,000) in the Movement in Reserves Statement so that they do not impact on Council Tax.

Revenue Expenditure Funded from Capital Under Statute

Capital expenditure on non-current assets not owned by the County Council and grants given by the County Council for capital purposes are charged to the relevant directorate in the Comprehensive Income and Expenditure Statement. In accordance with statutory provisions this expenditure is transferred from the County Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement, such that there is no impact on council tax.

Private Finance Initiative (PFI) and similar contracts (service concession arrangements)

PFI type contracts involve a private sector entity (the operator) constructing or enhancing property used in the provision of a public service, and operating and maintaining that property for a specified period of time. The operator is paid for its services over the period of the arrangement. Where the County Council controls or regulates the services provided by the operator and controls the residual interest in the property at the end of the term of the arrangement the contract meets the tests for accounting as a service concession arrangement.

Properties used in service concession arrangements are recognised as Property, Plant and Equipment of the County Council. The original recognition of the assets at fair value (based on the cost to purchase the assets) is matched by the recognition of liabilities for amounts due to the operators to pay for the assets and deferred income where the operator part funds the assets from income from third parties. Once recognised on the Balance Sheet these assets are revalued and depreciated in the same way as other Property, Plant and Equipment owned by the County Council.

The amounts payable to the service concession arrangement operators each year are analysed into five elements:

- The value of services received during the year – charged to the relevant directorate in the Comprehensive Income and Expenditure Statement
- Finance costs – an interest charge on the outstanding finance liability – charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payments towards the finance liability – applied to write down the Balance Sheet liability towards the operator
- Contingent rents – inflationary increases in the amounts to be paid for the property arising during the contract – charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Note for the County Council's current service concession arrangement there is no inflation applied to the elements of the contract payments relating to the property build costs and therefore no contingent rents.
- Lifecycle replacement costs – recognised as a capital prepayment in the Balance Sheet and transferred to Property, Plant and Equipment when capital works are undertaken.

Deferred income is released to the relevant directorate in the Comprehensive Income and Expenditure Statement on a straight line basis over the service concession period.

Leases

Leases are classified as finance leases where 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 property lease covers both land and buildings, the land and buildings elements are considered separately for lease 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.

Where the County Council is the lessee, property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value 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. 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. The lease payments are apportioned between a charge for the acquisition of the interest in the asset – applied to writing down the liability, and a finance charge – charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Once recognised on the Balance Sheet, assets recognised under finance leases are accounted for in the same way as other Property, Plant and Equipment, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Rentals paid by the Council under operating leases are charged to the relevant directorate in the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease period except where the contractual payment terms are considered to be a more systematic and appropriate basis.

Where the County Council leases an asset to others under a finance lease, the asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset 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 County Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, matched by a long-term debtor in the

Balance Sheet. Finance lease rentals receivable are apportioned between a charge for the acquisition of the interest in the property – applied to write down the long-term 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 required under statute to be treated as a capital receipt. Where a premium has been received, this is posted out of the County Fund Balance to the Capital Receipts Unapplied reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future years, this is posted out of the County Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the long-term debtor and the deferred capital receipts are transferred to the Capital Receipts Unapplied reserve. The written-off carrying amount of the asset on disposal is appropriated to the Capital Adjustment Account from the County Fund Balance in the Movement in Reserves Statement so that there is no impact on Council Tax.

Where the County Council leases an asset to others under an operating lease, the asset is retained on the Balance Sheet. Rental income is credited to the relevant directorate in the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease period (including any premiums received at the commencement of the lease).

Cash and Cash Equivalents

Cash is represented by cash in hand and bank deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are 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 County Council treats the following as cash equivalents:

- Instant Access Call Accounts
- Instant Access Short Term Funds
- Deposits with one working day to maturity from date of deposit

Financial Assets

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial assets are classified into three types:

- Amortised cost
- Financial assets at fair value through Other Comprehensive Income
- Financial assets at fair value through profit or loss

Amortised cost are initially measured at fair value and carried in the Balance Sheet at their amortised cost. Credits to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement for external interest receivable are based on the carrying amount of the asset, multiplied by the effective interest rate for the instrument. For the majority of the County Council's investments, the effective interest rate is the same as the actual interest receivable in accordance with the loan agreement. Short duration receivables with no stated interest rates (e.g. debtors) are measured at original invoice amount.

The Council recognises expected credit losses on all of its financial assets held at amortised cost.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis.

Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The expected credit loss model also applies to lease receivables. Lifetime losses are recognised for trade receivables (debtors) held by the Council.

The County Council has made a number of loans to clients and other organisations at less than market interest rates or zero rate (referred to in the Code as soft loans). For the County Council there are no material differences between the fair value and the nominal value of such loans and no adjustments are made on initial recognition of these loans.

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 carrying value of the asset is reduced through the use of an allowance account and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses arising on the derecognition of assets are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

<u>Financial assets at fair value through Other Comprehensive Income</u> are initially measured and carried in the Balance Sheet at fair value. Where the asset has fixed or determinable payments, credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective interest rate for the instrument. Where there are no fixed or determinable payments, income is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable.

Assets are maintained in the Balance Sheet at fair value. Values are based on:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Changes in fair value are balanced by an entry in the Financial Instruments Revaluation Reserve and the gain/loss recognised in Other Comprehensive Income and Expenditure (except for impairment losses).

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 through the use of an allowance account and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses arising on the derecognition of assets are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses recognised in the Financial Instruments Revaluation Reserve.

<u>Financial assets at fair value through profit or loss</u> are initially measured and carried in the Balance Sheet at fair value. Movements in fair value are balanced by posting gains and losses to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as they arise. Any residual gains and losses arising on derecognition are also credited/debited to the Comprehensive Income and Expenditure Statement. The basis of fair value and the inputs to the

measurement techniques is the same as for Financial assets at fair value through Other Comprehensive Income.

The carrying amounts of individual financial assets are separated into their current (short-term) and non-current (long-term) elements for presentation within the Balance Sheet.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially measured at fair value and are carried at their amortised cost.

Interest is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the carrying amount of the liabilities, multiplied by the effective rate of interest for the instruments. This means that:

- The amount included in the Balance Sheet is the outstanding principal repayable, plus accrued interest; and
- Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Debt Redemption

The County Council complies with legislation to charge a Minimum Revenue Provision (MRP) to the County Fund revenue account for the repayment of debt by making a straight-line charge of the outstanding pre-2008 capital expenditure as at 1 April 2017 calculated over a 50-year period and making provision for repayment of prudential borrowing in equal instalments over the estimated life of the asset for which the borrowing is undertaken. In addition, the provision for repayment of debt includes an amount equal to the amount that is taken to the Balance Sheet to reduce the liabilities in respect of PFI and similar contracts and for the prepayment of lifecycle costs relating to these contracts, and an amount equal to the amount that is taken to the Balance Sheet to reduce liabilities in respect of finance leases.

Provisions

Provisions are made where the County Council has a present obligation (legal or constructive) as a result of a past event that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed annually and are adjusted to reflect the current best estimate against the appropriate directorate in the Comprehensive Income and Expenditure Statement. When payments are eventually made they are charged directly to the provision.

Insurance

The County Council has a policy of self-insurance of claims across its main insurance categories. In accordance with the Code the insurance provision is set aside to cover insurance claims actually received and awaiting resolution that have been advised to the County Council and which it has been decided to be insured internally rather than externally. Subject to identified contingent liabilities there are no significant unfunded risks.

Contingent liabilities and contingent assets

The County Council discloses contingent liabilities in the notes to the accounts. Contingent liabilities are possible obligations arising from past events and whose existence will be confirmed by one or more uncertain events occurring in the future and are not wholly under the County Council’s control. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that there will be a transfer of economic benefits or where the obligation cannot be measured with sufficient reliability.

Financial guarantee contracts come under the definition of financial instruments and are initially recognised in the accounts at fair value. This only applies to guarantees entered into after 1 April 2006. Any entered into before that date continue to be recognised as contingent liabilities. If payment under the guarantee becomes probable the liability would be determined in accordance with the requirement for provisions.

The County Council discloses contingent assets in the notes to the accounts. Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the County Council.

Reserves

A reserve, whether capital or revenue, results from events that have allowed monies to be set aside, surpluses, or decisions causing anticipated expenditure to have been postponed or cancelled. These can be spent or earmarked at the discretion of the County Council. Earmarked revenue reserves can be used to set aside available monies for major anticipated capital schemes, for projects or service arrangements that the County Council may wish to carry out, business unit surpluses, service efficiency savings and contingent liabilities where a provision is not required.

Reserves are established and used for different reasons. These include:

- Usable reserves - reserves that can be used at the County Council's discretion to fund either revenue or capital spend
- Unusable reserves - reserves relating to unrealised gains, such as the Revaluation Reserve, that are not "cash backed" and cannot be used to fund future capital or revenue spending and reserves relating to differences between accounting policy and statutory requirements, such as the Capital Adjustment Account.

Earmarked reserves are created by appropriating amounts from the County Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to the appropriate directorate. The reserve is then appropriated back into the County Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Group Accounts

The County Council is required to prepare group accounts where it has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality. For 2019/20 the County Council did not have any such interests that are considered material and therefore prepared these accounts only as a single entity rather than as group accounts.

The County Council participates in a number of joint operations (e.g. pooled budget arrangements with the health sector and the Oxfordshire Local Enterprise Partnership, OxLEP). The County Council accounts directly (in its single entity accounts) for its part of the assets, liabilities, income, expenditure and cash flows held within or arising from such an arrangement.

There are a number of circumstances where the County Council exercises limited influence and these are disclosed as related parties. Under these circumstances, transactions with these bodies are charged against the appropriate service in the Comprehensive Income and Expenditure Statement, and balances owed by them or to them are included in debtors and creditors.

Schools

Under the Code, local authority maintained schools are considered to be separate entities with the balance of control lying with the Council. The Code requires that the income, expenditure, assets and liabilities of maintained schools be accounted for in the single entity accounts of the Council rather than requiring consolidation in the Group Accounts.

In accordance with the Education Reform Act 1988, the scheme of Local Management of Schools provides for the carry forward of individual school surpluses and deficits. These are held as usable earmarked reserves and are committed to be spent on schools.

Taxation

The County Council is exempt from income tax, corporation tax and from capital gains tax.

Value Added Tax is excluded from both revenue and capital in terms of both income and expenditure except where the County Council is not able to recover VAT on expenditure.

The County Council incurs landfill tax, which is charged on a tonnage basis to the County Council by its waste disposal contractors.

In addition, the County Council incurs stamp duty land tax on the acquisition of property freeholds and leaseholds, climate change levy on its energy bills and insurance premium tax on its insurance costs. Also, the County Council incurs employer's national insurance contributions based on a percentage of staff salaries.

Where the County Council incurs tax, this cost is charged to directorates in the Comprehensive Income and Expenditure Statement.

Rounding

In preparing the Statement of Accounts all numbers, including totals, have been rounded independently to avoid unacceptable rounding errors. This may mean that some tables do not cross cast.

2. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the County 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 County Council has made an assessment of the balance sheet treatment of schools' non-current assets in accordance with IAS 16 Property, Plant and Equipment and IAS17 Leases. Where assets are owned by the Council and used by maintained schools, the economic benefits and service potential of the asset is considered to be within the control of the Council and therefore the assets are recognised on the Council's balance sheet. Where they are owned by trustees and used by maintained schools (in most cases Voluntary Aided and Voluntary Controlled schools) the Council has assessed that the trustees permit the assets to be used for voluntary education and have not reassigned rights to the assets to the school or governing body. Therefore the assets are not recognised on the Council's balance sheet. In some cases school sites are part owned by the Council and part by trustees. These assets are treated in line with the above. In accordance with the Schools Standards and Framework Act 1998, ownership of playing fields rests with the Council and these are therefore recognised on the Council's balance sheet (subject to de-minimis valuations). The property valuers (an MRICS qualified County Council employee and Carter Jonas) are informed of changes to the ownership of Council assets by the Council's Legal Services department, and any adjustments to the value of assets as a consequence are reflected in the Council's balance sheet.
- School land and buildings that have transferred to academy trusts under 125 year leases (or where the freehold has transferred) have been written out of the County Council's Balance Sheet based on an assessment in accordance with IAS17 Leases and IAS16 Property, Plant and Equipment. Newly constructed School land and buildings that are the subject of short-term lease/license agreements with academy trusts but are expected to transfer under 125 year leases have also been written out of the County Council's Balance Sheet based on this assessment.
- An assessment under IFRIC 12 Service Concession Arrangements concluded that the County Council controls the residential care services provided under the agreement with Oxfordshire Care Partnership (OCP) and the residual value of all but one of the homes at the end of the agreement. This includes Chilterns Court Care Centre which came into operation during 2016/17. Except for the home where the residual value at the end of the contract rests with OCP, the accounting policies for PFI and similar contracts have been applied to the arrangement and the homes (valued at £43.010m as at 31 March 2020) are recognised as Property, Plant and Equipment on the Balance Sheet. A finance liability

has been recognised on the Balance Sheet for the amounts due to be paid under the contract for the new homes built by OCP.

- The County Council is acting as the Accountable Body for the Oxfordshire Local Enterprise Partnership (OxLEP). OxLEP became a company Limited by Guarantee (Not for Profit) in April 2015 (Company Registration Number 09519056). It is a business led organisation that works for all of its stakeholders in business, academia and local authorities. The Board of 18 members is led by a private sector Chairman and Deputy Chairman, supported by the Oxfordshire Growth Board Chairman; a Joint Committee which brings together Local Authority partners in a collective decision-making structure. The Leader of the County Council is a member of the OxLEP Board. The Business representation comes from across all sectors and all sizes of business. It exists to drive the economic growth of Oxfordshire and the creation of Jobs for our communities.
- In accounting for OxLEP it has been assessed that the County Council is acting as the principal in accordance with IAS 18 Revenue and therefore transactions have been included in the County Council's accounts. OxLEP's expenditure is largely funded by government grants for which the County Council is the accountable body and the Council remains exposed to risks such as the repayment of grants in the event of non-compliance. In addition, the council plans to undertake borrowing in the future on behalf of OxLEP in advance of receipt of Business Rates in the Enterprise Zone, to deliver planned infrastructure improvements. This generates a requirement to increase the Council's Capital Financing Requirement. This means that the Council is not simply acting as an intermediary by passporting funds to OxLEP and is acting beyond the remit of an agent. The Council received £24.305m Local Growth Fund in 2019/20 on behalf of OxLEP, which was applied to capital expenditure during the year. In respect of revenue, the Council received £ 0.905m core funding from MHCLG, £0.126m relating to European Regional Development Fund grants from MHCLG, £0.744m from the Department for Business, Energy and Industrial Strategy and other grant totalling £0.071m. OxLEP is preparing financial accounts for 2019/20, along with the Letter of Representation, which are expected to be considered by the OxLEP Board on 23 June 2020. The Board expects to formally adopt these financial accounts at the company's Annual General Meeting in September 2020.
- Based on an assessment in accordance with IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements, and taking into account materiality, the County Council has concluded that it does not have control, joint control or significant influence of any other entities. Therefore, the County Council has no subsidiaries, joint ventures or associates and there is no requirement to prepare group accounts for 2019/20.
- The County Council has two pooled budgets with the Oxfordshire Clinical Commissioning Group (OCCG) and one with Oxford Health NHS Foundation Trust. These pooled budgets operate to deliver better outcomes for people supported by Adult Social Care within the People Directorate. Based on an assessment in accordance with IFRS 11 Joint Arrangements and FRS 15 Revenue (in relation to principal and agent transactions), the Pooled Budgets are considered to be joint operations. This means that only expenditure and income attributable to the County Council (and equal to the authority's contribution as set out in Note 8) is included in the Council's accounts.
- The OCCG is the Accountable Body for Oxfordshire's allocation of the Better Care Fund and will be held to account by NHS England for the appropriate use of the resources locally. The Better Care Fund allocation received by OCCG forms part of its contribution to the Better Care Fund Pooled Budget and as such is reported within the OCCG's accounts.
- In accordance with IAS 32 Financial Instruments: Presentation, the County Council determines the short term/long term categorisation of borrowing by reference to the earliest date on which the lender can require payment. The right to increase the interest rate payable without limit, as in a 'Lender Option, Borrower Option' (LOBO) loan, is treated as

a right to require repayment. Consequently, LOBOs are classified as short-term where option dates are due within 12 months of the balance sheet date.

3. 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 County Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates made.

The items in the County Council's Balance Sheet as at 31 March 2020 for which there is significant risk of material adjustment in the forthcoming year are as follows:

Property, Plant and Equipment

The financial year 2019/20 was year two of a three-year cycle, a total of £324.855m Property, Plant & Equipment assets were re-valued by an MRICS qualified County Council employee and Carter Jonas. As at 31 March 2020 the County Council had £670.365m of operational land and buildings on its Balance Sheet. The Council’s Property, Plant and Equipment have been valued on one of the following three bases under IFRS: Fair Value (Existing Use Value (EUV)) – method used to value operational property assets other than specialised property assets. Depreciated Replacement Cost (DRC) - method used to value operational property assets of a specialised nature. Fair Value (Market Value) – method used to value property assets held as investments, surplus or for sale. Due to valuation techniques used a 1% Movement in values since the last valuation date would change the reported value of other land and buildings and surplus assets by £6.704m (£6.033m in 2018/19). Buildings are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance of those buildings. Reductions in the budget for repairs and maintenance spending brings into doubt the useful lives assigned to buildings. If the useful life of buildings is reduced, depreciation increases and the carrying amount of the building falls. It is estimated that the annual depreciation charge for buildings would increase by £44.242m for every year that useful lives had to be reduced.

As at the valuation date of 31 March 2020, less weight can be attached to previous market evidence for comparison purposes in order to inform opinions of value. The current response to COVID-19 means that there is an unprecedented set of circumstances on which to base a judgement. The valuations are therefore reported on the basis of ‘material valuation uncertainty’, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case.

Pensions Liability

Estimation of the net liability to pay pensions (£819.766m) as at 31 March 2020) depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase and mortality rates. The assumptions used are set out in the Retirement Benefits Note 17. The County Council uses a firm of actuaries, Hymans Robertson LLP, to provide expert advice about the assumptions to be applied. The discount rate used is based on corporate bond yields that reflect the duration of the employer's liabilities.

The effects on the net pension liability of changes in the discount rate or mortality rates are provided in the sensitivity analysis table in the Retirement Benefits note. However, the assumptions interact in complex ways. During 2019/20 the County Council's actuaries advised that the net pension liability had increased by £98.855m as a result of the return on plan assets and decreased by £449.410m attributable to updating of the assumptions relating to pensions liabilities.

The IAS19 balance sheet is based on financial market values and future market expectation indicators as at 31 March 2020 to comply with the accounting standard. The financial markets at the accounting date will have taken into account COVID19 risks (and opportunities) as one of many national and worldwide economic considerations. There has been no explicit additional allowance or adjustment made for COVID19 by the County Council's actuary.

Further uncertainty has been created by the Court of Appeal Judgements in the cases of McCloud and Sergeant regarding age discrimination arising from pension scheme transition arrangements. This has an impact on the net pension liability for the LGPS and Fire Fighter Pension Scheme. The actuary has made assumptions regarding the impact and this has been included in the valuation of the County Council's net liability.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. The outcome of the two tribunals have been deemed to provide evidence that a legal obligation has been created under age-discrimination legislation, resulting in a liability. Furthermore the 15 July 2019 written statement by the chief secretary to the treasury that the McCloud and Sargeant judgements would apply to all public service pension schemes has also been deemed to provide evidence that there is a legal obligation. LGPS benefits accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections.

As details of the remedy for the schemes has not been drafted this creates a lot of uncertainty about the basis for valuing the impact of the Judgements on the pension schemes.

At present, it is clear that all members of the schemes who fell outside the transitional arrangements for both the LGPS and Fire Fighters Pension Scheme at the relevant transition date will need to have their benefits brought up to the level of members in their scheme who were protected under those arrangements. However, it is unclear about what else will be in scope of the revised schemes. Areas of uncertainty include:

- Transfers within and between schemes and funds;
- Impact on survivor benefits which may have started since the transition date;
- Impact on pension sharing on divorce liabilities since the transition date.

In 2018/19 the actuary made an estimate of the increase in liability through the retrospective increase to members' benefits and this was recognised as in increase in the past service cost for the Fund employers. Changes in the liability arising from changes in assumptions in the 2019/20 accounts have been treated as an actuarial gain/loss within remeasurement of the defined benefit liability (asset) line reported in Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement (CIES).

The actuary has rolled forward the assumptions applied for 2018/19 as they do not believe there is any significant new information for 2019/20 to justify further changes and costs to employers.

There is also uncertainty regarding the impact of Guaranteed Minimum Pension (GMP) requirements. This arises where a pension scheme was ‘contracted out’ of additional state pension arrangements. If the contracted out pensions benefits are less than the pensioner would have received if the contracting out had not applied the pension scheme would be required to increase the pension paid to reach the GMP.

The UK government website states that:

“Defined benefit pensions schemes that were Contracted-out Salary Related (COSR) schemes before contracting-out ended on 6 April 2016 need to provide a Guaranteed Minimum Pension (GMP) to members for contracted-out service between 6 April 1978 and 5 April 1997. The GMP is payable at age 60 for a woman and at age 65 for a man.”

The GMP will be recognised at a ‘past service cost’. The actuary has made an assessment for this, and as at 31 March 2020 and has concluded that all GMP increases have already been valued within the liabilities and do not require any further adjustments.

4. Adjustments in the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to the net expenditure chargeable to the County Fund to arrive at the amounts reported in the Comprehensive Income and Expenditure Statement

2018/19 Adjustments for Capital Purposes (Note A) £'000	Net Charge for the Pensions Adjustments (Note B) £'000	Other Differences (Note C) £'000	Total Adjustments £'000		2019/20 Adjustments for Capital Purposes (Note A) £'000	Net Charge for the Pensions Adjustments (Note B) £'000	Other Differences (Note C) £'000	Total Adjustments £'000
37,164	8,505	-1,643	44,026	Communities	23,227	10,609	101	33,937
24,370	11,484	-1,247	34,607	Children's Services	2,731	14,912	12,258	29,902
96	4,452	-5,743	-1,195	Adult Services	-3,186	5,736	-1,807	744
0	140	-59	81	Public Health	0	189	-703	-514
819	5,134	2,243	8,196	Resources	1,230	4,500	6,191	11,920
52	21,667	2,341	24,061	Other Corporate Costs	1,708	-3,209	227	-1,274
62,501	**51,383**	**-4,108**	**109,776**	**Service Costs**	**25,711**	**32,737**	**16,268**	**74,716**
-60,416	22,207	11,351	-26,858	**Other Income and expenditure not charged to services**	-71,011	24,151	-17,124	-63,983
2,085	**73,590**	**7,243**	**82,918**	**Surplus (-) or Deficit (+)**	**-45,300**	**56,888**	**-855**	**10,733**

Children's Services, Adult Services & Public Health were previously grouped together under the People Directorate in the 2018/19 Accounts.

Note A - Adjustments for Capital Funding and Expenditure Purposes

Service lines have been adjusted to:

- add in depreciation, amortisation, impairment and revaluation gains/losses and capital expenditure on third party assets which is not recognised on the County Council's balance sheet.
- remove capital expenditure funded from revenue and finance lease/service concession principal repayments which are not chargeable to service expenditure under generally accepted accounting practice.
- transfer expenditure and income for the disposal of assets to 'Other income and expenditure not charged to services'.

Other income and expenditure not charged to services has been adjusted to:

- add in income on disposal of assets and the amounts written off those assets, the movement in the fair value of investment property and capital grants and contributions receivable in the year without conditions or for which conditions were satisfied during the year.
- remove the statutory charge for capital financing i.e. Minimum Revenue Provision which is not chargeable under generally accepted accounting practices

Note B - Net change for the removal of pension contributions and the addition of pension (IAS19) related expenditure and income

Service lines have been adjusted to remove employer pension contributions made by the County Council in accordance with statute and replace with current service costs, past service costs/curtailments and settlements.

Other income and expenditure not charged to services has been adjusted to add in the net interest on the defined benefit liability and adjust for the fire-fighters pension fund top-up grant.

Note C - Other Differences

Service lines have been adjusted to:

- add in expenditure for staff holiday entitlement.
- remove transfers to/from earmarked reserves which did not form part of service expenditure under generally accepted accounting practice.
- transfer expenditure and income for trading operations and financing costs to, and other corporate service costs/income from, the 'Other income and expenditure not charged to services' line.
- remove expenditure recharged from one service to another within the County Council

Other income and expenditure not charged to services has been adjusted to:

- add in the difference between the amount received under statutory regulations for Council Tax and Business Rates notified when the budget was set and the income recognised under generally accepted accounting practices. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
- remove corporate transfers to/from earmarked reserves which are not recognised as expenditure under generally accepted accounting practice.

5. Analysis of income and expenditure by nature

2018/19 £'000	Income and Expenditure	2019/20 £'000
-67,028	Fees, charges and other service income	-73,152
-519,056	Government grants and contributions	-513,412
-4,262	Interest and investment income	-7,272
-393,134	Income from council tax and non-domestic rates	-412,141
-854	Proceeds from the disposal of non-current assets	-589
-984,332	**Total Income**	**-1,006,566**
376,978	Employee benefits expenses	367,146
545,748	Other service expenses	543,636
30,221	Depreciation, amortisation, impairments and revaluations	18,578
18,886	Interest payable and similar charges	29,630
26,096	Net interest expense on the pension defined liability	26,870
67,435	Costs from the disposal of non-current assets	35,256
1,065,364	**Total Expenditure**	**1,021,117**
81,031	**Surplus (-) or Deficit (+) on the Provision of Services**	**14,550**

A segmental analysis of fees, charges and other service income is shown in the following table.

2018/19 £'000	Fees and Charges by Directorate	2019/20 £'000
-16,510	Communities	-20,457
-10,965	Children's Services	-11,949
-38,876	Adult Services	-39,277
7	Public Health	-7
-167	Resources	-332
-517	Corporate	-1,131
-67,028	**Total Fees and Charges**	**-73,152**

6. 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 County Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the County Council to meet future capital and revenue expenditure.

2018/19 County Fund Balance £'000	Ear-marked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contbns Unapplied £'000	Unusable Reserves £'000		2019/20 County Fund Balance £'000	Ear-marked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contbns Unapplied £'000	Unusable Reserves £'000
					Adjustments to Revenue Resources					
73,590				-73,590	Pension Costs transferred to (or from) the Pensions Reserve	56,888				-56,888
-2				2	Financial instruments transferred to the Financial Instrument Adjustment Account	-2				2
2,019				-2,019	Gain or Loss on the valuation of pooled investment funds	11,271				-11,271
-2,116				2,116	Council Tax and Business Rates transferred to the Collection Fund Adjustment Account	-1,369				1,369
-215				215	Holiday pay transferred to the Accumulated Balances Account	-128				128
148,498				-148,498	Reversal of entries included in the Surplus of Deficit on the Provision of Services in relation to capital expenditure to the Capital Adjustment Account	77,450				-77,450
					Adjustments between Revenue and Capital Resources					
-754		754		0	Transfer of non-current asset sale proceeds to the Capital Receipts Unapplied Reserve	-516		516		0
-10,220				10,220	Statutory provision for the repayment of debt transferred to the Capital Adjustment Account	-10,273				10,273
-9,130				9,130	Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account	-580				580
-88,957			-4,143	93,100	Capital grants and contributions applied	-100,552			-4,422	104,974
-37,192			37,192	0	Capital gains and contributions receivable not applied to finance capital expenditure	-10,894			10,894	0
					Adjustments to Capital Resources					
		127		-127	Repayment of loans			168		-168
75,521	**0**	**881**	**33,049**	**-109,451**	**Total**	**21,295**	**0**	**684**	**6,472**	**-28,451**

7. Dedicated Schools Grant (DSG)

The County Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the County Council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2013. The School Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. DSG income and expenditure is part of the Children's Services Directorate.

Details of the deployment of DSG receivable for 2019/20 (with comparators) are as follows:

2018/19 Central Expenditure	ISB	Total		2019/20 Central Expenditure	ISB	Total
		469,524	Final DSG before Academy recoupment			480,339
		-253,794	Less Academy figure recouped for the year			-271,139
		215,730	Total DSG after Academy recoupment			209,200
		4,765	Brought forward from previous year			2,374
		-4,765	Less carry forward to next year agreed in advance			-2,374
		215,730	**Agreed initial budgeted distribution**			**209,200**
	348	348	In year adjustments		20	20
	87	87	Prior year adjustments		106	106
0	**435**	**216,165**	**Final budget distribution**	**0**	**126**	**209,326**
-42,292		-42,292	Less actual central expenditure	-50,265		-50,265
	-176,264	-176,264	Less Actual ISB deployed to schools		-169,575	-169,575
0	0	0	County Council contribution	0	0	0
-42,292	**-176,264**	**-218,556**	**Total Actual Expenditure**	**-50,265**	**-169,575**	**-219,840**
		4,765	Plus carry forward agreed in advance			2,374
		2,374	**Carry forward to next year**			**-8,140**

Included within the negative DSG balance above is a negative balance of £11,122k on the High Needs DSG. This is a deficit arising from the costs of provision for young people with additional educational needs exceeding the grant provided. The recognition of the negative reserve in the 2019/20 accounts reflects the statutory reporting requirements for 2020/21 which prevent the application of the general fund to meet this deficit. From 1 April 2020, the deficit on High Needs is ringfenced within DSG. The County Council has an action plan to meet part of the deficit but it is unlikely that full recovery of the deficit will be possible in the short term.

8. Partnership schemes under section 75 of the National Health Service Act 2006

Oxfordshire County Council, Oxfordshire Clinical Commissioning Group and Oxford Health NHS Foundation Trust are working together to improve services and support for the people of Oxfordshire. Under Section 75 of the National Health Services Act 2006, the council has existing and long-standing agreements to pool resources and deliver shared objectives. The overarching intention is that working together across service areas will lead to better outcomes for service users, more effective decision making, and better use of pooled resources. Pooled budget income and expenditure is part of the Adult Services Directorate.

Pooled Budget	Better Care Fund Pool		Adults with Care and Support Needs		Mental Health Provider Pool	
Partner	Oxfordshire Clinical Commissioning Group		Oxfordshire Clinical Commissioning Group		Oxford Health NHS Foundation Trust	
Purpose	Commissions services for older people and adults with physical disabilities including care home placements, services supporting community resilience and hospital avoidance (eg. care at home and day time services), prevention and carer support.		Commissions services for adults of working age with a learning disability or mental health assessed needs along with support for people with an acquired brain injury. Services include supported living and residential care placements. Some service users receive direct payments and organise their own care.		Provides integrated health and social care support to adults with Mental Health needs.	
Lead Partner	Oxfordshire County Council		Oxfordshire County Council		Oxford Health NHS Foundation Trust	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Total Gross Expenditure	**227,244**	**236,314**	**158,556**	**171,169**	**10,434**	**9,302**
Funded by:						
Council Contribution *	-81,224	-81,206	-86,148	-89,669	-2,135	-1,802
Partner Contribution	-75,075	-80,019	-66,814	-76,133	-8,299	-7,500
Service User Contributions	-29,737	-30,605	-4,501	-4,208		
Better Care Fund	-37,130	-39,382	0	0		
Other External Contribution	-1,684	0	0	0		
Other Income	-2,394	-5,102	-1,093	-1,161		
Total Gross Income	**-227,244**	**-236,314**	**-158,556**	**-171,171**	**-10,434**	**-9,302**

***Note that the Authority's Contribution to the Adults with Care and Support Needs Pool 2019/20 includes £1,802k (£1,802k in 2018/19) which is passported to the Mental Health Provider Pool and forms part of the Authority's total contribution of £1,802k (£2,135k, in 2018/19).**

9. Members' Allowances

Members' Allowances	2018/19 £'000	2019/20 £'000
Allowances	930	974
Travel and Subsistence	27	30
Total	**957**	**1,004**

10. Audit Fee

The County Council's external auditors are Ernst & Young. The following fees were incurred relating to external audit and grant certification work. This expenditure is part of the Resources Directorate.

Audit and Inspection Fees	2018/19 £'000	2019/20 £'000
Code of Practice Audit Work	90	87
Other Fees for Prior Years	0	54
Certification of grant claims and Returns	12	13
Total	**102**	**154**

11. Senior Officers' Remuneration

The Accounts and Audit Regulations 2015 require disclosure of remuneration for senior staff. Remuneration for these purposes includes all sums paid to or receivable by an employee including expense allowances chargeable to tax and non-taxable termination payments including enhancement, redundancy and pay in lieu of notice.

Two sets of disclosures are required. Firstly, the number of employees whose total remuneration (excluding employer pension contributions) exceeded £50,000. Secondly, individual remuneration details (including employer pension contributions) for each senior employee, as defined by the regulations, whose salary is more than £50,000 per year (pro-rata for part-time staff). Senior employees whose salary is over £150,000 are disclosed by name, the remaining senior employees are disclosed by post title.

The number of employees whose remuneration (excluding employer pension contributions) exceeded £50,000 is set out in the following table. In accordance with the 2015 regulations, the figures exclude senior employees whose remuneration is disclosed separately.

In addition to amounts disclosed in the Senior Officer Remuneration Note:
£0.143m received from Cherwell District Council for joint posts
£0.159m paid to Cherwell District Council for joint posts

Band		Number of		Employees		
	2018/19			2019/20		
£	School	Non School	Total	School	Non School	Total
50,000-54,999	53	140	**193**	44	157	**201**
55,000-59,999	29	52	**81**	40	60	**100**
60,000-64,999	28	39	**67**	23	48	**71**
65,000-69,999	25	12	**37**	22	17	**39**
70,000-74,999	9	16	**25**	13	5	**18**
75,000-79,999	5	20	**25**	8	8	**16**
80,000-84,999	3	4	**7**	6	21	**27**
85,000-89,999	1	2	**3**	1	3	**4**
90,000-94,999	1	4	**5**	0	5	**5**
95,000-99,999	0	2	**2**	0	2	**2**
100,000-104,999	0	6	**6**	1	1	**2**
105,000-109,999	0	0	**0**	0	4	**4**
110,000-114,999	0	0	**0**	0	1	**1**
115,000-119,999	0	0	**0**	1	2	**3**
120,000-124,999	0	0	**0**	0	2	**2**
125,000-129,999	0	1	**1**	0	2	**2**
130,000-134,999	0	0	**0**	0	0	**0**
135,000-139,999	1	0	**1**	0	0	**0**
140,000-169,999	0	1	**1**	0	2	**2**
Total	**155**	**299**	**454**	**159**	**340**	**499**

2019/20 Post Holder Information	Salary (Including Fees & Allowances) £	Expense Allowances and Other Emoluments £	Compensation for Loss of Employment £	Total Remuneration Excluding Pension Contributions £	Employers Pension Contribution £	Total Remuneration Including Pension Contributions £	Contribution to (+) from (-) Cherwell District Council	Cost to Oxfordshire County Council £
Chief Executive - Yvonne Rees *	0	0	0	0	0	0	124,502	**124,502**
Corporate Director Commercial Development Assets & Investments (Started March 2020) **	6,327	0	0	6,327	1,259	7,587	-2,500	**5,087**
Director of Law and Governance **	130,171	0	0	130,171	25,904	156,075	-34,200	**121,875**
Corporate Director Place and Growth *	0	0	0	0	0	0	26,479	**26,479**
Corporate Director Public Health (Started August 2019)	78,608	0	0	78,608	11,304	89,912		**89,912**
Corporate Director Adults & Housing Services (Started September 2019)	76,621	0	0	76,621	15,248	91,869		**91,869**
Corporate Director Children Services	137,790	0	0	137,790	27,420	165,210		**165,210**
Corporate Director Customers & Organisational Development *	0	0	0	0	0	0	95,584	**95,584**
Director of Finance **	128,631	0	0	128,631	25,598	154,229	-5,900	**148,329**
Chief Fire Officer (to August 2019) & Corporate Director Communities (from 1 September 2019) **	94,174	8,761	0	102,935	17,626	120,560	-16,000	**104,560**
Chief Fire Officer	120,163	0	0	120,163	34,607	154,770		**154,770**
Director for Adult Services (to May 2019)	10,946	0	0	10,946	2,178	13,124		**13,124**
Total	**783,432**	**8,761**	**0**	**792,193**	**161,143**	**953,336**	**187,965**	**1,141,300**

Oxfordshire County Council has several joint posts under the Partnership Agreement with Cherwell District Council:

* denotes staff employed by Cherwell District Council and the County Council is charged a share of their salary costs
Chief Executive 62%, Corporate Director Place & Growth 70%, Corporate Director Customers & Organisational Development 70%
Oxfordshire County Council also paid Cherwell a contribution of £0.056m for Apprenticeship Levy and employer's National Insurance contributions.

** denotes staff employed by the County Council and a charge is made to Cherwell District Council for a share of the salary costs
Corporate Director Communities 30%, Corporate Director Commercial Development Assets & Investments 30%
Director of Law and Governance 20%, Director of Finance (shared from February 2020) 35%

2018/19 Post Holder Information	Salary (Including Fees & Allowances) £	Expense Allowances and Other Emoluments £	Compensation for Loss of Employment £	Total Remuneration Excluding Pension Contributions £	Employers Pension Contribution £	Total Remuneration Including Pension Contributions £	Contribution to (+) from (-) Cherwell District Council	Cost to Oxfordshire County Council £
Chief Executive - Yvonne Rees (from Oct 2018) *							74,817	**74,817**
Chief Executive - Peter Clark (to Sept 2018)	185,347	0	154,048	339,394	17,761	357,155		**357,155**
Strategic Director for People & Director for Public Health - (to Jan 2019)	138,357	0	0	138,357	16,797	155,154		**155,154**
Director for Children's Services	128,775	0	0	128,775	25,626	154,401		**154,401**
Director for Adult Services	128,775	0	0	128,775	25,626	154,401		**154,401**
Deputy Director for Public Health (Interim Director from Feb 2019)	110,370	0	0	110,370	15,783	126,153		**126,153**
Strategic Director for Communities	144,228	0	0	144,228	28,701	172,929		**172,929**
Director for Planning and Place	115,600	0	0	115,600	23,004	138,604		**138,604**
Director for Infrastructure Delivery	115,600	0	0	115,600	23,004	138,604		**138,604**
Director for Property, Assets and Investment	102,241	0	0	102,421	21,273	123,694		**123,694**
Director for Community Safety and Chief Fire Officer	137,799	0	0	137,799	29,902	167,702		**167,702**
Strategic Director of Resources (Interim) and Director of Law & Governance**	132,149	0	0	132,149	26,298	158,446	-13,954	**144,492**
Director of Finance	126,109	0	0	126,109	25,096	151,205		**151,205**
Assistant Chief Executive (Interim from Nov 2018) *							43,969	**43,969**
Total	**1,565,349**	**0**	**154,048**	**1,719,576**	**278,872**	**1,998,448**	**104,832**	**2,103,280**

The Chief Executive (*), Assistant Chief Executive (*) and the Director of Law and Governance (**) are joint posts under the Partnership Agreement with Cherwell District Council. The Chief Executive and Assistant Chief Executive are employed by Cherwell District Council and the County Council is charged a share of their salary costs. This share is 61.2% and 70% respectively. The Director of Law and Governance is employed by the County Council and a charge is made to Cherwell District Council for 20% of the salary costs.

12. Exit Packages

The number of exit packages agreed in the year and the cost of those packages is given in the tables below. Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years and costs of early retirements without actuarial reduction in benefits, ex-gratia payments and other departure costs. Ill-health retirements are excluded because they do not meet the Code's definition of termination benefits.

The bandings in the tables include exit packages in the year they were individually agreed. The bandings are based on HR records for leavers in the year adjusted for accruals. Where there is a difference between the accrued amount and the actual payment in the following year this is shown as a reconciling adjustment at the foot of the table – in some instances the actual payment was higher than the accrued amount and in other instances the actual payment was lower. The bandings exclude exit packages provided for as part of redundancy provision in the year the provision was created – the individual exit packages charged against redundancy provisions are included in the bandings in the year of departure.

	2018/19						2019/20					
Exit packages	Compulsory		Other		Total		Compulsory		Other		Total	
Band (£)	No.	£'000	No.	£'000	No.	£'000	No.	£'000	No.	£'000	No.	£'000
0 - 19,999	23	123	32	181	**55**	**304**	20	187	24	142	**44**	**329**
20,000 - 39,999	4	105	5	136	**9**	**241**	3	92	5	122	**8**	**214**
40,000 - 59,999	1	46	3	141	**4**	**187**	5	243	0	0	**5**	**243**
60,000 - 79,999	1	75	2	132	**3**	**207**	0	0	1	78	**1**	**78**
80,000 - 99,999	0	0	0	0	**0**	**0**	0	0	1	81	**1**	**81**
100,000 - 149,999	1	147	0	0	**1**	**147**	3	383	0	0	**3**	**383**
150,000 - 199,999	0	0	0	0	**0**	**0**	0	0	0	0	**0**	**0**
200,000 - 249,999	0	0	0	0	**0**	**0**	0	0	0	0	**0**	**0**
250,000 - 299,999	1	270	0	0	**1**	**270**	0	0	0	0	**0**	**0**
Total	**31**	**766**	**42**	**590**	**73**	**1,356**	**31**	**905**	**31**	**423**	**62**	**1328**
Add new provisions created						**0**						**0**
Less amounts provided for in previous year						**-14**						**0**
Add unused amount of previous year's provision						**0**						**0**
Adjust for differences between payments and accruals						**-282**						**-303**
Total cost of exit packages in the Comprehensive Income and Expenditure Statement						**1,060**						**1,025**

13. Operating Leases

From time to time, the County Council acquires assets under operating leases. The minimum lease payments and contingent rents charged, and sublease payments received for the year, together with future commitments and future sublease payments receivable are set out below, together with comparative figures for 2018/19.

County Council as Lessee	2018/19 Plant, vehicles & equipment £'000	Land and buildings £'000	Total £'000	2019/20 Plant, vehicles & equipment £'000	Land and buildings £'000	Total £'000
Minimum lease payments charged in year	1,806	2,170	**3,976**	1,677	2,215	**3,893**
Contingent rents charged in year	282	95	**377**	232	109	**341**
Sublease payments received in year	0	-572	**-572**	0	-547	**-547**
Future minimum lease payments:						
Within 1 year	902	1,975	**2,878**	1,348	1,769	**3,118**
Within 2nd - 5th years	1,198	4,281	**5,479**	1,051	4,537	**5,588**
6th year and beyond	861	2,634	**3,495**	0	2,041	**2,041**
Total commitments	2,961	8,891	**11,852**	2,400	8,347	**10,747**
Total future sublease payments receivable	0	-522	**-522**	0	515	**515**

The County Council leases out property under operating leases for the provision of accommodation for services, such as Homes for Older People, pre-schools and waste re-cycling centres. Contingent rents include backdated rent increases.

County Council as Lessor	2018/19 Plant, vehicles & equipment £'000	Land and buildings £'000	Total £'000	2019/20 Plant, vehicles & equipment £'000	Land and buildings £'000	Total £'000
Minimum lease payments receivable in year	0	2,182	**2,182**	0	2,168	**2,168**
Contingent rents receivable in year	0	1,133	**1,133**	0	876	**876**
Future minimum lease payments receivable:						
Within 1 year	0	1,797	**1,797**	0	1,823	**1,823**
Within 2nd - 5th years	0	5,586	**5,586**	0	5,455	**5,455**
6th year and beyond	0	39,936	**39,936**	0	38,452	**38,452**
Total Receivable	0	47,319	**47,319**	0	45,731	**45,731**

14. Other Operating Expenditure

Other Operating Expenditure comprises the gain or loss on the derecognition of non-current assets. The gain or loss is the amount by which the disposal proceeds (if any) are more (gain) or less (loss) than the amount which the non-current asset is held on the balance sheet together with the costs of disposal. In order to comply with statutory/proper practices, the entry is reversed in the Movement in Reserves Statement leaving the cost of disposals chargeable to revenue net of other receipts as a charge against the County Fund. Regulations permit disposal costs of up to 4% of the sale proceeds to be charged against the capital receipt.

Other Operating Expenditure	2018/19 £'000	2019/20 £'000
Capital Receipts	-773	-516
Disposal costs charged against capital receipts	19	0
Net Capital Receipts	-754	-516
Other Receipts	-107	-96
Total Receipts	-861	-612
Carrying value of non-current assets derecognised	67,416	35,256
Disposal costs charged to the General Fund	245	93
Total Disposal costs	67,661	35,348
Other Operating Expenditure	**66,800**	**34,736**
Adjustments between accounting basis and funding basis	-66,662	-34,740
Net Charge to the General Fund	**138**	**-4**

15. Financing and Investment Income and Expenditure

A breakdown of the items within the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement is as follows:

Financing and Investment Income and Expenditure	2018/19 £'000	2019/20 £'000
Interest payable and similar charges	18,886	18,367
Gain or Loss on the valuation of pooled investment funds		11,263
Interest receivable and similar income	-4,262	-7,272
Income and Expenditure in relation to investment properties and change in their fair value	-2,282	1,192
Net pensions interest expense	26,096	26,869
Net fire-fighters Pension Fund Top-Up Grant	-3,889	-2,719
Financing and Investment Income and Expenditure	**34,549**	**47,701**
Adjustments between accounting basis and funding basis	-19,925	-36,606
Net Charge to the General Fund	**14,624**	**11,095**

16. Financial Instruments - Income, Expenses, Gains or Losses

Financial instruments include bank deposits, investments, debtors (excluding statutory debtors), long-term debtors (excluding lifecycle prepayments), creditors (excluding statutory creditors), borrowings, finance leases and the finance liability element of service concession arrangements. The Code requires financial instruments to be classified into defined categories of assets and liabilities. These are explained in the Summary of Significant Accounting Policies in Note 1. The income, expenses, gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are as follows.

2018/19 Financial Liabilities	2018/19 Financial Assets		Total		2019/20 Financial Liabilities	2019/20 Financial Assets		Total
Liabilities at amortised cost	Assets at amortised cost	Assets at fair value through profit and loss			Liabilities at amortised cost	Assets at amortised cost	Assets at fair value through profit and loss	
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
18,183			**18,183**	Interest Expense	17,864			**17,864**
			0	Decreases in fair value			11,263	**11,263**
	911		**911**	Impairment Losses		503		**503**
		178	**178**	Fee expense			179	**179**
18,183	**911**	**178**	**19,271**	**Total expense in Surplus or Deficit on the Provision of Services**	**17,864**	**503**	**11,442**	**29,809**
								0
	-3,960		**-3,960**	Interest Income		-2,894	-4,378	**-7,272**
		-301	**-301**	Increases in fair value			0	**0**
0	**-3,960**	**-301**	**-4,262**	**Total income in Surplus or Deficit on the Provision of Services**	**0**	**-2,894**	**-4,378**	**-7,272**
			15,009	**Net gain (-) / loss (+) for the year**				**22,537**

17. Retirement Benefits

As part of the terms and conditions of employment of its employees, the County Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the County Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The County Council participates in four pension schemes. Only a small number of Public Health staff that transferred from the NHS when the service became a County Council function in April 2013 participate in the NHS Pension Scheme and this is therefore excluded from the disclosures below.

The Local Government Pension Scheme (LGPS)

This is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 (as amended) and provides benefits based on final salary and length of service on retirement (for benefits accrued up to 31 March 2014) and career average revalued salary (for benefits accrued from 1 April 2014).

The County Council is the Administering Authority for the Fund. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by teams within the County Council. Where appropriate some functions are delegated to the Fund's professional advisers. The accounts of the Oxfordshire Local Government Pension Fund are set out on pages 94 onwards.

As Administering Authority to the Fund, the County Council, after consultation with the Fund Actuary (Hymans Robertson LLP) and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These are amended when appropriate based on the Fund's performance and funding.

The LGPS is a funded scheme, meaning that the County Council and employees pay contributions into a Fund, calculated at a level intended to balance the pension liabilities with investment assets. The County Council may also grant additional benefits to LGPS members on retirement under the Discretionary Payment Regulations which are not paid from the Fund – these are referred to as LGPS unfunded benefits below.

Employer contributions are set every 3 years as a result of the actuarial valuation of the Fund required by regulations. The actuarial valuation at 31 March 2016 set the contribution rates for the period 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The total contributions expected to be made by the County Council to the Local Government Pension Scheme (LGPS) in 2020/21 are £32.513m for funded benefits (£31.126m was expected for 2019/20). For 2019/20 the estimated duration of the County Council's liabilities is 20 years for funded benefits and 3-5 years for unfunded benefits (16.7 years and 3-5 years respectively for 2018/19).

The pensions liability has decreased significantly from March 2019 (£1,114m) to March 2020 (£825m) which can in part be explained by the normal changes over the year as new benefits are accrued and previous benefits paid out. There have also been changes to the expected rate of increase for pensions and salaries which has reduced the liability. The Pension Increase Rate has been reduced from 2.5% to 1.9% and is based on the assumed rate of Consumer Price Inflation. The salary increase rate was set at the 2019 triennial valuation and has reduced from 3.8% to 1.9%.

The County Council currently participates in the Oxfordshire County Council pool with 28 other employers with admissions agreements in order to share experience of risks they are exposed to in the Fund. At the 2019 valuation, the deficit on the whole pool was calculated and allocated to each employer, along with the costs of future benefits of the combined membership of the pool, such that all employers within the pool shared the same overall contribution rate. The next re-allocation will be carried out at the 2022 valuation, should the employer remain in the pool.

Should the County Council's withdraw from the Fund, a cessation value would be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which would determine the termination contribution due by the County Council, on a set of assumptions deemed appropriate by the Fund Actuary.

Curtailment costs arise as a result of the payment of unreduced pensions on early retirement. The capitalised cost of the additional benefits relative to those reserved for under IAS19 is £0.307m for 2019/20 (£0.040m for 2018/19). As a result of some members of the Oxfordshire Pension Fund transferring to/from another employer over the year, liabilities have been settled at a cost different to the amount reserved for under IAS19. The capitalised gain of this settlement is £4.168m (£3.319m for 2018/19).

The fire-fighters Pension Schemes

There are five separate schemes relating to fire-fighters pensions – the 1992 scheme, the 2006 scheme, the 2015 scheme, the Retained Modified scheme and the fire-fighters compensation scheme for injury benefits and ill health retirements. Each of these are defined benefit statutory schemes administered in accordance with the Firefighters' Pension Scheme Regulations 2014 and Fire Pension Orders 1992 and 2006 and provide benefits based on final salary and length of service on retirement, other than the 2015 scheme which provides benefits accrued from 1 April 2015 based on career average revalued salaries.

The County Council is the Administering Authority for each of the schemes. The day to day administration is undertaken by teams within the County Council. Where appropriate some functions are delegated to the schemes' professional advisers.

The 1992, 2006, 2015 and the Retained Modified schemes are unfunded schemes, meaning that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet actual pension payments as they fall due. The County Council and employees pay contributions into a fund account and where these are not sufficient to meet pension payments for the year, the deficit is met by central government top-up grant. Any surplus in the pension fund in the year is paid back to central government. The Fire-fighters Pension Fund Accounts are set out on pages 123 to 124. Employer contributions are set every four years as a result of the combined actuarial valuation of the fire-fighters' pension schemes required by the Home Office on behalf of the Secretary of State. The last completed actuarial valuation was at 31 March 2012 and set contributions for the period from 1 April 2015 to 31 March 2019. The actuarial valuation as at 31 March 2016 set new rates from 1 April 2019.

The fire-fighters' compensation scheme injury benefits and ill health retirements are paid on a pay as you go basis. There are no assets held to back the liabilities of the scheme.

For ease of presentation the figures for all the fire-fighters schemes have been combined within the tables in this note. Most of the firefighters defined benefits liabilities relate to the 2015 scheme.

The total of contributions (including government top-up grant) and injury/ill health retirement benefit payments expected to be made by the County Council in 2020/21 is £4.4m (£5.7m in 2019/20). The estimated duration of the County Council's combined liabilities for the fire-fighters' scheme for 2019/20 is 19.2 years (18.9 years for 2018/19). There are no curtailments or settlements to report relating to the fire-fighters pension schemes.

The Teachers' Pension Scheme

This is a defined benefit scheme administered in accordance with the Teachers' Pensions Regulations 2014 and provides benefits based on final salary and length of service (for benefits accrued up to 31 March 2015) and career average revalued salary (for benefits accrued from 1 April 2015). The Scheme is administered by Capita on behalf of the Department for Education. The Scheme is an unfunded pension scheme, in which payments from the Scheme are funded by contributions from current employees and employers with the difference between these contributions and Scheme expenditure financed by the Exchequer.

The County Council contributes towards the costs of the scheme by making contributions based on a percentage of members' pensionable salaries as set by the Secretary of State for Education, taking advice from the Scheme's actuary. The employer contribution rates for 2019/20 increased to 23.68% from September 2019 (16.48% for 2018/19 and for the first half of 2019/20). The total expected payments to beneficiaries for 2019/20 is £5.868m (£3.765m 2018/19).

The Teachers' Pension Scheme is a defined benefit scheme, but because of the way the scheme is centrally managed the County Council is unable to identify its share of the underlying assets and liabilities of the scheme and it is therefore classified as a defined contribution scheme for accounting purposes. Charges are included in the Surplus or Deficit in the Provision of Services but there are no liabilities to disclose in the Balance Sheet with the exception of all pension payments relating to added years which the County Council has awarded to teachers under the Discretionary Payment Regulations. As the County Council is responsible for funding these added years payments on a pay as you go basis they are treated as a defined benefit scheme.

The County Council is exposed to a number of risks from participating in the pension schemes accounted for as defined benefit schemes outlined above. Risks common to all of the schemes are:

- Interest rate risk – the liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. Given the volatile nature of market yields the yield on high quality corporate bonds could fall leading to an increase in the liabilities.
- Inflation risk – the benefits are linked to inflation and so increased costs may emerge if inflation is higher than expected.
- Longevity risk – in the event that the members live longer than assumed more benefits will be paid out than expected. There are also other demographic risks.

As a funded scheme, the LGPS gives exposure to other additional risks:

- Investment risk – The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk – The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of assets and liabilities may not move in the same way.
- Inflation risk – deficits may emerge to the extent that the assets are not linked to inflation.

In addition, as many unrelated employers participate in the Oxfordshire County Council Pension Fund, there is an 'orphan liability risk' where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the County Council, for example higher than expected investment returns or employers leaving the funds with excess assets which would eventually get inherited by the remaining employers, market yields may rise or inflation be less than expected reducing the value of the liabilities and ongoing cost of benefit accrual.

The cost of retirement benefits arising from defined benefit schemes are recognised in the Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge the County Council is required to make against the County Fund (and hence Council Tax) is based on cash payable in the year so the real cost of pension benefits is reversed out in the Movement in Reserves Statement. The following table sets out the transactions that have been made in the accounts

Pension Fund Comprehensive Income and Expenditure Statement	Local Government Pension Scheme & Teacher's Added Years 2018/19 £'000	2019/20 £'000	Fire Fighters' Pension Schemes 2018/19 £'000	2019/20 £'000	Total 2018/19 £'000	2019/20 £'000
Cost of Services						
Current Service Cost	59,906	68,623	5,400	5,900	65,306	74,523
Past Service Costs	14,462	307	9,900	0	24,362	307
(Gain) / Loss from settlements	-3,319	-4,168	0	0	-3,319	-4,168
Administration Expenses	626	651	0	0	626	651
Financing and Investment Income & Expenditure						0
Net Interest Expense	18,996	20,170	7,100	6,700	26,096	26,870
Government Top-Up Grant / Surplus payable to Government	0	0	-3,889	-2,719	-3,889	-2,719
Surplus / Deficit on the Provision of Services	**90,671**	**85,583**	**18,511**	**9,881**	**109,182**	**95,464**
Other Comprehensive Income and Expenditure						
Return on plan assets	-48,799	97,667	0	0	-48,799	97,667
Actuarial gains (-) and losses (+) from demographic assumptions	0	-76,848	-19,200	-8,600	-19,200	-85,448
Actuarial gains (-) and losses (+) from financial assumptions	105,006	-189,898	19,800	-26,000	124,806	-215,898
Experience gains (-) and losses (+)	1,951	-144,450	1,100	2,100	3,051	-142,350
Other actuarial gains (-) and losses (+)	0	0	0	0	0	0
Total retirement benefits charged to the Comprehensive Income and Expenditure Statement	**148,829**	**-227,946**	**20,211**	**-22,619**	**169,040**	**-250,565**
Movement in Reserves Statement						
Reversal of net charges made to the Surplus/Deficit on the Provision of Services for retirement benefits in accordance with the code	-57,100	-50,583	-16,489	-6,306	-73,590	-56,888
Actual amount charged against the General Fund Balance for pensions in the year	**33,571**	**35,000**	**2,022**	**3,576**	**35,592**	**38,576**

The net liabilities set out in the following table show the underlying long-term commitments that the County Council has to pay retirement benefits.

Pension Liability	2018/19 £'000	2019/20 £'000
Present value liabilities:		
Local Government Pension Scheme funded benefits	2,001,105	1,668,011
Local Government Pension Scheme unfunded benefits	21,545	17,694
Fire Fighters' Pension Schemes	276,691	250,497
Teachers' Added Years	54,752	45,001
Total Present value liabilities	**2,354,094**	**1,981,204**
Fair value of assets in the Local Government Pension Scheme	**1,240,388**	**1,156,638**
Net Liabilities in the scheme:		
Local Government Pension Scheme funded	760,718	511,373
Local Government Pension Scheme unfunded	21,545	17,694
Fire Fighters' Pension Schemes	276,691	250,497
Teachers' Added Years	54,752	45,001
Total Net Liabilities	**1,113,706**	**824,566**

The total net liability is £824,566,000 at 31 March 2020 (2018/19 £1,113,706,000). It should be noted however that the pension liability valuation in accordance with accounting requirements is only a snapshot in time and will likely fluctuate year on year. The statutory arrangements for funding the deficit ensure that:

- The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary
- The rates of employee and employer contributions for the Fire-fighters' Pension Schemes will be reviewed regularly by actuaries acting on behalf of the government to ensure that they reflect the true cost of accruing pensions
- Finance is only required to be raised to cover teachers added years benefits and fire-fighters injury pensions and unfunded ill health retirements when they are actually paid

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The schemes have been assessed by Hymans Robertson LLP, an independent firm of actuaries using estimates based on the latest full valuation of the scheme - at 31 March 2019 for the Local Government Pension Scheme and 31 March 2019 for the Fire-fighters Pension Schemes.

A reconciliation of the opening and closing balances of the present value of scheme liabilities is shown on the following table.

Liabilities	Local Government Pension Scheme & Teacher's Added Years		Fire Fighters' Pension Schemes		Total	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Opening Balance at 1 April	**1,893,168**	**2,077,402**	**258,502**	**276,691**	**2,151,670**	**2,354,094**
Current Service Cost	60,532	69,274	5,400	5,900	65,932	75,174
Interest Expense	49,384	49,947	7,100	6,700	56,484	56,647
Contributions by scheme participants	9,566	9,984	1,400	1,400	10,966	11,384
Actuarial gains and losses - demographic assumptions	0	-76,848	-19,200	-8,600	-19,200	-85,448
Actuarial gains and losses - financial assumptions	105,006	-189,898	19,800	-26,000	124,806	-215,898
Experience gains and losses	1,951	-144,450	1,100	2,100	3,051	-142,350
Other actuarial gains and losses	0	0	0	0	0	0
Benefits Paid	-49,461	-56,563	-3,422	-4,976	-52,883	-61,539
Past Service Costs	14,462	307	9,900	0	24,362	307
(Gain) / Loss from settlements	-7,206	-8,449	0	0	-7,206	-8,449
Fire Fighters pension scheme top-up grant	0	0	-3,889	-2,719	-3,889	-2,719
Closing balance at 31 March	**2,077,402**	**1,730,706**	**276,691**	**250,497**	**2,354,093**	**1,981,204**

The Fire-fighters' Pension Schemes and Teachers Added Years have no assets to cover liabilities. Assets in the Local Government Pension Scheme are valued at fair value, principally market value of investments.

A reconciliation of the fair value of assets in the Local Government Pension Scheme is shown on the following table:

Assets at Fair Value	Local Government Pension Scheme (funded)	
	2018/19 £'000	2019/20 £'000
Opening Balance at 1 April	**1,171,412**	**1,240,388**
Interest Income	30,388	29,775
Return on plan assets	48,799	-97,667
Other actuarial gains and losses	0	0
Administration expenses	0	0
Employer Contributions	28,533	30,096
Contributions by scheme participants	9,566	9,984
Benefits Paid	-44,423	-51,659
Settlements received / (paid)	-3,887	-4,281
Closing balance at 31 March	**1,240,388**	**1,156,638**

The assets in the Local Government Pension Scheme consist of the following categories:

Assets	At 31 March 2019 £'000	£'000	%	At 31 March 2020 £'000	£'000	%
Equities						
Consumer	27,835			0		
Manufacturing	17,746			0		
Energy and Utilities	15,365			0		
Financial Institutions	31,076			0		
Health and Care	17,109			0		
Information and Technology	22,471			0		
		131,603	11%		0	0%
Debt Securities						
UK Government	122,533			114,191		
Other	24,240			25,735		
		146,773	12%		139,927	12%
Derivatives (quoted in an active market)						
Foreign exchange	1,469			-736		
		1,469	0%		-736	0%
Cash and cash equivalents						
Cash	48,727			30,584		
		48,727	4%		30,584	3%
Private Equity						
All	48,930			44,837		
		48,930	4%		44,837	4%
Investment Funds and Unit Trusts						
Equities	591,478			657,974		
Infrastructure	6,653			13,833		
Bonds	86,178			86,349		
Other	185,586			183,872		
		869,896	70%		942,028	81%
Total		**1,247,397**	**100%**		**1,156,638**	**100%**

The main assumptions used in the retirement benefit calculations are as follows:

	Local Government Pension Scheme (funded)		Local Government Pension Scheme (unfunded)		Fire-fighters' Pension Schemes		Teachers Added Years	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Longevity Assumptions:								
Base Table*	S2PA with a 90% multiplier	S2PA with a 90% multiplier	S2PA with a 90% multiplier	S2PA with a 90% multiplier	S2NMA/S2NFA with a 80% multiplier	S2NMA/S2NFA with a 110% multiplier	S2PA with a 90% multiplier	S2PA with a 90% multiplier
Men:								
Rate of improvement	1.50%	1.50%	1.50%	1.50%	1.25%	1.25%	1.50%	1.50%
Longevity from 65 (currently aged 65) (years)	23.4	22.2	23.4	22.2	27.3	26.4	23.4	22.2
Longevity from 65 (currently aged 45) (years)	25	22.9	25	22.9	28.4	27.5	25	22.9
Women:								
Rate of improvement	1.50%	1.50%	1.50%	1.50%	1.25%	1.25%	1.50%	1.50%
Longevity from 65 (currently aged 65) (years)	25.5	24.3	25.5	24.3	29.4	28.5	25.5	24.3
Longevity from 65 (currently aged 45) (years)	27.8	25.6	27.8	25.6	30.6	29.7	27.8	25.6
Financial Assumptions:								
Retail Price Index (RPI) increases	3.50%	2.80%	3.50%	2.80%	3.50%	2.80%	3.50%	2.80%
Consumer Price Index (CPI) increases	2.50%	1.90%	2.50%	1.90%	2.50%	1.90%	2.50%	1.90%
Rate of increases in salaries	3.80%	1.90%	3.80%	1.90%	3.50%	2.80%	3.80%	1.90%
Rate of increases in pensions and deferred pensions	2.50%	1.90%	2.50%	1.90%	2.50%	1.90%	2.50%	1.90%
Rate for discounting scheme liabilities	2.40%	2.30%	2.40%	2.30%	2.40%	2.30%	2.40%	2.30%

In addition, the following assumptions have been made for the Local Government Pension Scheme:

- 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.
- The proportion of the membership that had taken up the option to pay 50% of contributions for 50% of benefits at the previous valuation date will remain the same.

For the Fire-fighters Scheme:

- Members will exchange 90% of the maximum tax free cash up to HMRC limits of their commutable pension for cash at retirement.
- Members will retire at the earliest age they are able to do so without reduction.

The effect of an increase or decrease in the assumptions used to calculate the pension liability is set out below

	Local Government Pension Scheme (funded) Approximate % increase to Employer Liability	Approximate monetary amount (£'000)	Fire-Fighters' Pension Scheme Approximate % increase to Employer Liability	Approximate monetary amount (£'000)
0.5% decrease in Real Discount Rate	9%	156,405	10%	25,483
0.5% increase in Pension Increase Rate	8%	144,391	8%	20,027
0.5% increase in Salary Increase Rate	1%	11,091	1%	2,411
1 year increase in member life expectancy	3% - 5%	33,000 to 56,000	3%	7,514

18. Pension Reserve

The movements on the Pension Reserve are set out in the following table:

Pension Reserve	2018/19 £'000	2019/20 £'000
Balance as at 1 April	**-980,258**	**-1,113,706**
Net charge made for retirement benefits in accordance with IAS19	-73,590	-56,888
Remeasurements of the new defined liability	-59,858	346,029
Balance as at 31 March	**-1,113,706**	**-824,566**

19. Taxation and non - specific Grant Income

A breakdown of the items in the Taxation and Non-Specific Grant Income line within the Comprehensive Income and Expenditure Statement is:

Taxation & Non Specific Grant Income	2018/19 £'000	2019/20 £'000
Council Tax Income	360,074	377,555
Non Domestic Rates	33,059	34,586
Non Ringfenced Government Grants	68,892	78,845
Capital Grants and Contributions	109,039	98,714
Total	**571,064**	**589,700**

Under the Business rates Retention Scheme the County Council receives a 10% share of the business rates collected by Oxfordshire district councils.

20. Grant Income

The County Council recognised the following grants in the Comprehensive Income and Expenditure Statement.

Grant issuing body	Credited to Taxation and Non Specific Grant Income	2018/19 £'000	2019/20 £'000	Credited to Services	2018/19 £'000	2019/20 £'000
Ministry of Housing, Communities and Local Government	Revenue Support Grant	5,868	-	Regional Growth Fund	5,771	6,000
	Business Rate Top Up Grant	39,046	39,896	Winter Pressures (Adult Social Care)	2,292	2,292
	New Homes Bonus	3,366	3,642			
	Section 31 Grant - Business Rates and Other Reliefs	3,020	9,913			
	Levy Accounts Surplus	1,086	241			
	COVID-19 Support Grant	-	14,539			
	Expanded Troubled Families Scheme - PBR	602	1,106			
Department of Health and Social Care	Independent Living Fund Grant	3,562	3,454	Public Health Grant	30,528	29,722
	Adult Social Care Support Grant	1,432	3,915	Better Care Fund	6,444	-
				Improved Better Care Fund	1,060	8,099
Department for Education				Dedicated Schools Grant	216,165	209,326
				Pupil Premium Grant	7,508	7,022
				Universal Infant Free School Meals	4,738	4,390
				Sixth Form Funding	1,053	422
				Teachers' Pay Grant	-	4,369
				PE and Sports Grant	2,603	2,454
Home Office				Fire (additional pension contributions)	-	1,362
				Asylum Seekers	2,153	2,786
Various	Other Revenue Grants	10,909	2,138	Other Revenue Grants	6,373	6,737
Various	Capital Grants	90,358	66,935	Capital Grants	17,270	12,667
Various	Developer Contributions	17,685	25,794			
Various	Other Capital Contributions	996	5,985			
	Total	**177,930**	**177,558**	**Total**	**303,958**	**297,648**

21. Related Party Transactions

The County Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the County Council or to be controlled or influenced by the County Council. Disclosure of these transactions allows the reader of the accounts to assess the extent to which the County Council might have been constrained in its ability to operate independently or might have limited another party's ability to pursue its interests independently.

Central government is responsible for the statutory framework within which all local authorities operate and provides the majority of the Council's funding in the form of general and specific grants (as set out in Note 20).

Since October 2018, the County Council has been working in a partnership with Cherwell District Council through a Section 113 agreement. Oversight of the partnership is through an informal joint working group with elected members from both councils and a joint working committee to deal with any formal decision making requirements.

Pension Fund
The County Council administers the Oxfordshire Pension Fund and this is a related party. During the year ended 31 March 2020, the County Council made employer contributions totalling £30.196m to the Fund. The County Council charged the Fund £1.445m for expenses incurred in administering the Fund. As at 31 March 2020 £3.466m was due to the Pension Fund and £0.760m by the Pension Fund.

Officers
The Director for Planning and Place is a non-executive board member of The Low Carbon Hub. The Council paid £0.047m to the Low Carbon Hub in 2019/20.
The Director of Finance is a trustee at Fremantle Trust. During 2019/20 the Council commissioned ad hoc older people's services from the Trust. The Council paid £0.024m for nursing home placements in 2019/20.

Elected Members
One councillor is a trustee of the charity running Vale House dementia care home which received payment of £1.575m from the County Council in 2019/20. The councillor receives no remuneration for the trusteeship and had no involvement in the award of the contract.
Councillor Kieron Mallon is a member of the Thames Valley Police & Crime Panel and became Chairman of the Panel in January 2020.
Three Councillors are trustees of Oxfordshire Buildings Trust. The Council paid £0.014m to the trust during 2019/20.
One Councillor is a trustee of Experience Oxfordshire. The Council paid £0.031m to the trust during 2019/20.

Commercial Relationships
The County Council incurred costs of £0.431m in 2019/20 for three interim directors contracted through Penna Plc.
The County Council incurred costs of £0.183m in 2019/20 for one interim deputy director contracted through Gatenby Sanderson Ltd.
The County Council incurred costs of £0.066m in 2019/20 for one programme manager contracted through Badenoch & Clark.
The County Council incurred costs of £0.071m in 2019/20 for one interim director seconded from Atkins Ltd.
PricewaterhouseCoopers LLP have been contracted to support the County Council with its Transformation programme. In 2019/20 the Council paid PricewaterhouseCoopers LLP £5.040m.

22. Property, Plant and Equipment

2019/20	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property Plant & Equipment £'000	Service Concession assets included in PPE £'000
Cost or valuation as at 1 April	**622,435**	**27,647**	**638,086**	**4,090**	**38,014**	**1,330,272**	**32,315**
Additions	2,963	3,862	36,628	0	40,143	83,597	372
Revaluation increases (decreases) recognised in the Revaluation Reserve	63,103	0	0	79	0	63,182	10,384
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	12,920	0	0	369	0	13,288	2,898
Derecognition - disposals	0	-661	0	0	0	-661	0
Derecognition - other	-35,582	-2,369	0	0	-9	-37,960	-372
Assets reclassified to / from Held for Sale	-600	0	0	0	0	-600	0
Assets reclassified to / from Investment Properties	-4,703	0	0	0	0	-4,703	0
Assets reclassified to / from Intangible assets	0	0	0	0	15	15	0
Transfers	1,384	1,397	2,331	-500	-4,611	0	-2,062
Other movements in cost or valuation	0	0	0	0	-34	-34	0
Cost or valuation as at 31 March	**661,919**	**29,878**	**677,044**	**4,038**	**73,518**	**1,446,398**	**43,536**
Depreciation and Impairment as at 1 April	**-19,137**	**-13,197**	**-188,702**	**-43**	**0**	**-221,079**	**-467**
Depreciation charge	-10,477	-2,973	-19,335	-44	0	-32,830	-641
Depreciation and impairment written out to the Revaluation Reserve	12,505	0	0	30	0	12,535	404
Depreciation and impairment written out to the Surplus / Deficit on Provision of Services	1,161	0	0	21	0	1,182	158
Impairment losses / (reversals) recognised in the Revaluation Reserve	-750	0	0	0	0	-750	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on Provision of Services	-12	0	0	0	0	-12	0
Derecognition - disposals	0	609	0	0	0	609	0
Derecognition - other	525	2,203	0	18	0	2,747	20
Transfers	-182	190	0	-7	0	0	0
Depreciation and impairment as at 31 March	**-16,367**	**-13,167**	**-208,037**	**-26**	**0**	**-237,598**	**-526**
Net book Value at 31 March 2019	**603,297**	**14,451**	**449,385**	**4,047**	**38,014**	**1,109,194**	**31,849**
Net book Value at 31 March 2020	**645,552**	**16,710**	**469,007**	**4,012**	**73,518**	**1,208,800**	**43,010**

2018/19	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000	Service Concession assets included in PPE £'000
Cost or valuation as at 1 April	**584,191**	**113,475**	**604,952**	**3,484**	**28,318**	**1,334,421**	**30,856**
Additions	2,890	2,192	31,807	14	18,852	55,755	1,872
Revaluation increases (decreases) recognised in the Revaluation Reserve	18,854	0	0	-2,065	0	16,789	0
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	670	0	0	-684	0	-13	0
Derecognition - disposals	0	-179	0	0	0	-179	0
Derecognition - other	-66,539	-3,977	0	0	-5,984	-76,500	-412
Transfers	82,368	-83,864	1,327	3,340	-3,172	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0
Cost or valuation as at 31 March	**622,435**	**27,647**	**638,086**	**4,090**	**38,014**	**1,330,272**	**32,315**
Depreciation and Impairment as at 1 April	**-3,022**	**-20,829**	**-170,479**	**-4**	**0**	**-194,335**	**0**
Depreciation charge	-9,782	-2,860	-18,222	-38	0	-30,903	-467
Depreciation and impairment written out to the Revaluation Reserve	447	0	0	3	0	450	0
Depreciation and impairment written out to the Surplus / Deficit on Provision of Services	965	0	0	1	0	966	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	-637	0	0	-14	0	-651	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on Provision of Services	-64	0	0	0	0	-64	0
Derecognition - disposals	0	162	0	0	0	162	0
Derecognition - other	1,703	1,592	0	0	0	3,295	0
Transfers	-8,747	8,738	0	8	0	0	0
Depreciation and impairment as at 31 March	**-19,137**	**-13,197**	**-188,702**	**-43**	**0**	**-221,079**	**-467**
Net book Value at 31 March 2018	**581,169**	**92,647**	**434,473**	**3,480**	**28,318**	**1,140,086**	**30,856**
Net book Value at 31 March 2019	**603,297**	**14,451**	**449,385**	**4,047**	**38,014**	**1,109,194**	**31,849**

23. Investment Properties

Investment Properties	2018/19 Non-current £'000	Current £'000	2019/20 Non-current £'000	Current £'000
Opening Balance at 1 April	**17,937**	**0**	**19,989**	**0**
Derecognition	-197	0	0	0
Net gain (+) / losses from fair value adjustments	2,200	0	-1,194	0
Assets reclassified to / from Investment Properties	0	0	4,703	0
Other changes	49		4	
Closing balance at 31 March	**19,989**	**0**	**23,502**	**0**

None of the investment properties are held under operating leases. There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

Classification in the fair value hierarchy, together with additional information for property classified as level 3 within the hierarchy is provided in the table overleaf.

The fair value for the agricultural properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

The office and commercial units located in the local authority area are measured using the income approach where the expected cash flows from the properties are discounted (using a market-derived all risks discount rate) to establish the present value of the net income stream.

The authority’s office and commercial units are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique used significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

	Fair Value Level	Fair Value at 31 March 2020 £'000	Additional Information for level 3 properties Valuation technique	Unobservable inputs	Range (weighted average used)	Sensitivity
Agricultural units & other level 2 assets	2	15,624				
Office units	3	485	Income approach using an all risks discount rate to asses capital value	Discount Rate	8% - 11% (10%)	Significant changes in market conditions will affect the discount rate and will result in a significantly lower or higher fair value
Commercial units	3	7,393	Income approach using an all risks discount rate to asses capital value	Discount Rate	5% - 6% (5%)	Significant changes in market conditions will affect the discount rate and will result in a significantly lower or higher fair value
		23,502				

The movement for investment properties categorised at level 3 in the hierarchy as follows:

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The authority's valuations experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

Level 3	2018/19 £'000	2019/20 £'000
Balance at 1 April	1,675	4,791
Net gains (+) / losses (-) from fair value adjustments	-148	98
Transfers to / from Level 3	3,264	2,989
Additions	0	0
	4,791	**7,878**

24. Assets Held for Sale

	2018/19 £'000	2019/20 £'000
Balance at 1 April	**0**	**0**
Assets newly classified as held for sale:		
Property, Plant and Equipment	0	600
Balance at 31 March	**0**	**600**

All of the assets held for sale are classified as current assets because they are expected to be realised within the next 12 months. In 2019/20 £0.6m was reclassified as Assets Held for Sale.

25. Intangible Assets

	2018/19 £'000	2019/20 £'000
Gross Carrying value at 1 April	**3,993**	**2,185**
Transfers from Assets Under Construction	0	-15
Derecognition	-1,808	0
Gross Carrying value at 31 March	**2,185**	**2,170**
Amortisation and Impairment at 1 April	-2,337	-736
Amortisation for the year	-207	-207
Derecognition	1,808	0
Amortisation and Impairment at 31 March	**-736**	**-943**
Net Book Value at 1 April	**1,656**	**1,449**
Net Book Value at 31 March	**1,449**	**1,227**

26. Heritage Assets

Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. This category of assets excludes assets with heritage characteristics that are used by the County Council in the provision of services - these are accounted for as operational assets within Property, Plant and Equipment.

The main heritage assets held by the County Council comprise museum collections, history centre collections and archaeological sites.

Information is not available on the cost of the heritage assets held by the County Council, other than for a very small number of items, as the majority have been donated or acquired by excavation. The County Council considers that obtaining valuations for the museum and history centre collections would involve a disproportionate cost in comparison to the benefits to the users of the accounts and therefore does not recognise these assets on the Balance Sheet. The County Council does not consider that reliable valuation information can be obtained for the archaeological sites because of the diverse nature of the sites and lack of comparable market values, and therefore does not recognise these assets on the Balance Sheet.

Although current valuation information is not available to recognise the heritage assets on the Balance Sheet, contents insurance of £2.979m for the Museum Service and the Oxfordshire History Centre (based on historic valuations) provides an indication of the value of these items not recognised on the Balance Sheet.

27. Valuation of non-current assets

It is the policy of the County Council to revalue land, buildings and component assets within Property, Plant and Equipment on a three-year rolling programme, as follows:

Year 1: Secondary and special schools, Other educational premises (including children's, youth and sports centres), surplus assets and other properties not re-valued within the past 3 years
Year 2: Primary, nursery, junior and infant schools
Year 3: Social care premises, libraries, museums and adult learning premises, Fire & Rescue Service and Community Safety premises, staff housing, central offices and highways depots

In addition, material changes in asset valuations are adjusted for in the interim periods.

Investment properties valuations are reviewed annually. Assets held for sale are revalued at the point of reclassification to that category.

Property valuations are conducted by the County Council's internal and external property valuers. They provide an annual valuation report and valuation certificate which give details of their opinion of the value of specific assets, basis of valuation, assumptions made and details of the rolling programme, additional and ad-hoc valuations. Valuations have been undertaken in accordance with the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors. The basis of valuations is set out in Note 1.

28. Private Finance Initiative (PFI and similar contracts – Homes for Older People)

The County Council has one PFI type contract (service concession arrangement) with an external operator, The Oxfordshire Care Partnership, relating to the provision of residential care homes and care services. The Cabinet Member for Adult Social Care represents the Council's interests as a director of the Partnership.

Provision of residential care services was originally in 19 homes across Oxfordshire under a 25 year contract with The Oxfordshire Care Partnership which came into operation in 2001. The County Council had an average of 70% of the beds in these homes. Under this arrangement, nine of the homes are subject to long term leases and these assets had previously been excluded from the County Council's Balance Sheet. A further ten homes were transferred to the contractor but with short term leases as the homes did not meet required property standards. These have now all been reprovided through a redevelopment programme.

The operator has built nine new homes and four extra care housing schemes through the redevelopment programme, whilst eleven homes have been closed. The Oxfordshire Care Partnership also operate the new Chilterns Court Care Centre built by the County Council, which was completed in 2016/17 and replaces the former care home in Henley. Under the Code, the County Council is required to recognise homes that meet tests in respect of control of services and control of the residual interest in property on its Balance Sheet. All homes under the contract are included on the County Council's Balance Sheet, with exception of one home that does not meet the control tests specified in the Code. At the end of the contract, all properties currently on the Balance Sheet revert to County Council ownership.

The council's original 25 year agreement with Oxfordshire Care Partnership will end in 2026/27, however The Oxfordshire Care Partnership will continue to operate the homes until the end of 2031/32. There is no requirement for the County Council to purchase a set number or value of beds during the years 2027/28 to 2031/32 other than the obligation of both parties to maintain existing placements as at 31

March 2028. After 2026/27 all services will be purchased as spot contracts and numbers will vary, so there will be no further payments under this service concession arrangement.

The value of assets recognised under service concession arrangements at each Balance Sheet date and the movements in value during the year are provided as a memorandum to the movement in Property Plant and Equipment (Note 22).

The financial liabilities arising from the service concession arrangement and an analysis of movements in the year are set out below:

	2018/19 £'000	2019/20 £'000
Balance at 1 April	**18,339**	**17,937**
Liability repaid in the year	-402	-454
Balance at 31 March	**17,937**	**17,483**

Details of payments due to be made under the service concession arrangement are as follows, with comparative figures for 2018/19 below.

The service concession arrangement forms part of the finance liability recorded on the Balance Sheet, together with finance leases and forward deals on investments. A reconciliation of the service concession liability to the total finance liability is as follows:

	Long-Term At 31 March 2019 £'000	At 31 March 2020 £'000	Current At 31 March 2019 £'000	At 31 March 2020 £'000
Service Concession Arrangement	17,483	16,970	454	513
Finance Leases	23	11	53	12
Total Finance Liability	**17,506**	**16,981**	**507**	**525**

		Service Costs * £'000	Principal Repayments £'000	Interest Costs £'000	Lifecycle Replacement Payments £'000	Total £'000
	Within 1 year	17,061	513	2,296	926	**20,796**
2019/20	2-5 years	72,993	2,809	8,428	4,088	**88,318**
	6-10 years	27,350	14,161	3,608	2,297	**47,416**
	Total	**117,404**	**17,483**	**14,331**	**7,311**	**156,529**
	Within 1 year	16,607	454	2,355	890	**20,306**
2018/19 Restated*	2-5 years	69,151	2,487	8,750	3,931	**84,319**
	6-10 years	42,659	14,997	5,581	3,380	**66,617**
	Total	**128,417**	**17,937**	**16,687**	**8,201**	**171,242**

*A formula error in the prior year comparative was identified in 2019/20 which has led to Service Costs being amended to show the net of principal repayments, interest costs and lifecycle replacement payments.

29. Capital Spending

The County Council's total capital spend for 2019/20 was £105.671m. Details of the expenditure are set out in the table below

Capital Spending by Scheme	£'000
John Watson (Primary)	1,530
SW Bicester (Whitelands) Secondary	7,963
Barton West New Primary School	4,003
Matthew Arnold - 1FE Expansion	1,396
Southam Rd, Banbury	3,269
Bloxham, Warriner 9FE	2,939
The Swan School	2,002
Schemes under £1m	11,077
Children's Services	**34,179**
Better Care Fund Disabled Facilities Grant	5,868
Schemes under £1m	368
Adult Services	**6,236**
Housing Deal	2,265
Harwell Oxford Entrance	1,496
Eastern Arc Ph1 Access-Headington	3,986
Oxford riverside routes to city centre	6,009
Oxford Cowley Road Carriageway	1,299
A361 Road Safety Improvements	3,647
Street Light LED replacement	1,295
Oxford Parks Cycle Route improvements	1,000
Carriageway Structural Maintenance 19-20	3,589
Surface Dressing 19-20 (ST)	1,451
Surface Dressing Pre-patching 19-20	1,067
Structural Patching 19-20	1,947
Section 42 Routine Surface Dressing	1,140
HCIP 1920 Surface Dressing	1,966
HCIP 1920 Minor patching	3,854
HCIP 1920 Structural Patching	1,782
Cogges Manor Farm	1,009
Schemes under £1m	21,616
Communities	**60,418**

Capital Spending by Scheme (continued)	£'000
Schemes under £1m	1,222
Resources	**1,222**
Sub Total Capital Programme	**102,055**
Capitalised Purchase of Fire Service Vehicles	774
Capitalised ICT 19/20 >£0.5m Children's Services Phase 1	1,935
Capitalised ICT 19/20 <£0.5m	878
Capital Loans	29
Total Capital Spending	**105,671**

Capital Spending by Asset Class	£'000
Property, Plant and Equipment	83,558
Intangible Assets	0
Revenue Expenditure Funded from Capital under Statute	22,456
Capital Loans	29
Repayment of capital grants and contributions	0
	106,043
Less assets acquired under service concession arrangements	0
Less assets transferred from capital prepayment account	-372
Less assets acquired under finance leases	0
Total Capital Spending	**105,671**

30. Capital Financing

The capital expenditure has been financed from the following sources:

Capital Financing	2018/19 £'000	2019/20 £'000
Prudential and other unsupported borrowing	221	82
Capital Receipts	0	0
Grants & Contributions	93,101	104,975
Revenue	9,129	614
Total	**102,451**	**105,671**

31. Capital Financing Requirement

The Capital Financing Requirement (CFR) is a measure of the capital expenditure incurred historically by the County Council that has yet to be financed (including assets acquired under finance leases and service concession arrangements). The movements on the CFR for the year are as follows:

Capital Financing	2018/19 £'000	2019/20 £'000
Capital Financing Requirement as at 1 April	**376,731**	**367,643**
New unsupported borrowing	221	82
Assets acquired under finance leases	18	0
Service Concession arrangements – lifecycle prepayments	856	890
Residual interest – asset accumulation prepayments	43	43
Loan repayments and other adjustments	13	34
Reduction in underlying need to borrow arising from derecognition of finance leases	-19	0
Minimum Revenue Provision for the year	-10,220	-10,273
Increase (+) / decrease (-) in Capital Financing Requirement	**-9,088**	**-9,224**
Capital Financing Requirement at 31 March	**367,643**	**358,419**

32. Capital Commitments

As at 31 March 2020 the Council was contractually committed to £23.966m (£9.330m as at 31 March 2019) on the following schemes:

Capital Commitments by Scheme	£'000
Pupil Places	
Bicester, SW Secondary	4,888
Barton Park – New Primary School	3,486
Southam Rd, Banbury – New Primary School	2,567
Cholsey – Expansion to 2FE	1,566
Chesterton – Expansion to 1FE	1,479
West Witney – Expansion to 2FE	1,856
Benson – Expansion to 1.5FE	1,146
Marcham – Expansion to 1FE	616
John Blandy – Expansion to 1.5FE	1,488
Warriner, Bloxham – 2FE Expansion	621
Below £0.5m	0
	19,713
Major Infrastructure and Highways	
Access to Headington	1,379
Below £0.5m	1,677
	3,056
Property and Investments	
Bicester Library	725
Below £0.5m	472
	1,197
Total Capital Commitments	**23,966**

Note 1 There are no contractual commitments relating to investment properties.

Note 2 There are no contractual commitments relating to intangible assets.

33. Financial Instrument Carrying Values

Financial assets comprise long-term and short-term investments, long-term and short-term debtors (excluding statutory debtors and prepayments) and cash & cash equivalents. Financial liabilities comprise long-term and short-term borrowing, creditors (excluding statutory creditors), finance leases, the finance liability element of service concession arrangements and forward deals on investments. The Code specifies the categorisation of these assets (see pages 26 – 28 of Note 1 Summary of Significant Accounting Policies). For each category, the financial instruments disclosed in the Balance Sheet are carried at the following values:

	Long-Term		Current	
	At 31 March 2019	At 31 March 2020	At 31 March 2019	At 31 March 2020
	£'000	£'000	£'000	£'000
Financial assets at Amortised Cost	42,625	56,352	295,894	303,009
Financial assets at fair value through profit and loss	0	0	140,550	125,943
Total Financial assets	**42,625**	**56,352**	**436,444**	**428,951**
Financial Liabilities at amortised cost	338,889	332,364	120,256	94,336
Total Financial Liabilities	**338,889**	**332,364**	**120,256**	**94,336**

Statutory debtors and creditors, receipts in advance and the capital prepayment account are not considered to be financial instruments and are therefore excluded from the above carrying values.

The County Council has £5.515m of financial assets at amortised cost as at 31 March 2020 secured on property (£6.651m at 31 March 2019). Of this, £2.854m was new in 2019/20 (£1.000m in 2018/19). The County Council is not permitted to sell or re-pledge this collateral.

The County Council has not pledged any collateral for liabilities or contingent liabilities and, as at 31 March 2020, there were no defaults or breaches relating to loans payable.

Soft loans given by the County Council are accounted for within the balances for long-term and short-term debtors. A reconciliation of the opening and closing balance for soft loans is as follows:

	2018/19 £'000	2019/20 £'000
Balance at 1 April	**4,706**	**2,661**
Nominal value of new loans granted	0	0
Fair value adjustment on initial recognition	0	0
Loans repaid during the year	-696	-88
Impairment losses recognised	0	0
Interest credited to the Surplus / Deficit on Provision of Services	0	0
Other changes	-49	-114
Balance at 31 March	**3,961**	**2,459**

The soft loans comprise key worker loans for assistance with the purchase of housing, loans under the Children's Act relating to foster care accommodation, loans under the Chronically Sick and Disabled Persons Act for adaptations to homes and deferred payment agreements for clients' care costs entered into prior to the national mandatory scheme introduced from 1 April 2015. The nominal value of the soft loans as at 31 March 2020 was £2.459m (£3.961m at 31 March 2019).

34. Financial Instrument Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets classified as assets at fair value through profit and loss and all derivative assets and liabilities are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. Financial assets at amortised cost and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2020, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.

- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.

- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.

- The fair values of finance lease liabilities and of service concession liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the rate for new PWLB borrowing.

- No early repayment or impairment is recognised for any financial instrument, other than short-term debtors.

- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices

Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments

Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Financial Liabilities	Fair Value Level	Balance Sheet At 31 March 2019 £'000	Fair Value At 31 March 2019 £'000	Balance Sheet At 31 March 2020 £'000	Fair Value At 31 March 2020 £'000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB*	2	295,516	380,299	288,146	376,025
Long-term LOBO/money market loans*	2	30,361	80,973	30,395	89,272
Finance lease payables and service concession liabilities	3	18,013	31,108	17,506	28,466
Total		**343,891**	**492,381**	**336,048**	**493,763**
Liabilities for which fair value is not disclosed **		115,255		90,652	
Total Financial Liabilities		**459,145**		**426,700**	
Recorded on balance sheet as:					
Short-term creditors		92,690		64,071	
Short-term borrowing		27,059		29,740	
Short-term finance liabilities		507		525	
Long-term borrowing		321,383		315,383	
Long-term finance liabilities		17,506		16,981	
Total Financial Liabilities		**459,145**		**426,700**	

* For the purpose of fair value comparison accrued interest in relation to long term PWLB & LOBO/money market loans has been included in the long term balance sheet total

**The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount.

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date Similarly the discount rate implied in the service concession arrangement and finance leases is higher than the rates available for new borrowing at the Balance Sheet date

Financial Assets	Fair Value Level	Balance Sheet At 31 March 2019 £'000	Fair Value At 31 March 2019 £'000	Balance Sheet At 31 March 2020 £'000	Fair Value At 31 March 2020 £'000
Financial assets held at fair value:					
Money market funds	1	39,544	39,544	35,968	35,968
Bond, equity and property funds	1	101,006	101,006	89,975	89,975
Financial assets held at amortised cost:					
Long-term loans to local authorities*	2	40,172	44,336	54,210	54,568
Long-term debtors	3	2,625	2,625	2,352	2,352
Total		**183,347**	**187,511**	**182,505**	**182,863**
Assets for which fair value is not disclosed **		295,723		302,799	
Total Financial Assets		**479,069**		**485,304**	
Recorded on balance sheet as:					
Long-term debtors		2,625		2,352	
Long-term investments		40,000		54,000	
Short-term debtors		41,298		36,677	
Short-term investments		360,840		359,377	
Cash and cash equivalents		34,307		32,897	
Total Financial Assets		**479,069**		**485,304**	

* For the purpose of fair value comparison accrued interest on long term investments has been classified as long term in the balance sheet total.
**The fair value of short-term financial assets including trade receivables is assumed to approximate to the carrying amount.

The fair value of financial assets held at amortised cost is higher than their balance sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

35. Long Term Debtors

An analysis of long term debtors is set out as follows:

	At 31 March 2019 £'000	At 31 March 2020 £'000
Key Worker Loans	226	226
Car Loans to Employees	22	22
Chronically Sick and Disabled Persons Act loans	1,849	1,849
Children's Act: Loans to foster carers	499	383
Other	28	-129
	2,625	**2,352**
Capital Prepayment Account	4,116	4,634
Total	**6,741**	**6,986**

Key Worker loans, Chronically Sick & Disabled Persons Act loans and Children's Act loans to foster carers are soft loans in that they are contracted at interest rates below market rates (zero in most cases).

The Capital Prepayment Account holds prepayments for lifecycle replacement costs relating to the service concession arrangement. As lifecycle replacements actually take place the value of the works is transferred to Property, Plant and Equipment (£0.372m was transferred in 2019/20). For one property that the County Council has control over the residual interest but not control over the services (and therefore does not meet the tests of a service concession arrangement), the account also holds an amount for the excess of the expected fair value of the property at the end of the arrangement over the amount the County Council is required to pay upon reversion. This is built up from payments made by the County Council over the life of the arrangement.

36. Debtors

Amounts falling due to the County Council in less than a year are set out as follows:

	At 31 March 2019 £'000	**At 31 March 2020 £'000**
Government Departments	8,998	8,251
Other Local Authorities	17,973	18,699
Health Authorities	10,738	7,752
Payments in Advance	5,574	5,303
Bodies external to general government (i.e. all other bodies)	41,192	49,865
	84,474	**89,869**
Less Impairment Allowance Account	-12,969	-14,535
Total	**71,506**	**75,335**

Under the arrangements for accounting for financial instruments, all financial assets are assessed for impairment. The Code permits the reduction in the carrying amount of financial assets to be held within an allowance account rather than adjusting the value of the financial asset directly. The movement in the debtor impairment allowance account is as follows:

Impairment Allowance	**2018/19 £'000**	**2019/20 £'000**
Brought Forward	-11,915	-12,969
Transition to IFRS 9	-207	0
Balance at 1 April	**-12,123**	**-12,969**
Decrease in allowance	253	0
Increase in allowance	-1,099	-1,566
Balance at 31 March	**-12,969**	**-14,535**

37. Cash and Cash Equivalents

Cash and cash equivalents comprise the amount of cash balances held at the bank and in County Council establishments (excluding monies held on behalf of third parties), balances held in call accounts and monies held in Money Market Funds.

An analysis of cash and cash equivalents held by the County Council shows:

	At 31 March 2019 £'000	At 31 March 2020 £'000
Cash at bank and in hand(+)/Overdrawn (-)	-5,238	-3,071
Call Accounts	299	10,550
Money Market Funds	39,246	25,419
Total	**34,307**	**32,897**

38. Risks arising from financial instruments

The County Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility of financial loss stemming from other parties no longer being able to make payments or meet contractual obligations to the County Council
- Liquidity risk – the possibility that the County Council might not have funds available to meet its commitments to make payments when they fall due
- Market risk – the possibility that the County Council may suffer a financial loss as a result of changes in such measures as interest rates and movements in financial markets

The County Council's risk management of financial instruments is carried out by the Treasury Management Team, under policies approved by full Council in the Treasury Management Strategy and Annual Investment Strategy.

The Treasury Management Strategy sets out the approach to managing any borrowings the County Council may be required to undertake to meet the needs of the capital programme.

The Annual Investment Strategy sets out the County Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, including the treasury limits in force to limit the treasury risk and activities of the County Council.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the County Council's debtors. Deposits are restricted to institutions that meet the County Council's minimum credit rating criteria. Deposits are not made to banks or building societies with a FITCH short-term credit rating below F1, long-term rating below BBB-, unless there are other exceptional circumstances including Government ownership or Government guarantee.

Longer-term deposits of 1 year or more are restricted to the higher rated institutions with a minimum short-term FITCH rating of F1+, long-term rating AA-, or other Government bodies (e.g. other Local Authorities).

No credit loss allowance is recognised for investments in MMFs and pooled funds as these funds are held at market value.

Loss allowances on trade and lease receivables have been calculated by reference to the Council's historic experience of default. At the balance sheet date, the Council considered that there are no factors which indicate that the future expected loss will be materially different to the historic rate. Receivables are determined to have suffered a significant increase in credit risk where they are 90 or more days past due for Corporate debtors and 120 or more days past due for Adult Social Care debtors.

Receivables are collectively assessed for credit risk in the following groupings:

		At 1 April 2019		At 31 March 2020	
	Allowance set aside based on historic rate	**Gross Receivable £000**	**Loss allowance £000**	**Gross Receivable £000**	**Loss allowance £000**
Corporate Debtors:					
Trade receivables under £10k after 120 days	60%	280	148	296	145
		280	**148**	**296**	**145**
Adult Social Care debtors:					
Debtors with an account balance under £20k after 6 months	50% of total customer balance	1,516	898	2,016	1,121
		1,516	**898**	**2,016**	**1,121**
Total		**1,796**	**1,046**	**2,312**	**1,266**

The following receivables are individually assessed for impairment:

The following receivables are individually assessed for impairment:	At 1 April 2019		At 31 March 2020	
	Gross Receivable £000	**Loss allowance £000**	**Gross Receivable £000**	**Loss allowance £000**
Corporate Debtors:				
Individuals and sole traders – all debts over £10k after 120 days	262	258	279	138
Organisations – all debts over £10k after 120 days	1,576	297	764	543
	1,838	**555**	**1,043**	**681**
Adult Social Care debtors:				
Adult social care debtors with an account balance over £20k after 6 months	2,258	1,714	2,628	1,713
	2,258	**1,714**	**2,628**	**1,713**
Total	**4,096**	**2,269**	**3,671**	**2,394**

The next table summarises the nominal value (excluding accrued interest) of the Council's investment portfolio at 31 March 2020 and confirms that all investments were made in line with the Council's approved credit rating criteria at the time of placing the investment. The table includes money market funds and call accounts classed as cash & cash equivalents at 31 March 2020.

Counterparty	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31 March 2019?	Balance Invested as at 31 March 2020 Up to 1 month	≥ 1 month and < 3 months	≥ 3 months and < 6 months	≥ 6 months and < 12 months	≥ 12 months and < 24 months	≥ 24 months and < 36 months	Total
	YES / NO	YES / NO	£0	£0	£0	£0	£0	£0	£0
Banks									
UK	Yes	Yes		5,000	0				**5,000**
Banks non-UK									
Australia	Yes	Yes	5,000	0					**5,000**
Netherlands	Yes	Yes							**0**
Singapore	Yes	Yes							**0**
Total Banks			**5,000**	**5,000**	**0**	**0**	**0**	**0**	**10,000**
Local Authorities and Police Authorities	Yes	Yes	37,000	63,000	70,000	73,500	39,000	15,000	**297,500**
Notice Accounts			14,800						**14,800**
Bond Funds	Yes	Yes	65,536						**65,536**
Property Funds	Yes	Yes	24,438						**24,438**
Money Market Funds	Yes	Yes	25,419						**25,419**
Call Accounts	Yes	Yes	10,550						**10,550**
Total			**182,743**	**68,000**	**70,000**	**73,500**	**39,000**	**15,000**	**448,243**

The above analysis shows that all deposits outstanding as at 31 March 2020 met the County Council's credit rating criteria at that date.

Within the £72.579m short-term debtors included in financial assets at amortised cost, £31.882m were past due at 31 March 2020 (£26.770m at 31 March 2019). The past due amount can be analysed by age as follows:

Aged Debtors	At 31 March 2019	At 31 March 2020
	£000	£000
Less than 1 month	13,101	16,080
Between 1 and 3 months	2,758	3,433
Between 3 and 6 months	2,222	2,765
Between 6 month and 1 year	2,775	2,321
Between 1 and 3 years	3,973	4,936
Over 3 years	1,943	2,346
Total	**26,770**	**31,882**

None of these past-due short-term debtors have been individually impaired. An impairment allowance of £3.661m has been provided for past due debtors that are financial instruments based on past and current experience (£3.314m at 31 March 2019). This is the County Council's estimate of maximum exposure to uncollectability. £3.115m of the debtor impairment allowance is based on collective assessments of debtors with similar characteristics. Individual impairment allowances have been provided for monies owed from a home support provider that went into liquidation (£0.288m), overpaid allowances to foster carers (£0.117m) and for overdue library fines (£0.134m). Debt collection rates have stabilised following the initial period of transition to the new arrangements with the Hampshire County Council Integrated Business Centre, however the current estimate of uncollectability remains higher than the average for the previous 5 years. The past due debtors analysis and impairment allowance quoted above exclude those for statutory debtors as these are not considered to be financial instruments.

The key worker, CSDP Act and Children's Act loans are secured on property. Details of this collateral are provided in Note 33.

Liquidity Risk

As the County Council has access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the County Council may be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to spread the maturity dates of fixed debt so that a significant proportion of the portfolio does not mature in any one year.

The maturity analysis of borrowing and financial liabilities is as follows:

Amount at 31 March 2019 *		Amount at 31 March 2020			
		Fixed Rate	Variable Rate	Other Finance Liabilities	Total
£0		£0	£0	£0	£0
42,748	Less than 1 year	22,044	22,089	525	**44,658**
25,820	Between 1 and 2 years	24,961	5,832	591	**31,384**
90,454	Between 2 and 5 years	56,478	20,971	2,230	**79,679**
146,837	Between 5 and 10 years	141,116	0	14,161	**155,277**
268,316	More than 10 years	244,969	0	0	**244,969**
574,175		**489,569**	**48,892**	**17,506**	**555,967**

* Prior year comparators have been restated to include future interest payable

All trade and other payables are due to be paid in less than one year.

Market Risk

The County Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the County Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the long-term borrowings will fall
- Investments at variable rates – the variation in the interest income credited to the Surplus or Deficit on the Provision of Services will be dependent upon the nature and proportion of structured products
- Investments at fixed rates – the fair value of the long-term assets will fall

The County Council has a number of strategies for managing interest rate risk. For example, use of Lender's Option Borrowers Option (LOBO) loans is restricted to 20% of the debt portfolio.

In response to the current low interest rate environment, the Council sets fixed and variable rate interest rate exposure limits through its Treasury Management Strategy. These are designed to ensure that the Authority is not exposed to interest rate rises which could adversely impact on the revenue budget.

The Treasury Management Strategy Team regularly review the debt and investment portfolios and the impact of interest rate changes on the annual budget.

If the return on investments had been 1% higher, with all other variables held constant, the financial effect would be as follows:

If the return on investments had been 1% higher, with all other variables held constant, the financial effect would be as follows:

2018/19 £,000		2019/20 £'000
0	Increase in interest payable on new borrowings	0
0	Increase in interest receivable on variable and structured investments	0
-846	Increase in interest receivable on new fixed rate investments	-1,073
-1,304	Increase in the gain arising from the revaluation of available for sale assets	-1,632
-2,150	**Impact on CIES**	**-2,705**

If the return on investments had been 1% lower, with all other variables held constant, the financial effect would be as follows:

2018/19 £,000		2019/20 £'000
0	Decrease in interest payable on new borrowings	0
0	Decrease in interest receivable on variable and structured investments	0
816	Decrease in interest receivable on new fixed rate investments	981
1,304	Decrease in the gain arising from the revaluation of available for sale assets	1,632
2,120	**Impact on CIES**	**2,613**

Where prevailing rates were below 1% for new debt or investments, zero return has been assumed where a reduction in interest rates by 1% would imply a negative return. Negative return is applicable to available for sale assets.

Price Risk

The County Council does not generally invest in equity shares but does have investments in externally managed pooled funds which may invest in instruments sensitive to price movements. The fund managers monitor price fluctuations and have strategies for limiting the impact of adverse price movements of underlying investments within the pooled funds.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. A 5% fall in commercial property prices at 31st March 2020 would result in a £1.2m (2019: £1.3m) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. A 5% fall in share prices at 31st March 2020 would result in a £3.3m (2019: £3.8m) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

This risk is limited by the Council's maximum exposure to pooled funds of 50% of the total investment portfolio.

Foreign Exchange Risk

The council's deposits and debt instruments are denominated in sterling

39. Creditors

A breakdown of the items within the creditors category on the Balance Sheet is given in the following table:

	At 31 March 2019 £'000	At 31 March 2020 £'000
Receipts in Advance		
Government Departments	2,053	2,359
Other Local Authorities	1,244	1,121
Health Authorities	368	44
Bodies external to general government (i.e. all other bodies)	5,808	5,456
	9,474	**8,980**
Creditors		
Government Departments	8,433	7,277
Other Local Authorities	5,200	3,334
Health Authorities	4,105	2,650
Bodies external to general government (i.e. all other bodies)	93,746	70,006
	111,484	**83,268**
Short Term Creditors and RIA	**120,958**	**92,248**
Long Term Receipts in Advance	**9,769**	**13,348**
Total	**130,726**	**105,596**

Long Term Receipts in Advance relate to contributions received which have conditions attached to them that are not expected to be satisfied within the next 12 months.

40. Provision

A breakdown of the items within the Provisions category on the Balance Sheet is set out below, analysed between those due within 1 year and those due after 1 year, together with the movements for the year is as follows:

	Balance at 31 March 2019 £'000	Reclassification between short and long term £'000	Additional provisions made in 2019/20 £'000	Amounts used in 2019/20 £'000	Unused amounts reversed in 2019/20 £'000	Balance at 31 March 2020 £'000
Provision due within 1 year						
Insurance	851	1,513	1,554	-819	-1,767	1,332
Redundancy	0	0	0	0	0	0
MMI Scheme of Arrangement	1	0	14	-15	0	0
Business Rates	4,316	0	5,107	0	-4,316	5,107
Other	51	0	500	-51	0	500
	5,219	**1,513**	**7,174**	**-885**	**-6,083**	**6,939**
Provision due after 1 year						
Insurance	3,563	-1,513	1,506	-243	-290	3,023
	3,563	**-1,513**	**1,506**	**-243**	**-290**	**3,023**
Total	**8,782**	**0**	**8,681**	**-1,128**	**-6,373**	**9,961**

	Balance at 31 March 2018 £'000	Reclassification between short and long term £'000	Additional provisions made in 2018/19 £'000	Amounts used in 2018/19 £'000	Unused amounts reversed in 2018/19 £'000	Balance at 31 March 2019 £'000
Provision due within 1 year						
Insurance	847	2,579	924	-619	-2,880	851
Redundancy	14	0	0	-14	0	0
MMI Scheme of Arrangement	54	0	34	-16	-71	1
Business Rates	3,537	0	4,316	0	-3,537	4,316
Joint Use	0	0	51	0	0	51
	4,452	**2,579**	**5,325**	**-649**	**-6,487**	**5,219**
Provision due after 1 year						
Insurance	4,772	-2,579	2,107	-490	-249	3,563
	4,772	**-2,579**	**2,107**	**-490**	**-249**	**3,563**
Total	**9,224**	**0**	**7,432**	**-1,138**	**-6,736**	**8,782**

Details of the provisions held at 31 March 2020 are as follows:

- Insurance claims are managed by the County Council's Insurance Team, working with external insurers and legal advisors to achieve a satisfactory outcome. The time required to settle these claims will depend upon the complexity of each case and the approach adopted by each claimant but the expectation is that these cases will be settled within 18 months to two years. In a small number of cases where the final liability is dependent on a long term medical prognosis, the claim may take longer to settle to ensure all the medical facts are known.

- The County Council has claims outstanding with Municipal Mutual Insurance Plc. (MMI). In November 2012 the directors of MMI triggered a process to wind up the business. This means the County Council may have to repay all or part of the insurance claims settled since the company ceased to trade, as well as fund any outstanding claims. A levy of 15% has been paid since 2012, and this was increased to 25% in 2016. A provision of £0.001m has been allocated as per the actuary's report of April 2020 and adjustment for updated outstanding claims figures.
- Under the Business Rates Retention Scheme the County Council is required to account for its share of the billing authorities' provision for appeals on business rates valuations.

41. Deferred Income

The deferred income balance of £6.048m at 31 March 2020 (£7.433m at 31 March 2019) relates to lease premiums received under the service concession arrangement with Oxfordshire Care Partnership and in relation to two other leases, which are being released to the Comprehensive Income and Expenditure Statement over the lives of the arrangements.

42. Capital Grants Receipts in Advance

The balance on this account represents capital grants and contributions which have been received but not yet recognised as income as they have conditions attached to them that require the monies to be returned to the provider if not used for the purposes specified. The movement on the account in 2019/20, split between short term and long term is as follows:

2018/19 Capital Grants £'000	Developer Contributions £'000	Other Contributions £'000	Total £'000		2019/20 Capital Grants £'000	Developer Contributions £'000	Other Contributions £'000	Total £'000
				Short Term:				
11,674	**18,364**	**0**	**30,038**	**Balance as at 1 April**	**12,151**	**25,389**	**164**	**37,704**
4,522	1,173	164	5,859	Received/refunded during the year	21,031	920	0	21,950
-4,044	-10,852	0	-14,896	Transferred to the Comprehensive Income and Expenditure Statement during the year	-6,763	-24,319	-90	-31,171
0	16,704	0	16,704	Transfer between short and long term	0	0	0	0
12,152	**25,389**	**164**	**37,704**	**Balance at 31 March**	**26,419**	**1,990**	**74**	**28,483**
				Long Term:				
0	**73,537**	**65**	**73,602**	**Balance as at 1 April**	**0**	**92,469**	**65**	**92,534**
0	35,108	0	35,108	Received/refunded during the year	800	38,308	0	39,108
0	528	0	528	Transferred to the Comprehensive Income and Expenditure Statement during the year	0	669	0	669
0	-16,704	0	-16,704	Transfer between short and long term	0	0	0	0
0	**92,469**	**65**	**92,534**	**Balance at 31 March**	**800**	**131,446**	**65**	**132,311**
12,152	**117,858**	**229**	**130,239**	**Total Balance at 31 March**	**27,219**	**133,437**	**139**	**160,795**

43. County Fund Balance

The balance on the County Fund at 31 March 2020 was £24.154m (£27.971m at 31 March 2019) as shown in Movement in Reserves Statement on page 16.

44. Earmarked Reserves

	Balance at 1 April 2018 £'000	In year movement 2018/19 £'000	Balance at 31 March 2019 £'000	In year movement 2019/20 £'000	Balance at 31 March 2020 £'000
School Reserves	15,177	2,132	17,309	-2,744	14,565
Vehicle and Equipment Reserve	2,760	142	2,901	-30	2,871
Revenue Grants and Contribution Reserve*	13,539	1,168	14,707	6,709	21,414
Government Initiatives	587	737	1,324	-518	806
Trading Accounts	658	-334	325	217	542
Council Elections	158	170	328	203	531
Partnership Reserves	654	2,004	2,659	344	3,003
On Street Car Parking	2,311	-314	1,997	13	2,010
Transformation Reserve	2,482	711	3,193	-59	3,134
Demographic Risk Reserve	0	0	0	3,000	3,000
Youth Provision Reserve	0	0	0	1,000	1,000
Budget Prioritisation Reserve	16,966	-12,077	4,889	-1,445	3,444
Insurance Reserve	8,515	2,132	10,647	745	11,392
Business Rates Reserve	150	405	555	494	1,049
Capital Reserve	31,316	-129	31,188	10,095	41,283
Budget Equalisation Reserve	1,293	-1,013	280	-280	0
Redundancy Reserve	0	0	0	548	548
Total Earmarked Reserves	**96,566**	**3,463**	**92,300**	**18,292**	**110,592**
*Includes DSG High Needs	0	0	0	-11,222	-11,222

The purposes of the earmarked reserves are as follows:

School Reserves

In accordance with the Education Reform Act 1988, the scheme of Local Management of Schools provides for the carry forward of individual school surpluses and deficits. These reserves are committed to be spent on schools.

The following table provides an analysis of school surplus and deficits:

	Balance at 31 March 2019 No. of schools	Balance £'000	Balance at 31 March 2020 No. of schools	Balance £'000
Primary Schools				
Schools in surplus	134	11,502	120	8,947
Schools in deficit	10	-358	16	-565
Secondary Schools				
Schools in surplus	0	0	0	0
Schools in deficit	1	-1,438	1	-1,527
Special Schools				
Schools in surplus	8	1,193	7	1,217
Schools in deficit	1	-112	0	0
Sub-Total Revenue	**154**	**10,787**	**144**	**8,073**
Closed schools and schools contingency		6,376		6,404
Schools Forum & miscellaneous activities		146		89
Total	**154**	**17,309**	**144**	**14,565**

Vehicle and Equipment Reserve

This reserve is to fund future replacements of vehicles and equipment.

Grants and Contributions Reserve

This reserve has been set up to hold the net overspent or underspent grants and contributions committed to be spent or recovered in future years. -£8.140m of the balance at 31 March 2020 relates to the Dedicated Schools Grant.

Government Initiatives Reserve

This reserve is used to hold underspends on budgets funded by un-ringfenced grants held that relate to specific agreed outcomes or the implementation of Government initiatives.

Trading Accounts

This reserve holds funds relating to traded activities to help manage investment.

Council Elections Reserve

This reserve has been established to meet the cost of County Council Elections.

Partnership Reserves

This reserve holds funds relating to partnership arrangements.

On-Street Car Parking Reserve

This surplus has arisen under the operation of the Road Traffic Regulation Act 1984 (Section 55). The purposes for which these monies can be used are defined by statute.

Insurance Reserve

This reserve covers the County Council for insurance claims that, based on the previous experience of the County Council, are likely to be received, as well as a number of insurance related issues.

An independent actuary, Arthur J Gallagher, carries out a full valuation of the County Council's employers and public liability, motor, property and personal accident liability every three years using generally accepted actuarial methods. Interim valuations take place annually in between. The last full valuation was completed as at 31 March 2020.

The actuaries projected the standard claims arising in future years in respect of the period up to 31 March 2020 at £1.476m. In addition to these claims the actuaries have also highlighted an amount in respect of Municipal Mutual Insurance Plc (MMI) clawback and non-standard claims (for example exceptional and latent claims) which in total has been assessed at £2.116m. The sum of £0.523m has been included in the reserves to cover MMI clawback noted as a contingent liability.

	At 31 March 2019 £'000	At 31 March 2020 £'000
Standard claims likely to be received as at 31 March	1,881	1,476
Additional IBNR/Latent claims as assessed by Actuarial review	1,786	2,116
MMI clawback as assessed by actuarial review	519	523
Risk management	6,461	7,305
Total	**10,647**	**11,420**

Business Rates Reserve

This reserve is being used to smooth out any volatility in the business rates collected by the District Councils on behalf of the County Council.

Capital Reserve
This reserve has been established for the purpose of financing capital expenditure in future years.

Budget Equalisation Reserve
This reserve is used to manage the cash flow implications of variations to the Medium Term Financial Plan.

Budget Prioritisation Reserve
This reserve is to help support the implementation of directorate business strategies and the Medium Term Financial Plan.

Transformation Reserve
This reserve is to fund the Council's transformation programme.

45. Usable Capital Receipts

	2018/19 £'000	2019/20 £'000
Balance at 1 April	**22,580**	**23,461**
Net receipts from sale of assets	754	516
Net receipts from repayment of loans	127	168
Receipts applied to finance capital expenditure	0	0
Balance at 31 March	**23,461**	**24,145**

This reserve has been established for the purpose of financing capital expenditure in future years. Unutilised capital receipts at 31 March 2020 have been earmarked for future schemes.

An analysis of the net capital receipts from the sale of assets is set out in the following table:

Net Capital Receipts from the sale of assets	2018/19 £'000	2019/20 £'000
Other receipts from the sale of assets under £500,000	754	516
Total	**754**	**516**

46. Capital Grants and Contributions Unapplied

The balance on this account represents grants and contributions which have been recognised as income in the Comprehensive Income and Expenditure Statement but not yet applied to finance capital expenditure.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	**48,070**	**81,120**
Applied during the year	-4,479	-4,604
Transfer to Revenue in year	0	-7,729
Recognised as income but not applied during the year	37,528	11,076
Balance at 31 March	**81,120**	**79,862**

47. Unusable Reserves

A breakdown of reserves within the unusable reserves category on the Balance Sheet is set out in the following table.

Unusable Reserves	31 March 2019 £'000	31 March 2020 £'000
Pooled Fund Adjustment Account	986	-10,286
Pensions Reserve	-1,113,706	-824,566
Revaluation Reserve	191,878	252,658
Capital Adjustments Account	577,839	630,236
Financial Instruments Adjustment Account	-238	-236
Collection Fund Adjustment Account	7,976	9,346
Accumulated Absences Account	-2,904	-2,775
Total	**-338,168**	**54,377**

Movements on the Pensions Reserve are set out in Note 18.

48. Pooled Funds Adjustment Account

The Financial Instruments Revaluation Reserve holds gains /losses arising from the movement in fair value of assets held within the Fair Value through Other Comprehensive Income assets category.

2018/19 £'000		2019/20 £'000
0	**Balance at 1 April**	**986**
3,005	Transition to IFRS 9 - transfer to Pooled Funds Adjustment Account	0
	Transition to IFRS 9 - accumulated gains transferred to CIES	
749	Increase in value of assets held at Fair Value through Profit and Loss	0
-448	Decrease in value of assets held at Fair Value through Profit and Loss	-11,263
-2,320	Amounts transferred to the General Fund on disposal	-8
986	**Balance at 31 March**	**-10,286**

49. Revaluation Reserve

The Revaluation Reserve contains the gains made by the County Council arising from increases in the value of Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are revalued downwards or impaired, consumed through depreciation or disposed. The Reserve contains only revaluation gains accumulated since 1 April 2007, when the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account

2018/19		Revaluation Reserve	2019/20	
£'000	£'000		£'000	£'000
	189,036	**Balance as at 1 April**		**191,878**
16,789		Revaluation of assets	63,182	
-651		Impairment of assets	-750	
261		Write back of accumulated depreciation on revaluations	11,135	
189		Write back of accumulated impairment on revaluations	1,400	
	16,589	Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services		**74,967**
-3,455		Difference between fair value depreciation and historical cost depreciation	-4,691	
-10,292		Accumulated gains on assets sold or scrapped	-9,497	
	-13,747	Amounts written off to the Capital Adjustment Account		**-14,187**
	191,878	**Total Balance at 31 March**		**252,658**

50. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences between 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 County Council as finance for the costs of acquisition, construction or enhancement. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

2018/19		Capital Adjustment Account	2019/20	
£'000	£'000		£'000	£'000
	600,267	**Balance as at 1 April**		**577,839**
		Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):		
-30,903		Charges for depreciation for non-current assets	-32,830	
-64		Charges for impairment for non-current assets	-12	
953		Revaluation losses / subsequent gains on Property, Plant and Equipment	14,470	
-207		Amortisation of Intangible Assets	-207	
-53,061		Revenue Expenditure funded from capital under statute	-22,422	
-67,238		Amounts of non-current assets written off on disposal or sale as part of the gain/ loss on derecognition	-35,256	
19		Removal of finance liability on derecognition of assets held under finance leases	0	
	-150,501			**-76,255**

		Adjusting amounts written out of the Revaluation Reserve:		
3,455		Difference between fair value depreciation and historical cost depreciation	4,691	
10,292		Accumulated gains on assets sold or scrapped	9,497	
	13,747			**14,187**
		Capital Financing applied in year:		
0		Use of the Capital Receipts Reserve to finance new capital expenditure	0	
96,687		Capital grants and contributions credited to the CIES that have been applied to capital financing	100,552	
4,143		Application of grants to capital financing from the Capital Grants Unapplied account	4,422	
0		Reversal of grants and contributions applied in previous years	0	
10,220		Statutory provision for the financing of capital investment charged against the County Fund balance	10,273	
1,400		Capital expenditure charged against the County Fund balance	614	
0		Reversal of revenue applied to capital financing in previous years	-34	
	112,450			**115,827**
	2,200	**Movements in the market value of Investment Properties debited or credited to the CIES**		**-1,194**
	-197	**Amounts of Investment Properties written off on disposal or sale as part of the gain/loss on derecognition**		**0**
	0	**Revaluation losses / subsequent gains on Assets held for Sale**		**0**
	0	**Impairment Losses on Assets held for Sale**		**0**
	0	**Accumulated gains on Assets held for Sale or scrapped**		**0**
	0	**Amounts of Assets held for Sale written off on disposal or sale as part of the gain/loss on derecognition**		**0**
	-127	**Repayment of loans treated as capital receipts**		**-168**
	577,839	**Total Balance at 31 March**		**630,236**

51. Collection Fund Adjustment

The account holds the difference between the accrued Council Tax income and accrued Business Rates income included in the Comprehensive Income and Expenditure Statement (CIES) and the amount required by regulations to be credited to the County Fund. The movement on the account is as follows:

Collection Fund Adjustment Account	2018/19 £'000	2019/20 £'000
Balance as at 1 April	**5,860**	**7,976**
Decrease in Council Tax and Business Rate surpluses/increases in deficits	-727	284
Increases in Council Tax and Business Rate surpluses/reductions in deficits	2,844	1,086
Amount by which Council Tax and Business Rate income credited to the CIES is different from the income for the year calculated in accordance with statutory requirements	2,116	1,369
Balance as at 31 March	**7,976**	**9,346**

52. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the County Fund balance from accruing for compensated absences earned but not taken in the year. Statutory provisions require that the impact on the County Fund balance is neutralised by transfers to or from the account.

The balance at 31 March 2020 relates to teachers' accumulated holiday pay, no accruals have been made for non-teaching staff in 2019/20 as the amounts involved are not considered to be material to the accounts.

Accumulated Absences Account	2018/19 £'000	2019/20 £'000
Balance as at 1 April	**3,119**	**2,904**
Settlement or cancellation of previous year's accrual	-3,119	-2,904
Amount accrued at the end of the current year	2,904	2,775
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in the year under statute	-215	-128
Balance as at 31 March	**2,904**	**2,775**

53. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following interest related items in addition to operating costs:

2018/19 £'000	Operating Activities	2019/20 £'000
15,778	Interest paid	16,828
-3,398	Interest received	-6,496

The table below provides a breakdown of the non-cash movements within operating activities summarised in the Cash Flow Statement:

Non-cash Movements	2018/19 £'000	2019/20 £'000
Depreciation/amortisation of fixed assets	-31,110	-33,037
Impairment charges/revaluation losses (-) Gains (+)	888	14,459
Retirement benefit adjustments	-76,303	-56,961
Debt write-offs and Impairment allowances	-911	-503
Other financial instrument adjustments	2	2
Provisions set aside in the year	3,474	-1,180
Deferred income released	926	1,385
Movement in value of Pooled Funds	0	-11,263
Movement in value of investment properties	2,200	-1,194
Carrying amount of non-current asset sold	-67,416	-35,256
Transfers from Capital Grants Receipts in Advance	14,368	30,502
Previous years' capitalised spend written-off	0	0
Donated assets	0	0
Other non cash adjustment	644	1,796
Increase/decrease(-) in inventories	0	0
Increase/decrease(-) in debtors	-2,242	3,628
Increase(-)/decrease in creditors	-14,221	22,536
Total adjustments for non-cash movements	**-169,701**	**-65,087**

The following table provides a reconciliation between the movements on the Balance Sheet during the year and net cash flows from financing activities in the Cash Flow Statement:

31 March 2018 £'000	Financing Cashflows £'000	Non-Cash Transactions £'000	31 March 2019 £'000		31 March 2019 £'000	Financing Cashflows £'000	Non-Cash Transactions £'000	31 March 2020 £'000
-49,269	23,994	-1,784	**-27,059**	Short term borrowing	**-27,059**	2,000	-4,681	**-29,740**
-323,383		2,000	**-321,383**	Long term borrowing	**-321,383**		6,000	**-315,383**
-454	-53		**-507**	Short term finance liability liabilities	**-507**	-18		**-524**
-18,018	512		**-17,506**	long-term finance liability liabilities	**-17,506**	525		**-16,981**
-391,124	**24,453**	**216**	**-366,455**		**-366,455**	**2,507**	**1,319**	**-362,628**

54. Cash Flow - Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities

	2018/19 £000	2019/20 £000
- Proceeds from the sale of property, plant and equipment, investment property and intangible assets	854	589
Gains on loans & receivables		
- Capital grants received	140,889	81,495
-Cash adjustment	0	0
Total	**141,743**	**82,084**

55. Cash Flow Statement – Investing Activities

The following table provides a breakdown of the items within the Investing Activities line of the Cash Flow Statement.

Investing Activities	2018/19 £000	2019/20 £000
Purchase of property, plant and equipment, investment property and intangible assets	34,463	87,137
Purchase of short-term and long-term investments	430,962	435,000
Other payments for investing activities	899	29
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-854	-589
Capital grants	-181,856	-142,553
Proceeds from short-term and long-term investments	-370,639	-411,500
Other receipts from investing activities	-144	-168
Total adjustments for investing activities	**-87,169**	**-32,645**

56. Cash Flow Statement – Financing Activities

A breakdown of the items within the Financing Activities line in the Cash Flow Statement is as follows:

Financing Activities	2018/19 £000	2019/20 £000
Cash receipts of short- and long-term borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet service concession arrangements	453	507
Repayments of short- and long-term borrowing	24,000	2,000
Other payments for financing activities	0	0
Total adjustments for financing activities	**24,453**	**2,507**

57. Contingent Liabilities

Nettlebed School Land

In 2006 children at Nettlebed School moved to a new school site and the old premises were sold. The Council used the sale proceeds of £1.355m to meet some of the costs of the new school (£2m).

The land was originally given by the late Robert Fleming in 1914 and in 1928 to provide for the Primary School under the School Site's Act 1841. Mr Fleming died in the 1930s and his beneficiaries have brought a claim against the Council arguing that the money received from the sale of the School should go back to them on the basis that, under the act, the land had to be used for the statutory purpose of providing education and if it ceased to be used for that purpose it would revert to the estate of the person/trust who gave the land in the first place.

The Act does allow you to sell/exchange the land and use the money to buy another school and in 2018 the High Court accepted that this could be viewed as one composite transaction and the land did not revert to Mr Fleming's family. However, the Court of Appeal held a different view. They say, when the children moved off site in 2006 then the land reverted to the beneficiaries.

The Council has lodged an appeal with the Supreme Court and the case has been listed for January 2021. If the appeal is not successful, the Council will need to pay the sale proceeds to the beneficiaries. As the income from the sale was recognised as a capital receipt, this will be funded from the Capital Receipts Unapplied Reserve and will reduce the funding available for the capital programme.

Municipal Mutual Insurance Plc

The County Council has claims outstanding with Municipal Mutual Insurance (MMI) Plc. In November 2012 the directors of MMI triggered a process to wind up the business. This means the County Council may have to repay all or part of the insurance claims settled since the company ceased to trade, as well as fund any outstanding claims. The current levy of 25% has been paid against settled claims, therefore as at 30 September 2019 the Council has a potential liability of £3.532m remaining on previously settled claims, plus the value of any outstanding and future claims. On Actuarial advice a further 15% of the total known liability has been secured against future clawback over the longer term. A small short-term provision of £0.001m recognised at year end in 2018/19 is no longer required.

58. Events after the Reporting Period

The accounts were authorised for issue on 8 June 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

59. Changes in accounting policy

The County Council is required to disclose information relating to the impact of an accounting change on the financial statements as a result of the adoption by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code).

CIPFA have delayed the publication of the 2020/21 Code of Practice on Local Authority Accounting until late June / early July 2020 due to changes made necessary as a consequence of the COVID-19 pandemic. This note will be updated in the audited accounts.

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, ie 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.

60. Authorisation of the Accounts

The Statement of Accounts was authorised for issue by Lorna Baxter, Director of Finance on 27 November 2020.

Fund Account

Fund Account	Notes	2019 £'000	2020 £'000
Contributions and Benefits			
Contributions Receivable	6	-93,726	-100,833
Transfers from Other Schemes	7	-9,949	-13,021
Other Income	8	-465	-149
Income Sub Total		**-104,140**	**-114,003**
Benefits Payable	9	88,195	89,257
Payments to and on Account of Leavers	10	10,655	7,330
Expenditure Sub Total		**98,850**	**96,587**
Net (Additions)/Withdrawals From Dealings With Members		**-5,290**	**-17,416**
Management Expenses	11	11,030	12,433
Net (Additions)/Withdrawals From Dealings With Members Including Management Expenses		**5,740**	**-4,983**
Returns on Investments			
Investment Income	12	-32,698	-18,378
Commission Recapture		0	0
Profits and Losses on Disposal of Investments and Changes in Market Value of Investments	16a	-132,586	174,464
Less Taxes on Income	12	244	195
Net returns on Investments		**-165,040**	**156,281**
Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		**-159,300**	**151,298**
Opening Net Assets of the Scheme		2,355,350	2,514,650
Closing Net Assets of the Scheme		**2,514,650**	**2,363,352**

Net Assets Statement

Net Assets Statement	Notes	2019 £'000	2020 £'000
Investment Assets			
Bonds	16b	296,805	300,087
Equities	16b	360,807	86,211
Pooled Investments	16b	1,581,636	1,729,191
Pooled Property Investments	16b	172,306	161,843
Derivative Contracts	16c	1,111	3,092
Cash Deposits	16d	3,567	28,111
Other Investment Balances	16d	7,429	12,401
Long-Term Investment Assets	16b	840	840
Investment Liabilities			
Derivative Contracts	16c	-384	-6,166
Other Investment Balances	16d	-869	-13,785
Total Investments		**2,423,248**	**2,301,825**
Assets and Liabilities			
Current Assets	17	91,324	62,466
Current Liabilities	18	-4,419	-3,189
Net Current Assets		**86,905**	**59,277**
Long-Term Assets	19	4,497	2,250
Net Assets of the scheme available to fund benefits at year end		**2,514,650**	**2,363,352**

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 26.

Note 1 – Description of the fund

This description of the Fund is a summary only. Further details are available in the Fund's 2019/20 Annual Report and in the underlying statutes.

General

The Oxfordshire County Council Pension Fund is part of the Local Government Pension Scheme which is a statutory, funded, defined benefit pension scheme. Oxfordshire County Council is the administering body for this pension fund. The scheme covers eligible employees and elected members of the County Council, District Councils within the county area and employees of other bodies eligible to join the Scheme.

The scheme is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

This defined benefit scheme provides benefits related to salary for its members. Pensions paid to retired employees, their dependants, and deferred benefits are subject to mandatory increases in accordance with annual pension increase legislation. The amount is determined by the Secretary of State.

Membership

The majority of fund employers are required to automatically enrol eligible jobholders into the LGPS under the government's auto-enrolment legislation, employees may then choose to opt-out of the scheme. Some employers will have the option of whether to auto-enrol eligible jobholders into the LGPS or another qualifying scheme.

Members are made up of three main groups. Firstly, the contributors - those who are still working and paying money into the Fund. Secondly, the pensioners - those who are in receipt of a pension and thirdly, by those who have left their employment with an entitlement to a deferred benefit on reaching pensionable age.

Organisations participating in the Oxfordshire County Council Pension Fund include:

- Scheduled Bodies – Local authorities and similar bodies, such as academies, whose staff are automatically entitled to become members of the Fund.
- Admitted Bodies – Organisations that participate in the Fund under an admission agreement between the Fund and the organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.
- Admitted Bodies can be split in to two groups:
  - Community Admission Bodies – these are typically employers that provide a public service on a not-for-profit basis and often have links to scheduled bodies already in the Fund. Housing Corporations fall under this category.
  - Transferee Admission Bodies – these are bodies that provide a service or asset in connection with the exercise of a function of a scheme employer. Typically this will be when a service is transferred from a scheme employer and is to allow continuing membership for staff still involved in the delivery of the service transferred.

Full definitions are contained in The Local Government Pension Scheme (Administration) Regulations 2008.

The table below details the composition of the Fund's membership:

	As at 31 March 2019	As at 31 March 2020
Number of Contributory Employees in Scheme		
Oxfordshire County Council	8,529	8,290
Other Scheduled Bodies	11,156	11,675
Admitted Bodies	606	532
	20,291	**20,497**
Number of Pensioners and Dependants		
Oxfordshire County Council	9,095	9,279
Other Scheduled Bodies	5,710	6,008
Admitted Bodies	993	1,052
	15,798	**16,339**
Deferred Pensioners		
Oxfordshire County Council	16,114	16,061
Other Scheduled Bodies	9,993	10,568
Admitted Bodies	1,340	1,299
	27,447	**27,928**

Unprocessed leavers are included as Deferred Pensioners.

Five Resolution Bodies and twenty Admitted Bodies joined the scheme in 2019/20, with a further forty-seven Admitted Bodies having left the scheme. One Scheduled Body joined a multi-academy trust in 2019/20 with no net impact on membership numbers. In addition, a further Scheduled Body joined a neighbouring LGPS Fund. Overall the changes did not have a significant impact on the membership of the Fund. The Admitted Body employers that joined and left the Fund were mostly small school service contracts with low membership numbers.

Funding

The Oxfordshire County Council Pension Fund is financed by contributions from employees and employers, together with income earned from investments. The contribution from employees is prescribed by statute, and for the year ending 31 March 2020 rates ranged from 5.5% to 12.5% of pensionable pay.

Employers' contribution rates are set following the actuarial valuation, which takes place every three years. The latest actuarial valuation took place in 2019 and determined the contribution rates to take effect from 01 April 2020. Employer contribution rates currently range from 12.2% to 28.4% of pensionable pay.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service as summarised below.

	Service Pre 1 April 2008	Service Post 31 March 2008
Pension	Each full-time year worked is worth 1/80 × final pensionable salary.	Each full-time year worked is worth 1/60 × final pensionable salary.
Lump Sum	Automatic lump sum of 3 × pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014 the scheme became a career average scheme, where members accrue benefits based on their pensionable pay in any given year at an accrual rate of 1/49th. Accrued pension is indexed annually in line with the Consumer Prices Index. The normal retirement age is linked to each individual member's State Pension Age.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. Scheme members are now also able to opt to pay 50% of the standard contributions in return for 50% of the pension benefit.

Note 2 – Basis of Preparation

The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Regulation 5(2)(c) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831) prohibits administering authorities from crediting Additional Voluntary Contributions to the Pension Fund. In consequence Additional Voluntary Contributions are excluded from the Net Assets Statement and are disclosed separately in Note 23.

The accounts summarise the transactions of the Pension Fund and detail the net assets of the Fund. The accounts do not take account of the obligation to pay future benefits which fall due after the year-end. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 26.

The accounts have been prepared on a going concern basis. The Fund does not anticipate a significant impact on the Fund's cashflow or balance sheet position over the next couple of years as a result of the Covid-19 pandemic. The fund has not received any requests from employers for a contribution deferral and continues to receive contributions from all employers in line with the rates set in the 2019 actuarial valuation. The Fund's cashflow monitoring shows that cashflows from dealings with members continue to be positive each month and are currently running at around +£0.5m per month on average. Even if the cashflow position from dealing with members turns negative the Fund generates investment income that can also be used to pay pensions without the need to sell assets at a potentially suboptimal time. The Fund has a level of assets that would be able to cover pension payments for over a decade at current pension payment levels even if no further income was received. The Fund is subject to an actuarial valuation every three years so any deterioration in the funding position leading up to the valuation would be factored in when setting contribution rates for employers to ensure the fund is able to meet all its future obligations. The funding level of the Pension Fund as assessed by the Fund's actuary at the 2019 valuation was 99%. Therefore, management are assured the pension fund is a going concern.

Note 3 – Summary of Significant Accounting Policies

Investments

1. Investments are shown in the accounts at market value, which has been determined as follows:

(a) The majority of listed investments are stated at the bid price or where the bid price is not available, the last listed traded price, as at 31 March 2020.

(b) Unlisted securities are included at fair value, estimated by having regard to the latest dealings, professional valuations, asset values and other appropriate financial information;

(c) Pooled Investment Vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.

(d) Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling on 31 March 2020.

(e) Fixed Interest stocks are valued on a 'clean' basis (i.e. the value of interest accruing from the previous interest payment date to the valuation date has been included within the amount receivable for accrued income).

(f) Derivatives are stated at market value. Exchange traded derivatives are stated at market values determined using market quoted prices. For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

(g) Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

(h) All gains and losses arising on derivative contracts are reported within ‘Changes in Market Value of Investments

Foreign Currencies

2. Balances denominated in foreign currencies are translated at the rate ruling at the net assets statement date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

Contributions

3. Employee normal contributions are accounted for when deducted from pay. Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as employees’ contributions, otherwise they are accounted for in the period they are due under the Schedule of Contributions. Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery plan under which they are being paid or on receipt if earlier than the due date.

   Employers’ pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.
   The Actuary determines the contribution rate for each employer during the triennial valuations of the Fund’s assets and liabilities. Employees’ contributions have been included at rates required by the Local Government Pension Scheme Regulations.

Benefits, Refunds of Contributions and Transfer Values

4. Benefits payable and refunds of contributions have been brought into the accounts on the basis of all amounts known to be due at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities. Transfer values are those sums paid to, or received from, other pension schemes and relate to periods of previous pensionable employment. Transfer values have been included in the accounts on the basis of the date when agreements were concluded.

   In the case of inter-fund adjustments provision has only been made where the amount payable or receivable was known at the year-end. Group transfers are accounted for in accordance with the terms of the transfer agreement.

Investment Income

5. Dividends and interest have been accounted for on an accruals basis. Dividends from quoted securities are accounted for when the security is declared ex-div. Interest is accrued on a daily basis. Investment income is reported net of attributable tax credits but gross of withholding taxes. Irrecoverable withholding taxes are reported separately as a tax charge. In the majority of cases, investment income arising from the underlying investments of the Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicles and reflected in the unit price. It is reported within ‘Changes in Market Value of Investments’. Foreign income

has been translated into sterling at the date of the transaction. Income due at the year-end was translated into sterling at the rate ruling at 31 March 2020.

Investment Management and Scheme Administration

6. A proportion of relevant County Council officers' salaries, including salary on-costs, have been charged to the Fund on the basis of time spent on scheme administration and investment related business. The fees of the Fund's general investment managers have been accounted for on the basis contained within their management agreements. Investment management fees are accounted for on an accruals basis.

Expenses

7. Expenses are accounted for on an accruals basis.

Cash

8. Cash held in bank accounts and other readily accessible cash funds is classified under cash balances as it is viewed that these funds are not held for investment purposes but to allow for effective cash management. Cash that has been deposited for a fixed period and as such as an investment, has been included under cash deposits.

Listed Private Equity

9. The fund holds a number of investments in listed private equity companies. These are included under equities as the investment is in a company that undertakes private equity related activities rather than an investment in a specific fund that makes private equity investments. This is consistent with the treatment of other equity investments as the fund does not split out any other categories from within equities, for example retail stocks.

Management Fees

10. Management fees have been accounted for based on the latest guidance from the Chartered Institute of Public Finance & Accountancy. Fees have been accounted for where the pension fund has a direct contractual obligation to pay them. This means where fees are deducted in a pooled fund they have been accounted for, but in a fund of funds the fees for the underlying funds are not included, only those the pension fund pays to the fund of funds manager.

Note 4 – Critical Judgements in Applying Accounting Policies

Unquoted Private Equity Investments

Determining the fair value of unquoted private equity investments is highly subjective in nature. Unquoted private equity investments are valued by the investment managers using various valuation techniques and this involves the use of significant judgements by the managers. The value of unquoted private equity and infrastructure investments at 31 March 2020 was £127.080m (£93.621m at 31 March 2019).

Pension Fund Liability

The pension fund liability is calculated every three years by the Fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with IAS19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 26. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

Note 5 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainties that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are:-

Item	Uncertainties	Potential Impact
Actuarial Present Value of Promised Retirement Benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on fund assets. The fund engages an actuarial firm to provide expert advice on the assumptions to be applied.	The actuarial present value of promised retirement benefits included in the financial statements is £3,519m. There is a risk that this figure is under, or overstated in Note 26 to the accounts. Sensitivities to the key assumptions are as follows: A 0.5% p.a. increase in the pension increase rate would result in an approximate 9% increase to liabilities (£316m). A 0.5% p.a. increase in the salary increase rate would result in an approximate increase to liabilities of 1% (£25m). A 0.5% decrease in the real discount rate would result in an approximate 10% increase to liabilities (£344m). A one-year increase in member life expectancy would approximately increase the liabilities by 3-5%.
Unquoted Private Equity	Unquoted private equity and infrastructure investments are valued at fair value using recognised valuation techniques. Due to the assumptions involved in this process there is a degree of estimation involved in the valuation.	Unquoted private equity and infrastructure investments included in the financial statements total £127.080m. There is a risk these investments are under, or overstated in the accounts. The Pension Fund relies on specialists to perform the valuations and does not have the information (i.e. the assumptions that were used in each case) to produce sensitivity calculations. Further details are included in Note 27.

Note 6 – Contributions

	2018/19 £'000	2019/20 £'000
Employers		
Normal	-53,554	-55,799
Augmentation	0	0
Deficit Funding	-15,821	-19,389
Costs of Early Retirement	-1,320	-1,488
	-70,695	**-76,676**
Members		
Normal	-22,709	-23,924
Additional *	-322	-233
	-23,031	**-24,157**
Total	**-93,726**	**-100,833**

*Local Government Scheme Additional Employees contributions are invested within the Fund, unlike AVCs which are held separately, as disclosed in Note 23.

Deficit recovery contributions are paid by employers based on the maximum 22 year recovery period set out in the Funding Strategy Statement. Where appropriate, the Actuary has shortened the recovery period for some employers to maintain as near stable contribution rates for those employers, in line with the Regulations.

	Employer Contributions 2018/19 £'000	2019/20 £'000	Members Contributions 2018/19 £'000	2019/20 £'000
Oxfordshire County Council	-28,652	-30,196	-9,360	-9,782
Scheduled Bodies	-33,409	-38,475	-11,124	-11,835
Resolution Bodies	-4,868	-5,133	-1,558	-1,613
Community Admission Bodies	-2,034	-1,372	-385	-372
Transferee Admission Bodies	-1,732	-1,500	-604	-555
Total	**70,695**	**-76,676**	**-23,031**	**-24,157**

Note 7 – Transfers In

	2018/19 £'000	2019/20 £'000
Individual Transfers In from other schemes	-7,868	-13,021
Group Transfers In from other schemes	-2,081	0
Total	**-9,949**	**-13,021**

Note 8 – Other Income

Other Income for 2019/20 of £0.149m (2018/19 £0.465m) reflects the interest resulting from the unwinding of the discount for the long-term receivable recognised for transfers to Magistrates' Courts. The long-term receivable was calculated on a discounted cash flow basis. This resulted in a charge to the fund account in the year the long-term receivable was originally recognised representing the value of the discount. The discount is being written down over a ten-year period. Further information regarding the deferred asset is included in Note 19.

Note 9 – Benefits

	2018/19 £'000	2019/20 £'000
Pensions Payable	71,839	75,227
Lump Sums – Retirement Grants	13,132	11,475
Lump Sums – Death Grants	3,224	2,555
Total	**88,195**	**89,257**

	2018/19 £'000	2019/20 £'000
Pensions Payable	71,839	75,227
Lump Sums – Retirement Grants	13,132	11,475
Lump Sums – Death Grants	3,224	2,555
Total	**88,195**	**89,257**

	Pensions Payable 2018/19 £'000	2019/20 £'000	Lump Sums 2018/19 £'000	2019/20 £'000
Oxfordshire County Council	35,222	36,945	6,980	5,822
Scheduled Bodies	31,745	32,883	7,128	5,884
Resolution Bodies	630	769	712	853
Community Admission Bodies	3,451	3,702	669	918
Transferee Admission Bodies	791	928	867	553
Total	**71,839**	**75,227**	**16,356**	**14,030**

Note 10 – Payment to and on account of leavers

	2018/19 £'000	2019/20 £'000
Refunds of Contributions	651	387
Payments for members joining state scheme	-19	4
Group Transfers Out to other schemes	0	0
Individual Transfers Out to other schemes	10,023	6,939
Total	**10,655**	**7,330**

Note 11 – Management Expenses

	2018/19 £'000	2019/20 £'000
Administrative Costs	2,242	2,712
Investment Management Expenses	7,334	7,865
Oversight & Governance Costs	1,454	1,856
Total	**11,030**	**12,433**

Within oversight and governance costs are fees paid to the Pension Fund's external auditors of £0.019m (2018/19 £0.030m) for the audit of the Pension Fund's Annual Report and Accounts. No other external audit fees were paid in 2019/20.

A further breakdown of Investment Management Expenses is in Note 13.

Note 12 – Investment Income

	2018/19 £'000	2019/20 £'000
Bonds	-3,750	-3,647
Equity Dividends	-25,002	-9,620
Pooled Property Investments	-3,331	-4,058
Pooled Investments – Unit Trusts & Other Managed Funds	-9	-302
Interest on cash deposits	-553	-702
Other – securities lending	-53	-49
	-32,698	**-18,378**
Irrecoverable withholding tax – equities	244	195
Total	**-32,454**	**-18,183**

Note 13 – Investment Management Expenses

	2018/19 £'000	2019/20 £'000
Management Fees	7,332	7,827
Custody Fees	2	38
Total	**7,334**	**7,865**

Investment Management & Custody Fees are generally calculated on a fixed scale basis with applicable rates applied to the market value of the assets managed. See Note 3 for details of the accounting treatment of management fees.

Note 14 – Securities Lending

The Fund operated a securities lending programme with its custodian State Street Bank and Trust Company for the duration of the financial year. Collateralised lending generated income of £0.049m in 2019/20 (2018/19 £0.053m). This is included within investment income in the Pension Fund Accounts. At 31 March 2020 £8.892m (31 March 2019 £5.344m) of stock was on loan, for which the fund held £10.028m (31 March 2019 £6.006m) worth of collateral. Collateral consists of acceptable securities and government and supranational debt.

Note 15 – Related Party Transactions

The Pension Fund is required to disclose material transactions with related parties, and bodies or individuals that have the potential to control or influence the Pension Fund, or to be controlled or influenced by the Pension Fund. Disclosure of these transactions allows readers to assess the extent to which the Pension Fund 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 Pension Fund.

Members of the Pension Fund Committee and the post of Service Manager (Pensions) are the key management personnel involved with the Pension Fund. During 2019/20, the Committee consisted of nine County Councillors, two District Councillors and a beneficiary observer. Members of the Pension Fund Committee are disclosed in the Pension Fund Report and Accounts. An amount of £0.113m was paid to Oxfordshire County Council in respect of key management compensation during the financial year as follows:

	2018/19 **£'000**	2019/20 **£'000**
Short Term Benefits*	95	98
Long Term/Post Retirement Benefits	16	16
Total	**111**	**114**

*Includes allowances paid to the Chairman of the Pension Fund Committee

These figures represent the relevant proportion of the salary and employer pension contributions for the key Council staff, reflecting their work for the Pension Fund.

As the County Council is the designated statutory body responsible for administrating the Oxfordshire Pension Fund, it is a related party.

For the 12 months ended 31 March 2020, employer contributions to the Pension Fund from the County Council were £30.196m (2018/19 £28.652m). At 31 March 2020 there were receivables in respect of contributions due from the County Council of £3.466m (2018/19 £3.344m) and payables due to the County Council of £0.760m (2018/19 £0.025m) for support services.

The County Council was reimbursed £1.445m (2018/19 £1.441m) by the Pension Fund for administration costs incurred by the County Council on behalf of the Pension Fund.

Brunel Pension Partnership Ltd (Company Number 10429110)

Brunel Pension Partnership Ltd (BPP Ltd) was formed on the 14 October 2016 and oversees the investment of pension fund assets for the following LGPS

funds: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire.

Each of the nine Administering Authorities, including Oxfordshire County Council, and the Environment Agency own 10% of BPP Ltd. Pension Fund transactions with BPP Ltd are as follows:

	2018/19 **£'000**	2019/20 **£'000**
Income	0	0
Expenditure	685	1,164
Receivables	263	237
Payables	0	0

Note 16 – Investments

	Value at 31 March 2019 **£'000**	Value at 31 March 2020 **£'000**
Investment Assets		
Bonds	296,805	300,087
Equities	360,807	86,211
Pooled Investments	1,581,636	1,729,191
Pooled Property Investments	172,306	161,843
Derivatives:		
- Forward Currency Contracts	1,111	3,092
Cash Deposits	3,567	28,111
Long-Term Investments	840	840
Investment Income Due	3,966	2,805
Amounts Receivable for Sales	3,463	9,596
Total Investment Assets	**2,424,501**	**2,321,776**
Investment Liabilities		
Derivatives:		
- Forward Currency Contracts	-384	-6,166
Management Expenses Due	-869	-13,785
Amounts Payable for Purchases	0	0
Total Investment Liabilities	**-1,253**	**-19,951**
Net Investment Assets	**2,423,248**	**2,301,825**

Note 16a – Reconciliation of Movements in Investments and Derivatives

	Value at 1 April 2019 £'000	Purchases at Cost & Derivative Payments £'000	Sales Proceeds & Derivative Receipts £'000	Change in Market Value £'000	Cash Movement £'000	Increase in Receivables / (Payables) £'000	Value at 31 March 2020 £'000
Bonds	296,805	666,392	-685,059	21,949			300,087
Equities	360,807	66,247	-352,573	11,730			86,211
Pooled Investments	1,581,636	416,347	-65,953	-202,839			1,729,191
Pooled Property Investments	172,306	11,338	-19,827	-1,974			161,843
Long-Term Investments	840						840
Derivative Contracts							
FX	727	10,863	-10,955	-3,709			-3,074
Other Investment Balances							
Cash Deposits	3,567	241,897	-228,813	339	11,121		28,111
Amounts Receivable for Sales of Investments	3,463					6,133	9,596
Investment Income Due	3,966			40		-1,201	2,805
Amounts Payable for Purchases of Investments & Management Expenses	-869					-12,916	-13,785
Total	**2,423,248**	**1,413,084**	**-1,363,180**	**-174,464**	**11,121**	**-7,984**	**2,301,825**

Included within the above purchases and sales figures are transaction costs of £0.068m. Costs are also borne by the scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

There have been no employer-related investments at any time during the year.

Purchases and sales relating to derivative contracts consist of forward foreign exchange contracts that are used for the purpose of currency hedging. Further details are contained in note 16c.

	Value at 1 April 2018 £'000	Purchases at Cost & Derivative Payments £'000	Sales Proceeds & Derivative Receipts £'000	Change in Market Value £'000	Cash Movement £'000	Increase in Receivables / (Payables) £'000	Value at 31 March 2019 £'000
Bonds	279,802	273,511	-267,925	11,417			296,805
Equities	713,313	162,046	-517,135	2,583			360,807
Pooled Investments	1,069,635	867,562	-467,669	112,108			1,581,636
Pooled Property Investments	161,441	13,687	-8,571	5,749			172,306
Long-Term Investments	840						840
Derivative Contracts							
FX	-272	849,609	-849,108	498			727
Other Investment Balances							
Cash Deposits	9,698	83,301	-90,322	231	659		3,567
Amounts Receivable for Sales of Investments	8,153					-4,690	3,463
Investment Income Due	5,076					-1,110	3,966
Amounts Payable for Purchases of Investments & Management Expenses	-5,821					4,952	-869
Total	**2,241,865**	**2,249,716**	**-2,200,730**	**132,586**	**659**	**-848**	**2,423,248**

Note 16b – Analysis of Investments (excluding Derivative Contracts, Cash Deposits and Other Investment Balances)

Long-Term Investment Assets	2018/19 £'000	2019/20 £'000
Brunel Pension Partnership Ltd	840	840
Total	**840**	**840**

Bonds	2018/19 £'000	2019/20 £'000
UK Public Sector	90,463	88,160
UK Other	-	611
Overseas Public Sector	56,335	42,602
UK Public Sector Index Linked	150,007	162,526
Overseas Public Sector index Linked		6,188
Total	**296,805**	**300,087**

Equity Investments	2018/19 £'000	2019/20 £'000
UK Equities	112,286	81,488
Overseas Listed Equities:		
North America	166,787	4,168
Japan	9,947	
Europe	49,621	555
Pacific Basin	0	0
Emerging Markets	22,166	
Total	**360,807**	**86,211**

Pooled Investment Vehicles	2018/19 £'000	2019/20 £'000
UK Registered Managed Funds – Property	36,649	31,152
Non UK Registered Managed Funds – Property	19,522	16,603
UK Registered Managed Funds – Other	1,053,116	1,218,613
Non UK Registered Managed Funds – Other	209,540	263,771
UK Registered Property Unit Trusts	90,716	88,599
Non UK Registered Property Unit Trusts	25,418	25,490
Non UK Registered Unit Linked Insurance Fund	318,981	246,806
Total	**1,753,942**	**1,891,034**

Total Investments (excluding Derivative Contract, Cash Deposits and Other Investment Balances)	2018/19	2019/20
	£'000	£'000
	2,412,394	**2,278,172**

Note 16c – Derivative Contracts

Objectives and policies

The Pension Fund Committee have authorised the use of derivatives by some of their Investment Managers as part of the investment strategy for the pension scheme.

The main objectives and policies followed during the year are summarised as follows:

Forward Foreign Exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

Forward Foreign Exchange (FX)

The scheme had open FX contracts at the year-end as follows:

Contract	Settlement Date	Currency Bought £'000	Currency Sold £'000	Asset value at year end £'000	Liability value at year end £'000	Net Forward currency Contracts £'000
Forward OTC	3 months	62,531 GBP	71,004 EUR	760	-1,118	
Forward OTC	1 month	32,800 USD	25,960 GBP	860	-378	
Forward OTC	1 month	1,800 CAD	1,051 GBP		-31	
Forward OTC	1 month	2,384,000 JPY	17,068 GBP	750		
Forward OTC	1 month	19,700 EUR	17,127 GBP	481	-170	
Forward OTC	1 month	1,386 EUR	1,500 USD	89	-71	
Forward OTC	1 month	28,674 GBP	4,113,400 JPY		-2,071	
Forward OTC	1 month	47,423 GBP	61,692 USD		-2,310	
Forward OTC	1 month	931 GBP	1,750 AUD	67		
Forward OTC	1 month	2,233 GBP	3,792 CAD	85		
Forward OTC	1 month	9,781 GBP	120,373 SEK		-17	
Forward Currency Contracts at 31 March 2020				**3,092**	**-6,166**	**-3,074**
Prior Year Comparative						
Forward Currency contracts at 31 March 2019				**1,111**	**-384**	**727**

Note 16d – Other Investment Balances

	2018/19 £'000	2019/20 £'000
Receivables		
Sale of Investments	3,463	9,596
Dividend & Interest Accrued	3,742	2,492
Inland Revenue	224	313
Other	0	0
	7,429	**12,401**
Payables		
Purchase of Investments	0	-12,879
Management Fees	-850	-906
Custodian Fees	-19	0
	-869	**-13,785**
Total	**6,560**	**-1,384**

Cash Deposits

	2018/19 £'000	2019/20 £'000
Non-Sterling Cash Deposits	3,567	28,111
Total	**3,567**	**28,111**

The following investments represent more than 5% of the net assets of the scheme

	2018/19 £'000	% of Total Fund	2019/20 £'000	% of Total Fund
UBS Life Global Equities All Countries Fund	318,980	12.68	246,806	10.44
Brunel HG ALP GLB EQ	0	0.00	234,652	9.93
L&G World Developed Equity Index Fund	252,406	10.04	238,828	10.11
L&G UK FTSE All-Share Equity Index	179,064	7.12	145,866	6.17
L&G Core Plus Bond Fund	183,473	7.30	181,708	7.69
Brunel UK Equity Fund	438,172	17.42	351,250	14.86
Insight Broad Opportunities Fund	115,919	4.61	136,692	5.78

Note 17 – Current Assets

	2018/19 £'000	2019/20 £'000
Receivables:		
Employer Contributions	7,922	7,857
Employee Contributions	1,930	1,910
Rechargeable Benefits	1,113	1,152
Transferred Benefits	1,832	1,260
Cost of Early Retirement	724	527
Inland Revenue	78	104
Other	566	534
Cash Balances	77,159	49,122
Total	**91,324**	**62,466**

Note 18 – Current Liabilities

	2018/19 £'000	2019/20 £'000
Transferred Benefits	-1,351	-290
Benefits Payable	-1,100	-405
Inland Revenue	-987	-920
Costs of Early Retirement	-808	-740
Employer Contributions	0	-598
Staff Costs	-2	-109
Consultancy	-94	-66
Other	-77	-61
Total	**-4,419**	**-3,189**

Note 19 – Long-Term Assets

	2018/19 £'000	2019/20 £'000
Employer Contributions	4,189	2,130
Costs of Early Retirement	308	120
Total	**4,497**	**2,250**

Long-Term assets for 2019/20 include deferred receivables in relation to the transfer of staff to Magistrates' Courts for which a payment of £21.860m is due to be received in ten equal annual instalments, in line with the national agreement reached between Actuaries on behalf of Pension Funds, and the Government Actuary Department on behalf of the Government.

Note 20 - Assets under External Management

The market value of assets under external fund management amounted to £2,221.493m as at 31 March 2020. The table below gives a breakdown of this sum and shows the market value of assets under management with each external managed.

Fund Manager	31/03/2019 Market Value		31/03/2020 Market Value	
	£'000	%	£'000	%
Brunel Pension Partnership	877,323	37.98	1,073,335	48.59
Legal & General	493,564	21.36	513,946	23.27
UBS	458,305	19.84	388,615	17.50
Wellington	267,194	11.57	1,692	0.08
Insight	115,919	5.02	136,692	6.19
Adams Street Partners	49,697	2.15	51,667	2.34
Partners Group	48,099	2.08	44,764	2.03
Total	**2,310,101**	**100.00**	**2,208,711**	**100.00**

Note 21 – Top 5 Holdings

Value of the Fund's Top Five Holdings at 31 March 2020	£'000	% of Fund
HG Capital Trust Plc	42,935	1.81
BMO Private Equity Trust Plc	11,898	0.5
UK Index linked Gilt 0.125 2044	11,503	0.49
Standard Life European Private Equity Trust	11,414	0.48
3i Group Plc	9,072	0.38

Note 22 – Taxation

The scheme is a 'registered pension scheme' for tax purposes under the Finance Act 2004. As such the Fund is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. However, the Fund cannot reclaim certain amounts of withholding taxes relating to overseas investment income which are suffered in the country of origin.

Note 23 – Additional Voluntary Contributions

	Market Value 31 March 2019 £'000	Market Value 31 March 2020 £'000
Prudential	13,575	13,196

AVC contributions of £1.316m were paid directly to Prudential during the year. (2018/19 - £1.639m).

The AVC provider to the Fund is the Prudential. The assets of these investments are held separately from the Fund. The AVC provider secures additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year. The Administering Authority does not handle these monies. Instead, if employees decide to pay AVCs their employer (the member body) sends them to Prudential.

Note 24 – Contingent Liabilities and Capital Commitments

As at 31 March 2020 the fund had outstanding capital commitments (investments) totalling £172.000m (31 March 2019 - £92.894m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the pooled investments and pooled property fund elements of the investment portfolio. The amounts 'called' by these funds are irregular in both size and timing from the date of the original commitment due to the nature of the investments.

Note 25 – Investment Strategy Statement

Oxfordshire County Council Pension Fund has an Investment Strategy Statement. This is published in the Pension Fund Annual Report and Accounts which is circulated to all scheme employers and is also available on the Council's webpage.

Note 26 - Actuarial Present Value of Promised Retirement Benefits

	2019 £m	2020 £m
Present Value of Funded Obligation	4,134	3,519

The movement from March 2019 can in part be explained by the normal changes over the year as new benefits are accrued and previous benefits paid out. This explains a decrease in the present value of the Funded Obligation of £204m (2019 - £153m increase).
There has been a decrease in the present value of the Funded Obligation of £411m (2019 - £305m increase) reflecting changes in the financial assumptions used by the actuary as a consequence of changes in the financial markets. The key changes in financial assumptions were:

- A decrease in the assumed level of CPI, and therefore pension increase, to 1.9% from 2.5% (net effect a decrease in Present Value of Funded Obligation)
- A decrease in the assumed level of salary increases to 1.9% from 3.7% (net effect a decrease in Present Value of Funded Obligation)

- A reduction in the discount rate to 2.3% from 2.4% (net effect an increase in Present Value of Funded Obligation).

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an ‘underpin’ which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling (“McCloud/Sargeant”) that similar transitional protections in the Judges’ and Firefighters’ Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. LGPS benefits accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. There will therefore be a retrospective increase to members’ benefits, which in turn will give rise to a past service cost for the Fund employers.

Quantifying the impact of the judgement at this stage is very difficult because it will depend on the compensation awarded, members’ future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary’s Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD’s paper, dated 10 June 2019.

The Fund’s actuary has adjusted GAD’s estimate to better reflect the Oxfordshire County Council Pension Fund’s local assumptions, particularly salary increases and withdrawal rates. The revised estimate is that total liabilities (i.e. the increase in active members’ liabilities expressed in terms of the employer’s total membership) could be 0.5% higher as at 31 March 2020, an increase of approximately £6m.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

Note 27 - Financial Instruments
Note 27a – Classification of Financial Instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	2018/19			2019/20		
	Fair Value through Profit & Loss	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Fair Value through Profit & Loss	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Assets						
Bonds	296,805			300,087		
Equities	360,807			86,211		
Pooled Investments	1,581,636			1,729,191		
Pooled Property Investments	172,306			161,843		
Derivatives	1,111			3,092		
Cash		80,727			77,232	
Long-Term Investments	840			840		
Other Investment Balances	7,205			12,088		
Receivables		520			487	
	2,420,710	**81,247**	**0**	**2,293,352**	**77,719**	**0**
Financial Liabilities						
Derivatives	-384			-6,166		
Other Investment Balances	-869			-13,786		
Payables			-109			-390
	-1,253	**0**	**-109**	**-19,952**	**0**	**-390**
Total	**2,419,457**	**81,247**	**-109**	**2,273,400**	**77,719**	**-390**

Note 27b – Net Gains and Losses on Financial Instruments

	31-Mar-19 £'000	31-Mar-20 £'000
Financial Assets		
Fair Value through Profit and Loss	132,355	-174,803
Loans and Receivables	0	0
Financial Assets at Amortised Cost	231	339
Financial Liabilities		
Fair Value through Profit and Loss	0	0
Financial Liabilities Measured at Amortised Cost	0	0
Total	**132,586**	**-174,464**

Note 27c – Valuation of Financial Instruments Carried at Fair Value

Financial instruments have been classified in to one of the following three categories to reflect the level of uncertainty in estimating their fair values:

Level 1
Fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2
Fair value is based on inputs other than quoted prices included within Level 1 that are observable either directly (i.e., from prices) or indirectly (i.e., derived from prices).

Level 3
Fair value is determined by reference to valuation techniques using inputs that are not observable in the market.

Level 2 includes pooled funds where the valuation is based on the bid price, where bid and offer prices are published, or the net asset value provided by the issuing fund. Within Level 2 there are also listed private equity investments where the market for the security is not deemed active; for these investments the valuation is based on the most recently available bid price in the market.

Included within Level 3 are pooled private equity investments made in Limited Liability Partnerships where fair value is determined using valuation techniques which involve significant judgements by fund managers due to the unquoted nature of the underlying fund investments. The valuations are obtained from the audited financial statements of the issuing funds and are normally adjusted for cashflows where data does not cover the full financial year for the Pension Fund. Between December 2019 and March 2020 there were significant market movements, primarily resulting from the impact of the COVID-19 pandemic. As such the Fund's normal approach of taking 31 December valuations and adjusting for cashflows is unlikely to be an appropriate approximation of valuations for these funds for 2019/20. Where finalised 31 March 2020 valuations were not yet available the Fund has sought estimated valuations from fund managers.

Some listed private equity investments have been included within Level 3 of the hierarchy where it has been determined that the market for the fund is inactive. These listed private equity investments are valued using the most recently available bid price in the market.

Categorisation of financial instruments within the levels is based on the lowest level input that is significant to the fair value measurement of the instrument.

The following table presents the Fund's financial assets and liabilities within the fair value hierarchy.

Value at 31 March 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial Assets at Fair Value through Profit & Loss	325,414	1,677,025	290,913	2,293,352
Financial Assets at Amortised Cost	77,719	0	0	77,719
Total Financial Assets	**403,133**	**1,677,025**	**290,913**	**2,371,071**
Financial Liabilities				
Financial Liabilities at Fair Value through Profit & Loss	-13,786	-6,166	0	-19,952
Financial Liabilities at Amortised Cost	-390	0	0	-390
Total Financial Liabilities	**-14,176**	**-6,166**	**0**	**-20,342**
Net Financial Assets	**388,957**	**1,670,859**	**290,913**	**2,350,729**

Value at 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial Assets at Fair Value through Profit & Loss	582,547	1,708,127	130,036	2,420,710
Financial Assets at Amortised Cost	81,247	0	0	81,247
Total Financial Assets	**663,794**	**1,708,127**	**130,036**	**2,501,957**
Financial Liabilities				
Financial Liabilities at Fair Value through Profit & Loss	-869	-384	0	-1,253
Financial Liabilities at Amortised Cost	-109	0	0	-109
Total Financial Liabilities	**-978**	**-384**	**0**	**-1,362**
Net Financial Assets	**662,816**	**1,707,743**	**130,036**	**2,500,595**

Reconciliation of Movement in Level 3 Financial Instruments

	UK Equities £'000	Pooled Private Equity Funds £'000	Pooled Property Funds £'000	Pooled Infrastructure Funds £'000	Long-Term Investments £'000
Market Value 31 March 2019	**1,458**	**80,563**	**34,117**	**13,058**	**840**
Transfers In	0	0	132,678	0	0
Transfers Out	0	0	0	0	0
Purchases	0	24,216	540	19,223	0
Sales	0	-10,346	-7,483	-1,821	0
Unrealised Gains/(Losses)	-401	-3,612	1,296	838	0
Realised Gains/(Losses)	93	4,961	695	0	0
Market Value 31 March 2020	**1,150**	**95,782**	**161,843**	**31,298**	**840**

	UK Equities £'000	Pooled Private Equity Funds £'000	Pooled Property Funds £'000	Pooled Infrastructure Funds £'000	Long-Term Investments £'000
Market Value 31 March 2018	**1,804**	**71,797**	**32,377**	**3,646**	**840**
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Purchases	0	11,693	4,933	9,363	0
Sales	-523	-12,946	-5,525	0	0
Unrealised Gains/(Losses)	-16	3,692	2,316	49	0
Realised Gains/(Losses)	193	6,327	16	0	0
Market Value 31 March 2019	**1,458**	**80,563**	**34,117**	**13,058**	**840**

Transfers in are included at the 31 March 2020 market value. For 2019/20 the Pension Fund has included all pooled property funds that were held in Level 2 as at 31 March 2019 in level 3. The decision was made as all of the property funds had a material uncertainty clause included in their valuations. The clause was included as a result of the significantly reduced property market activity stemming from the COVID-19 pandemic.

Level 3 Sensitivities

Level 3 Investments	Valuation Range +/-	Value at 31 March 2020 £'000	Valuation on Increase £'000	Valuation on Decrease £'000
UK Equities	10%	1,150	1,265	1,035
Pooled Private Equity Funds	10%	95,782	105,360	86,203
Pooled Property Funds	3%	161,843	166,698	156,988
Pooled Infrastructure Funds	5%	31,298	32,863	29,733
Long-Term Investments	0%	840	840	840

Level 3 Investments	Valuation Range +/-	Value at 31 March 2019 £'000	Valuation on Increase £'000	Valuation on Decrease £'000
UK Equities	10%	1,458	1,604	1,312
Pooled Private Equity Funds	10%	80,563	88,619	72,507
Pooled Property Funds	3%	34,117	35,141	33,093
Pooled Infrastructure Funds	5%	13,058	13,711	12,405
Long-Term Investments	0%	840	840	840

Note 28 - Risk

The Pension Fund is subject to risk in terms of its key responsibility to meet the pension liabilities of the scheme members as they become due. These risks relate to the value of both the assets and the liabilities of the Fund and the timing of when the payment of the liabilities becomes due.

At a strategic level, the main tools used by the Pension Fund to manage risk are:

- The triennial Fund Valuation which reviews the assets and liabilities of the Fund, and resets employer contribution rates to target a 100% Funding Level. The 2019 Valuation estimated that the current Funding Level is 99%.
- The Investment Strategy Statement which sets out the Fund's approach to the investment of funds, and sets out the approach to the mitigation of investment risk.
- The review of the Strategic Asset Allocation to ensure it is appropriately aligned to the Fund's liability profile and to ensure compliance with the Investment Strategy Statement.
- The regular review of the performance of all Fund Managers.

Key elements of the approach to managing the investment risk as set out in the Investment Strategy Statement include:

- Maintaining an element of the asset allocation in assets such as fixed income securities, the behaviour of which closely mirrors that of the Fund's liabilities. The allocation to liability matching assets is regularly reviewed with the intention that the allocation will increase as the maturity of the fund increases, as was the case following the 2016 valuation. Whilst the Fund maintains a high proportion of active members where the payment of liabilities is not due for many decades and remains cashflow positive, the Fund can afford to seek the higher investment returns associated with the more volatile and illiquid asset classes.

- Maintaining an element of the asset allocation in passive equity funds which removes the risk associated with poor manager performance (though retaining the market risk).
- Ensuring a diversification amongst asset classes, and in particular an allocation to alternative asset classes for which performance has historically not correlated to equity performance.
- Ensuring a diversification of Fund Managers and investment styles (e.g. some with a growth philosophy, some with a value philosophy) to mitigate the risk of poor manager performance impacting on asset values.
- The Fund's policy on ensuring Environmental Social & Governance factors are taken into account in investment decisions. During 2019/20 the Fund has developed a Climate Change Policy dealing with how it will manage climate change related risks and opportunities. The policy was developed as the Fund sees climate change as single most significant risk to long-term investment performance given its systemic nature.

The key risks associated with the level of liabilities stem from the level of initial pension benefit payable, the indexation of this benefit and the time the benefit is in payment for. These risks largely lie outside the control of the Pension Fund. Changes to the scheme were made in 2014 with the aim of making the scheme more sustainable including; linking the normal retirement age to future estimates of life expectancy to bring stability to the length of time benefits are in payment, a change in the calculation of benefits to career average revalued earnings to avoid the sudden hike possible in final benefits possible under a final salary scheme, and a switch in the basis of indexation to CPI which is generally lower than the RPI alternative.

The Actuary, when completing the 2019 Valuation, undertook sensitivity analysis calculations to look at the impact on potential liabilities and the funding level. A variation of 0.1% per annum in the discount rate would move the calculated funding level from 99% down to 98% or up to 100%. A change in the CPI assumption of 0.1% per annum would lead to a reduction in the funding level to 98% or an increase to 100%. A change to the rate of mortality improvement of 0.25% would move the funding level down to 98% or up to 100%.

In terms of the investment in the various Financial Instruments open to the Pension Fund, the Fund is exposed to the following risks:

- Credit risk – the possibility of financial loss stemming from other parties no longer being able to make payments or meet contractual obligations to the Pension Fund.
- Liquidity Risk – the possibility that the Pension Fund might not have the funds available to meet its payment commitments as they fall due.
- Market Risk – the possibility that the Pension Fund may suffer financial loss as a consequence of changes in such measures as interest rates, market prices, and foreign currency exchange rates.

Credit Risk

The Pension Fund's credit risk is largely associated with the Fund's investments in Fixed Interest and Index Linked Securities, Cash Deposits and Short Term Loans, where there is a risk that the other parties may fail to meet the interest or dividend payments due, or fail to return the Fund's investment at the end of the investment period.

At 31 March 2020 the Fund's exposure to credit risk predominantly related to the following investments:

Investment Category	31-Mar-19 £'000	31-Mar-20 £'000
UK Government Gilts	90,463	88,160
UK Corporate Bonds	183,473	181,708
UK Index Linked Gilts	150,007	163,137
Overseas Government Bonds	56,335	48,789
Non-Sterling Cash Deposits	3,567	28,111
Cash Balances	77,159	49,122
Total	**561,004**	**559,027**

The Pension Fund manages the credit risk by ensuring a diversification of investments both in terms of product and in terms of redemption dates, whilst limiting investments made to sub-investment grade bonds to those made through pooled funds. Corporate Bonds are held through a pooled fund vehicle and up to 15% of holdings can be invested in sub-investment grade bonds. Cash held in sterling at 31 March 2020 was deposited in short-term notice cash accounts and money market funds as shown in the table below:

	Rating	Balance at 31 March 2019 £'000	Rating	Balance at 31 March 2020 £'000
Money Market Funds				
Aberdeen Standard	AAA	21,000	AAA	20,000
State Street Global Advisors	AAA	57,644	AAA	45,162
Bank Current Accounts				
Lloyds Bank Plc	A+	1,950	A+	1,547
State Street Bank & Trust Co	AA+	132	AA+	10,524
Total		**80,726**		**77,233**

The Pension fund has no experience of default against which to quantify the credit risk against the current investments.

Liquidity Risk

Liquidity risk represents the risk that the Fund will be unable to meet its financial obligations as they fall due. At the present time, the liquidity risk is seen, relatively, as the greatest threat to the Pension Fund, although the absolute risk itself is still seen to be very low, particularly in the short term.

During 2019/20 the Pension Fund received/accrued income related to dealings with members of £114.0m (2018/19 £104.1m) and incurred expenditure related to dealings with members of £109.0m (2018/19 £109.9m). There were further receipts/accruals of £18.4m (2018/19 £32.7m) in respect of investment income, against which need to be set taxes of £0.2m (2018/19 £0.2m). The net inflow was therefore £23.2m (2018/19 £26.6m).

The figures show that the Fund is still cashflow positive at the whole fund level. A cash flow forecast is maintained for the Fund to understand and manage the timing of the Fund's cash flows. On a daily basis, the Fund holds a minimum of £40m of cash in call accounts and money market funds to meet benefit payments due, drawdowns from fund managers, and other payments due from the Fund. The Fund has also looked at longer-term cashflow forecasts to gain a greater understanding of when the balance of pension payments and contributions may become negative so as to consider how this may affect the Fund's investment strategy in the future. The Fund has already taken some steps in this regard including allocating to the Secured Income portfolio offered by Brunel Pension Partnership.

The Fund would need to experience a significant change in either the levels of contributions received, and/or the levels of benefits payable, as well as the loss of all current investment income, before it might be required to liquidate assets at financial loss.

There are risks in this area going forward as a result of continuing reductions in public expenditure, and the resulting impact on active scheme membership. The reductions in public sector expenditure will impact on the liquidity of the Pension Fund both in terms of a reduction in contributions receivable as the workforce shrinks, as well as an increase in benefits payable as staff above the age of 55 are made redundant and become entitled to early payment of their pension. There are changes to the Scheme being consulted on that could impact on scheme membership levels although these changes would be expected to impact gradually over time. In addition, some employers are adopting models that have the potential to reduce scheme membership.

However, as noted above, for the Fund to reach a position where it is forced to sell assets and therefore face a potential financial loss, (as well as to forego future investment returns which have been assumed to meet pension liabilities in the future), the net movement in cash would need to be of a scale deemed unlikely in the medium-term. The Pension Fund will seek to mitigate these risks through working with employers to understand the potential for any significant membership changes and by monitoring the fund's cashflows. The fund will also provide advice to the Government on the impact of any proposals for change, as well providing clear communication to current scheme members of the on-going benefits of scheme membership and the personal risks to their future financial prospects of opting out at this time.

Market Risk

The whole of the Pension Fund's investment asset base is subject to financial loss through market risk, which includes the impact of changes in interest rates, movements in market prices and movements in foreign currency rates. However, as noted above under the liquidity risk, these financial losses are not automatically realised, as all assets held by the Pension Fund are done so on a long-term basis. Subject to the liquidity risk above, it is likely to be many years into the future before any assets will be required to be realised, during which time market risk will have the opportunity to even itself out.
Market risk is generally managed through diversification of investments within the portfolio in terms of asset types, geographical and industry sectors, and individual securities.

Whilst widespread recession will drive down the value of the Fund's assets and therefore funding level in the short term, this will have no direct bearing on the long-term position of the Fund, nor the contribution rates for individual employers. Under the LGPS Regulations, the Fund Actuary is required to maintain as near stable contribution rate as possible, and as such the Valuation is based on long term assumptions about asset values, with all short-term movements smoothed to reflect the long-term trends.

Interest Rate Risk

The direct exposure of the fund to interest rate risk and the impact of a 100 basis point movement in interest rates are presented in the table below. This analysis assumes that all other variables remain constant:

Asset Type	Carrying Amount as at 31 March 2020	Change in Year in the Net Assets Available to Pay Benefits	
		1%	-1%
	£'000	£'000	£'000
Cash and Cash Equivalents	28,111	281	-281
Cash Balances	49,122	491	-491
Bonds	481,794	4,818	-4,818
Total Change in Assets Available	**559,027**	**5,590**	**-5,590**

	Carrying Amount as at 31 March 2019	Change in Year in the Net Assets Available to Pay Benefits	
		1%	-1%
Asset Type	£'000	£'000	£'000
Cash and Cash Equivalents	3,567	36	-36
Cash Balances	77,159	772	-772
Bonds	480,278	4,803	-4,803
Total Change in Assets Available	**561,004**	**5,611**	**-5,611**

In the short term, interest rate risk is difficult to quantify in that it impacts directly on both the price of fixed interest and index linked securities as well as the discount factor used to value liabilities. Increases in interest rates which will drive down security prices and asset values will also reduce the future pension liabilities and therefore improve funding levels rather than worsen them.

Currency Risk

Currency risk concerns the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is exposed to foreign exchange risk on financial instruments that are denominated in currencies other than the Fund's functional currency (£GBP). Risks around foreign currency rates are mitigated in part by allowing the Fund Managers to put in place currency hedging arrangements up to the value of the stock held in a foreign currency (also see note 16c).

The table below shows the impact a 10.0% weakening/strengthening of the pound against the various currencies would have on the assets available to pay benefits.

This analysis assumes that all other variables remain constant.

Currency Exposure - Asset Type	Asset Values as at 31 March 2020 £'000	Change in Year in the Net Assets Available to Pay Benefits 10.00% £'000	-10.00% £'000
Overseas Equities	4,723	472	-472
Pooled Global Equities	786,596	78,660	-78,660
Pooled Private Equity (LLPs)	81,755	8,176	-8,176
Pooled Property	42,092	4,209	-4,209
Infrastructure	19,915	1,991	-1,991
Cash	28,111	2,811	-2,811
Total Change in Assets Available	**963,192**	**96,319**	**-96,319**

Currency Exposure - Asset Type	Asset Values as at 31 March 2019 £'000	Change in Year in the Net Assets Available to Pay Benefits 10.00% £'000	-10.00% £'000
Overseas Equities	248,521	24,852	-24,852
Pooled Global Equities	571,387	57,139	-57,139
Pooled Private Equity (LLPs)	69,957	6,996	-6,996
Pooled Property	44,940	4,494	-4,494
Infrastructure	13,058	1,306	-1,306
Cash	3,567	357	-357
Total Change in Assets Available	**951,430**	**95,144**	**-95,144**

Other Price Risk

Other price risk represents the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or foreign exchange risk.

All investments in securities present a risk of loss of capital. The maximum risk is the fair value of the financial instrument.

The effect of various movements in market price are presented in the table below along with the effect on total assets available to pay benefits assuming all other factors remain constant:

Asset Type	Value as at 31 March 2020 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
UK Equities	81,489	10	89,638	73,340
Pooled UK Equities	497,115	10	546,827	447,404
Global Equities	4,723	10	5,195	4,251
Diversified Growth Fund	136,692	3	140,792	132,591
Pooled Global Equities	786,596	10	865,256	707,937
UK Bonds	88,160	5	92,568	83,752
Overseas Bonds	48,789	5	51,229	46,350
UK Index Linked Bonds	163,137	5	171,294	154,980
Pooled Corporate Bonds	181,708	5	190,794	172,623
Infrastructure	31,298	5	32,863	29,733
Pooled Private Equity (LLPs)	95,782	10	105,360	86,204
Pooled Property	161,843	3	166,699	156,988
Long-Term Investments	840	0	840	840
Cash	77,233	0	77,233	77,233
Total Assets Available to Pay Benefits	**2,355,405**		**2,536,588**	**2,174,226**

Asset Type	Value as at 31 March 2019 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
UK Equities	112,286	10	123,514	101,057
Pooled UK Equities	617,237	10	678,960	555,513
Global Equities	248,521	10	273,373	223,669
Diversified Growth Fund	115,920	3	119,397	112,442
Pooled Global Equities	571,387	10	628,526	514,248
UK Bonds	90,463	5	94,986	85,940
Overseas Bonds	56,335	5	59,152	53,518
UK Index Linked Bonds	150,007	5	157,508	142,507
Pooled Corporate Bonds	183,473	5	192,646	174,299
Infrastructure	13,057	5	13,711	12,405
Pooled Private Equity (LLPs)	80,562	10	88,619	72,507
Pooled Property	172,306	3	177,475	167,136
Long-Term Investments	840	0	840	840
Cash	80,726	0	80,726	80,726
Total Assets Available to Pay Benefits	**2,493,120**		**2,689,433**	**2,296,807**

Note 29 - Actuarial Valuation

The contribution rates within the 2019/20 Pension Fund Accounts were determined at the actuarial valuation carried out as at 31 March 2016.

This valuation showed that the required level of contributions to be paid to the Fund by the County Council for the year ended 31 March 2020 was 19.9% of Pensionable Pay. The corresponding rates of contribution that are required from the major participating employers for this period are:

	% Pay	Additional Monetary Amounts £'000
South Oxfordshire District Council	12.9	812
West Oxfordshire District Council	15.8	-
Cherwell District Council	14.9	-
Oxford City Council	20.6	-
Vale of White Horse District Council	13.2	716
Oxford Brookes University	14.4	606

The funding policy of the scheme is set out in the Funding Strategy Statement and can be summarised as follows:-

- To enable Employer contribution rates to be kept as stable as possible and affordable for the Fund's Employers.
- To make sure the Fund is always able to meet all its liabilities as they fall due.
- To manage Employers' liabilities effectively.
- To enable the income from investments to be maximised within reasonable risk parameters.

The actuarial method used to calculate the future service contribution rate for most Employers was the Projected Unit Method with a one year control period. The Attained Age Method has been used for some Employers who do not permit new employees to join the fund. These calculations draw on the same assumptions used for the funding target.

The market value of the Fund's assets at the valuation date was £1,842m. The smoothed market value (the six month average of the market value straddling the valuation date) of the Fund's assets at the valuation date was £1,825m representing 90% of the Fund's accrued liabilities, allowing for future pay increases. The Actuary has certified contribution rates for all Fund employers from 1 April 2017, which subject to the financial assumptions contained in the valuation, would result in the deficit being recovered over a period of no more than 22 years.

The contribution rates have been calculated using assets at their smoothed market value and financial assumptions which are consistent with the assets being taken at their smoothed market value. The main financial assumptions were as follows:

Assumptions for the 2016 Valuation	Annual Rate %
Pension Increases	2.4
Short-Term Pay Increases*	2.4
Long-Term Pay Increases	3.9
Discount Rate	5.4

*Short-term pay increases are for the period to 31 March 2020.

Assumptions are also made on the number of leavers, retirements and deaths. One of the important assumptions is the mortality of existing and future pensioners. Mortality rates have been based on up to date national standard tables adjusted for the recent experience of the Oxfordshire County Council Pension Fund and make allowance for an expectation of further improvements in mortality rates in the future.

Fund Account	2018/19 £'000	2019/20 £'000
Contributions Receivable		
From Employer:		
Normal	-1,589	-3,167
Early Retirements	0	0
Other (ill health retirement contribution)	-55	-96
From members	-1,392	-1,421
	-3037	-4,684
Transfers In	0	-34
Benefits Payable		
Pensions	5,463	5,724
Commutations and lump sum retirement benefits	1,256	1,444
Lump sum death benefits	0	0
Other (ill health lump sums)	12	12
	6,730	7,180
Payments to and on account of leavers		
Individual transfers out to other schemes	0	0
Miscellaneous		
Annual Allowance Charge	195	238
Interest Payments	0	19
Refunds due to employee contribution holiday	0	0
	196	257
Net amount payable/receivable for the year before top-up grant receivable / payable to sponsoring department	**3,889**	**2,719**
Top-up grant receivable	**-3,889**	**-2,719**
Net amount payable / receivable for the year	**0**	**0**

Net Assets Statement	2018/19 £'000	2019/20 £'000
Net Current Assets and Liabilities		
Contributions due from employer	0	0
Pension top-up grant receivable form sponsoring department	0	0
Other current Assets	0	0
Pension top-up grant payable to sponsoring department	419	670
Other current liabilities (other than liabilities to pay pensions and other benefits in the future)	13	-65
Cash balance	-432	-605
Total	**0**	**0**

Basis of Preparation

The fund reflects the financial arrangements relating to the 1992, 2006, 2015 and Retained Modified Firefighters Pension Schemes and the redress payments arising from the employee contribution holiday provision.

The financial arrangements for the Firefighters Pension Scheme 1992 were made in exercise of the power conferred by section 26 of the Fire Services Act 1947, for the Firefighters Pension Scheme 2006 and the Firefighters Pension Scheme 2015 by the power conferred by section 34 of the Fire Services Act 2004.

The accounts have been prepared in accordance with the requirements of the above powers.

Payment of the employers and employees' contributions towards pension liabilities

Fire & Rescue Authorities are required to make a payment into their pension fund of 4x average pensionable pay in respect of all higher tier ill health retirements and 2x average pensionable pay in respect of all lower tier ill-health retirements.
As the number of firefighters who retire on grounds of ill health varies from year to year and will cause financial volatility authorities are required to spread the charges over a period of 3 years. Oxfordshire Fire & Rescue Service had one ill health retirements in 2019/20.

Central government top-up grant

The fund is operated on the principle that employer and employee contributions together meet the full cost of pension liabilities accrued from future employment and central government (Home Office) meet the costs of paying pensions to retired Fire-fighters, net of the employee and employer contributions, by means of a top-up grant.

There are no investment assets held by the fund and where employer and employee contributions paid into the pension fund are not sufficient to meet pension payments for that year, the deficit will be met by central government top-up grant. Any surplus in the pension fund is paid back to central government.

Administration and Management

The fund is administered and managed by Oxfordshire County Council staff whose time is not rechargeable to the fund.

Benefits

The funds accounts do not take account of liabilities to pay pensions and other benefits after the year end.

Membership

The following summarises the membership of the fund as at 31 March 2020.

Membership numbers	1992 Scheme	2006 Scheme	2015 Scheme
Contributors	18	7	533
Pensioners	38	429	250
Preserved Pensions	321	53	3
Total	**377**	**489**	**786**

Long-term pension obligations

Details of the County Council's long-term pension obligations in respect of fire-fighters can be found in the Retirement Benefits Note 17 to the core financial statements

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF OXFORDSHIRE COUNTY COUNCIL

Opinion

We have audited the financial statements and the firefighters’ pension fund financial statements of Oxfordshire County Council for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- Notes 1 to 60 and the Expenditure and Funding Analysis,
- Firefighters’ Pension Fund financial statements comprising the Fund Account, the Net Assets Statement 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 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of Oxfordshire County Council as at 31 March 2020 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 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report below. We are independent of Oxfordshire County Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and the Comptroller and Auditor General’s (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor’s report thereon. The Director of Finance is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, Oxfordshire County Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Director of Finance

As explained more fully in the Statement of the Director of Finance's Responsibilities set out on page 13, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements and the firefighters' pension fund 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 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Director of Finance is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether Oxfordshire County Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Oxfordshire County Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority’s Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Use of our report

This report is made solely to the members of Oxfordshire County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. 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.

Janet Dawson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
London
30 November 2020

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF OXFORDSHIRE COUNTY COUNCIL – Pension Fund

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 29. 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 2019/20.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020 and the amount and disposition of the fund’s
- assets and liabilities as at 31 March 2020; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report below. We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and the Comptroller and Auditor General’s (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Oxfordshire County Council Statement of Accounts 2019/20 other than the financial statements and our auditor’s report thereon. The Director of Finance is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Director of Finance

As explained more fully in the Statement of the Director of Finance’s Responsibilities set out on page 13, the Director of Finance is responsible for the preparation of the Authority’s Statement of Accounts, which includes the pension fund 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 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Director of Finance is responsible for assessing the Pension Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Pension Fund either intends to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the members of Oxfordshire County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. 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.

Kevin Suter (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Southampton
27 November 2020

INTRODUCTION

1. This is Oxfordshire County Council's Annual Governance Statement for 2019/20. It provides:

   - An opinion on the Council's governance arrangements from the Council's senior managers and the leader of the Council
   - A review of the effectiveness of the Council's governance arrangements during 2019/20;
   - A conclusion in relation to the effectiveness
   - A review of the action plan completed in 2019/20
   - An action plan for 2020/21
   - An annex summarising our governance framework

2. The Annual Governance Statement is required by Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015 and follows the best practice guidance from the Chartered Institute of Public Finance and Accounting (CIPFA). This year, the Statement also highlights the governance issues posed by the COVID-19 pandemic.

STATEMENT OF OPINION

3. It is our opinion that the Council's governance arrangements in 2019/20 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2020/21. It is our opinion that this has remained the case during the COVID-19 pandemic; and that despite the challenges posed by this, the Council's governance in dealing with the pandemic and our ability to maintain sound governance during the outbreak, has been effective.

SIGNATURES

Signed on behalf of Oxfordshire County Council:

Yvonne Rees
Chief Executive

Lorna Baxter
Chief Finance Officer

Councillor Ian Hudspeth
Leader of the Council

Steve Jorden
Monitoring Officer

Date: 14 September 2020.

REVIEWING OUR EFFECTIVENESS DURING 2019-20

This review looks at:

- Effectiveness of our governance – generally and in relation to COVID-19
- Conclusion about this effectiveness
- Internal Audit function during 2019/20
- Our statutory governance roles
- Review of actions 2019/20
- Actions for 2020/21
- Outline of our governance

Overview

4. We have reviewed our overall effectiveness both in general and with regard to the COVID-19 pandemic

Generally:

5. All action points for 2019/20 were completed as outlined in Annex 1. The progress of them was reported to the Audit and Governance Committee throughout the year.

6. Specific action points for 2020/21 are set out in Annex 2. We think these actions will help to embed some key governance issues arising out of our experience in 2019/20, including the implications of the COVID-19 pandemic. Our experience is also very much allied to that of our partner authority, Cherwell District Council.

7. Here are just some ways in which our governance has proved effective during 2019/20

- ❖ In partnership with Cherwell District Council, the Council has delivered a joint senior management structure across both authorities .
- ❖ The Audit & Governance Committee reviewed that Partnership's governance arrangements at its meeting on 8 May 2019 and was satisfied with their effectiveness.
- ❖ The council set and operated within a budget that included a modest council tax increase.
- ❖ Key governance issues were tracked through a set of Corporate Leads reporting into our over-arching 'Corporate Governance Assurance Group' of senior officers; with periodic reports to the council's Audit & Governance Committee,
- ❖ A mandatory Data Protection e-learning course for staff was launched in year to update knowledge and further embed changes since the General Data Protection Regulations.
- ❖ The Monitoring Officer reported to Cabinet and to Performance Scrutiny on a an Ombudsman finding ('a public report'), with the important recognition from the Ombudsman that the Council had been proactive in learning the appropriate lessons;
- ❖ The Monitoring Officer provided his annual report to the Audit & Governance Committee on his view on the Council's governance arrangements. This review was formally reported to, and endorsed by, the Audit & Governance Committee in September 2019.
- ❖ The Council successfully delivered a County Council by-election for the Wallingford Division in Autumn 2019 with subsequent induction for the elected councillor.
- ❖ The Council recruited additional independent members to its Independent Remuneration Panel on members' allowances, thereby enabling the Panel's views to continue to be sought as necessary.
- ❖ The Council has undertaken a review of its formal complaints handling processes – looking at how we can improve the quality of responses and maximise our learning from customer complaints: this is being implemented.

During COVID-19

8. Common with other authorities, we had to act swiftly to meet the demands of the pandemic. We are confident that we were able to do so without compromising good governance and democratic accountability. Our reaction benefited from:

- Clear leadership structure
- Dedicated Gold and Silver Command structures
- Partnership working with Cherwell District Council
- Risk assessments
- Flexible and reactive approach.
- Regular engagement with the administration and Political Group Leaders so as to aid transparency of actions being taken
- Regular and timely communications with councillors, staff and stakeholders

Impact

9. Given lockdown and social distancing rules, **democratic decision-making** was moved to a virtual setting. A fast-track project was soon established to create viable online decision-making through MS Teams, with councillor and officer training.

10. This also included the facility for members of the public to take part in virtual meetings e.g. for questions and the presentation of petitions. A **revised Constitution and protocol** was devised, consistent with our Constitution's key principles of openness, transparency and accountability. The councillor constituency voice was also maintained through the designation of a specific email address for councillors to raise COVID related issues on behalf of their communities.

11. Clearly some services, more reliant on physical space, were also impacted – e.g. the **Registration Service**. The Council reviewed the options in the light of legislation, its business continuity processes and has prioritised the Registration Services in its reopening of County Hall, Oxford, with socially distanced and risk-assessed measures in place. Access was kept open throughout to a number of buildings – e.g. schools for key worker support, and parts of core offices for essential legal business. It was part of the Council's learning curve to see how much Council business could be successfully done remotely, with secure and effective technology. Our **business continuity plans** were put to the test and found to be effective.

Command structure

12. The Council's **Gold and Silver Command** structures worked very well. Quickly put in place, the Command structures enabled the Council to keep a grip on the bigger picture while getting into the essential detail: e.g. community and voluntary sector co-ordination, the supply of personal protective equipment; the flow of communications to support for businesses; and business continuity. Plugging this into the wider **regional structures** (e.g. **Thames Valley Local Resilience Forum**) ensured the flow of essential information and experience. Such partnership working has been key to our response to the pandemic, in particular our close working with District/City Councils and our health colleagues. Annex 3 is a one-page illustration of the Command structure and how in its local and regional setting.

Beyond COVID-19

13. In some ways, the Council's reaction to the pandemic has **fast-tracked the development** of key governance issues: the safe and reactive deployment of technology (to enable almost seamless homeworking and virtual meetings); business continuity awareness

and practices; working without silos, service-planning becoming more aware the cross-cutting interplay of services; reviewing the portfolio of property; enhanced focus on security, wellbeing and health and safety; greater day to day senior manager co-operation and commitment; and the deepening of the Cherwell District Council/Oxfordshire County Council partnership, with the whole pandemic management being undertaken jointly through the Gold and Silver command structures.

14. **Going forward,** the resource implications of the pandemic will be a challenge for the local government sector. The Council's governance experience of COVID-19, alongside that of its partner, Cherwell District Council, is likely to shape future planning as we manage the delivery of quality services and democracy in the post-COVID world:

- Use of buildings and remote working
- Business continuity, risk assessment and project planning
- Fluidity and accountability of decision making
- Smart use of technology and digital engagement and solutions
- Financial management

The Council has approved (jointly with Cherwell District Council) a robust recovery strategy – "**Restart Recover Renew**". Importantly, this strategy aspires not only to move from recovery to normal business. It also recognises the opportunity to learn from our experience and to transform our services for the better.

Internal audit in 2019/20

15. The 2019 CIPFA Statement on the "Role of the Head of Internal Audit in public service organisations" outlines the principles that define the core activities and behaviours that belong to the role of the 'Head of Internal Audit' and the governance requirements needed to support them. The Council's arrangements conform with the governance requirements of the CIPFA statement as our Chief Internal Auditor:

- objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control
- championing best practice in governance and commenting on responses to emerging risks and proposed developments.
- be a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the audit committee
- lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively
- be professionally qualified and suitably experienced.

16. The Monitoring Officer sought feedback on the quality and effectiveness of the Internal Audit Service from Senior Managers across the council, reporting back to the Audit and Governance Committee in March 2019. The conclusion from the survey was that management find the internal audit service effective in fulfilling its role. The next survey is planned for 2021.

17. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual self-assessment against the standards is completed on an annual basis. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This took place in November 2017 and the results were reported to the Audit & Governance Committee in January 2018. This confirmed that the "service is highly regarded within the Council and provides useful assurance on its underlying systems and processes".

18. The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2020, there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control. Where weaknesses have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement.

19. As part of governance arrangements developed when Oxfordshire County Council joined the Hampshire Partnership in July 2015, it was agreed that the Southern Internal Audit Partnership (SIAP) would provide annual assurance to Oxfordshire County Council on the adequacy and effectiveness of the framework of governance, risk management and control from the work carried out by the partnership, via the Integrated Business Centre (IBC).

20. Due to the onboarding of three new partners, for 2019/20 the assurance arrangements were amended. The Hampshire Partnership/IBC commissioned Ernest and Young (EY) to undertake a Service Organisation Controls review under ISAE 3402. (International Auditing and Assurance Standards Board –which provides a framework for reporting on the design and compliance with control objectives related to financial reporting). The report for 2019/20 concludes that the controls related to the control objectives were suitably designed and operated effectively, with no exceptions noted.

21. Where Internal Audit identifies areas for improvement, management action plans are in place and are routinely monitored by the Internal Audit team and the Audit Working Group. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

Our statutory governance roles

22. The Council is required to appoint to three specific posts, each of which oversees a key aspect of the Council's governance:

- **Head of the Paid Service** (HOPS) role – which is our Chief Executive, Yvonne Rees: how the Council's functions are delivered, the appointment and proper management of staff
- **Monitoring Officer** – throughout 2019/20 and early 2020/21 this was Nick Graham, Director of Law and Governance: responsible for the Council's Constitution, the lawfulness and integrity of its decision-making and the quality of its ethical governance. With Nick leaving in early June, Steve Jorden, Corporate Director for Commercial Development, Assets and Investment, was duly appointed as interim Monitoring Officer. And recruitment was started to the permanent post of Director of Law & Governance and Monitoring Officer.
- **'Section 151 Officer'** – the Chief Finance Officer, throughout 2019/20 has been and remains Lorna Baxter: responsible for the financial management of the authority.

23. Each of these roles continued to be performed soundly during 2019/20. Each of the postholders is an integral member of the Council's most senior leadership team (CEDR – Chief Executive Direct Reports). As such, they are fully sighted on all of the Council's objectives, workstreams and emerging plans; and their perspectives and voices continue to be heard in, and to influence, this senior forum.

24. The Chief Finance Officer and the Monitoring Officer both have open access to the Chief Executive at all times. They carry a statutory responsibility to report issues to Full Council, if needed. As such, the posts remain pivotal to the Council's good governance.

Governance Actions – Review of 2019/20 and priorities for 2020/21

25. The first table summarises the progress on the priority actions for 2019/20. The second table shows the actions for 2020/21 and will continue to be monitored by the Corporate Governance Assurance Group, the Audit Working Group and the Audit & Governance Committee. These actions for 2020/21 highlight certain aspects of emerging governance that might not otherwise be apparent from work regularly reported to the Council's Audit & Committee. As such, progress reports on these actions will be reported to the Committee through the year.

26. Other governance and audit activity across the Council will continue to be reported to Audit & Governance Committee through its normal work programmes

Governance in Outline

27. The last table in the Annual Governance Statement sets out the Council's governance framework in outline.

SIGNIFICANT GOVERNANCE ISSUES

Actions identified for 2019/20 - Update

28. This is a review of the progress during 2019/20 on the priorities for that year. The actions identified were completed in-year.

Actions that were planned for 2019/20	Original Timescale	Outcome
Property and Security		
Deliver on the remaining outcomes of the property audit (health and safety), which established the compliance position, post-Carillion: meet the Key Performance Indicators that have has been put in place to address all the main compliance areas,	May 2020	Ongoing work with Health and Safety Team to progress and deliver the outstanding actions.
Establish greater integration between the property and corporate security functions, at managerial and project level.	March 2020	As reported to the Audit & Governance Committee in November 2019, the work to develop a Security Strategy and a more Corporate approach to Security delivery is ongoing. In conjunction with Health and Safety, Emergency Planning, the Fire Service, Social Care and Procurement.
Achieve and maintain prompt renewals of rentals and leases; together with greater level of reporting on the use of properties.	March 2020	In support of this, Facilities Management have designed and carried out an initial fact-finding survey of sites Countywide to look at the current Security position and systems.

		The work of Estates Team function is ongoing and tenure management is being maintained. Achieved, and the work of Estates Team function is ongoing and tenure management is being maintained.
Business Continuity Embed sound business continuity framework across the Council to monitor awareness and compliance. In particular to: - Increase the evidence base for Business Continuity Plans - Achieve a documented business continuity testing strategy/plan - Implement a testing exercise plan and programme - Identify training needs across the council based on the evidence of testing and plan quality	 March 2020 May 2019 – May 2020 May 2019 May 2019	 Achieved. • monthly compliance report which details the plans we actually have with a RAG rating applied. • reviewed at the monthly Steering group. • annual testing & exercising programme with the Business Continuity plan owners accountable for testing their plans. • lessons learned from tests/exercises at steering group meetings and training identified.
ICT and Digital Back Up of data reliability. The system which provides this function is aged and may fail.	 Options and a recommendation expected to be presented to the organisation during April 2019.	 A new backup solution has been commissioned, implemented and was fully operational by the end of December 2019. It has been audited and the final audit report conclusion a was Green status.

Replacement of Computer, Storage and backup datacentre provision is a primary action identified as part of the ICT Health Check.	The re-provision of the Datacentre is expected to be complete in 2019-20	The new primary Datacentre and Disaster Recovery solution are also fully operational. The final phase of the decommissioning of the old infrastructure has been delayed due to COVID19 access restrictions at the site, but the legacy equipment is turned off and redundant
Procurement Atamis eCMS Contract Management system is neither fully developed nor fully deployed across the Council. The electronic Contract and Supplier Management System (eCMS) will be reviewed as part of the Provision Cycle transformation programme with the expectation to develop and implement a system that will provide management and controls across the full cycle of Commissioning, Procurement and Contract Management. This will enable a consistent, council-wide approach enabling 100% visibility of requirements	The development will be iterative and ongoing but target to implement by Dec 19	Developments and improvements have been made but the delayed PC transformation has had an impact on the full rollout across the Council. The Programme Module has been fully implemented to automate the forward procurement pipeline and is now moved to business as usual Work has been completed in terms of spend categorisation for significant providers e.g. £100k upwards and circa 700 providers Contract Information has improved in quality and provides a quarterly extract that is published on the external website as its Contract Register The flexibility of the Atamis product and our existing OCC commercial arrangements for licencing of the Electronic Contract Management Tool (ECMS) has allowed the Cherwell DC data to be included. The reporting tools will allow the shared OCC/CDC procurement teams to take a more holistic approach for supplier spend and category management.

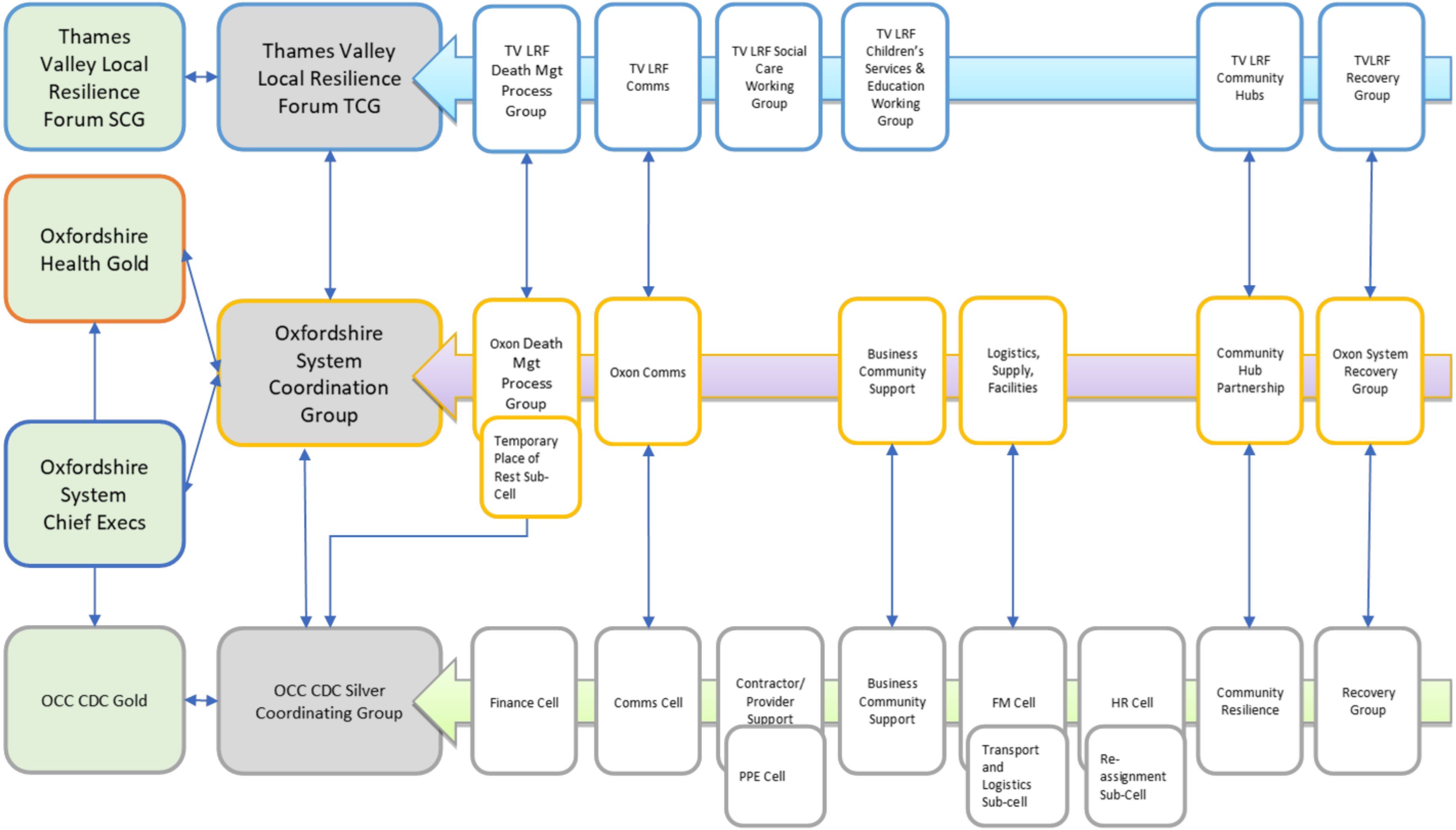
SIGNIFICANT GOVERNANCE ISSUES

Actions identified for 2020/21

	Action now planned for 2020/21	Timescale for Completion	Responsible Officer	Monitoring Body
1	Develop a Security Strategy: • to reflect a more corporate approach to security delivery, and • harnessing the connected perspectives of Health and Safety, Emergency Planning, the Fire Service, Social Care and Procurement.	March 2021	George Eleftheriou, Director of Property Investment and Community Facilities Management	Corporate Governance Assurance Group
2	Alignment of Annual Governance Statement preparation – Oxfordshire CC and Cherwell District Council: • achieving a more streamlined approach to AGS preparation across both authorities which… • engages senior managers and is clearly aligned to corporate objectives • achieves revised and more meaningful Directors Certificate of Assurance process • builds on current engagement with the Audit Working Group and its parent Audit & Governance Committee • establishes a joint Corporate Governance Assurance Group of key governance officers with a view across both authorities • becomes a ‘living, year-round activity’ not simply one about producing a ‘document’	June – September 2020 June-July 2020 Ongoing June 2020 Completed June 2020 Ongoing	Glenn Watson Principal Governance Officer	Corporate Governance Assurance Group

	• reviews of the current arrangement of 'lead statements' and establishing a corporate governance lead for Property-Security • establishes a relevant Local Codes of Corporate Governance which better reflects the Councils' current work	September 2020 September 2020		
3.	Review of post-COVID governance arrangements: • Corporate Governance Assurance Group to keep under review the Council's governance as we emerge from COVID including • Linkage to any ongoing Gold-Silver command activity/experience • Lessons for key governance activities across the Corporate Lead areas – e.g. business continuity, risk, procurement, democratic decision making, ICT security, health and safety and property management; financial management.	Ongoing June 2020– March 2021 (core agenda item)	Monitoring Officer	Corporate Governance Assurance Group

COVID-19 Command and Control Structure



Overview of Corporate Governance Assurance Framework

Performance Scrutiny Committee Helps to improve service provision and inform policy

Leader, Head of Paid Service, Monitoring Officer and Section 151 Officer sign AGS

Chief Internal Auditor maintains an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices

External Audit The external auditors provide independent overview of the effectiveness of the control environment and raise specific issues within its annual audit letter

Audit & Governance Committee approves the AGS and receives regular reports on progress; monitors risk and compliance; considers and comments on the External Auditor's annual work plan; monitors effectiveness of Internal Audit; promotes high standards of conduct by councillors and co-opted members.

Corporate Governance Assurance Framework

Code of Corporate Governance (under revision)

Audit Working Group: sub group of main committee; monitors action plan delivery and comments to CGAG on draft Annual Governance Statement

Chief Executive Direct Reports (CEDR) ensures Internal Control issues are properly addressed throughout the Council and ensures cross cutting Directorate risks are incorporated into the Council's Strategic Risk Register. Receives monthly performance and risk management reports and makes recommendations for improvements

Directors sign Certificate of Assurance each year (process under review)

Corporate Governance Assurance Group (CGAG) Co-ordinates receipt of reports on internal control and governance. Challenges evaluations of effectiveness and prepares draft AGS

Directorate Management Teams review Risk Registers monthly as part of performance management

Senior managers ensure their Service Risk Register is updated and reflects key areas of risk each month.

Corporate Lead Officers Provide annual statements on their assurance mechanism and the current position

Internal Audit provides independent opinion on:

- the effectiveness of the process for gaining assurance on risk management and internal control
- the effectiveness of control to manage significant areas of risk
- compliance with key internal control processes

There is a separate review of the effectiveness of **Internal Audit**

External Review Bodies Directorates are subject to independent external review and any issues relating to internal control will be reported to the Corporate Governance Assurance Group by the Head of Policy.

The County Council acts as a trustee for the various funds below. The funds are invested in the Stock Market and with the County Council. They do not form part of the Balance Sheet.

Trust Funds Where Oxfordshire County Council acts as sole trustee		**2018/19 Value of Fund £'000**	**2019/20 No. of funds**	**Value of Fund £'000**
Children's	Funds for the Development of Hill End Residential Centre	71	1	59
	Criminal Injuries Compensation Awards	6	1	6
	Other (under £10,000)	1	1	1
Resources	Bequest of Property at Watlington	86	1	86
Total		**164**	**4**	**152**

Trust Funds Where Oxfordshire County Council acts as joint trustee		**2018/19 Value of Fund £'000**	**2019/20 No. of funds**	**Value of Fund £'000**
Children's	Other (under £10,000)	1	1	1
Adults	Junior Citizens Trust	4	1	8
Total		**5**	**2**	**9**

Other Funds		**2018/19 Value of Fund £'000**	**2019/20 No. of funds**	**Value of Fund £'000**
Children's	City Lectureship Scholarship	18	1	18
	Other (under £10,000)	24	6	24
Adults	Other (under £10,000)	9	1	8
Total		**51**	**8**	**50**

Actuarial gains and losses
These are changes in deficits or surpluses that arise because either actual experience or events have not been exactly the same as the assumptions adopted at the previous valuation (experience gains and losses) or the actuarial assumptions have changed.

Amortised
Written off over a period of time.

Bond Fund
A fund primarily invested in government and corporate bonds. The value of the investment changes as the market value of assets held by the fund changes.

Call Account
A call account is a deposit account with a financial institution without a fixed maturity date.

Capital Receipts
Receipts from the sale of capital assets.

Cash Equivalent
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.

Cash Flow
The movement of money into or out of the County Council during the financial year.

Collection Fund
A fund maintained by each district council to receive all income raised through the Council Tax and Business Rates. The County Council precepts the district councils to receive its share of Council Tax receipts.

Commutation Factor
Factor used to determine the amount of lump sum payable from the amount of annual pension commuted.

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

Contingent Liability
A condition which exists at the balance sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the County Council’s control, or where it is not probable that an outflow of resources will be required to settle the obligation.

Contingent Rent
The portion of a lease payment that is not fixed at the start of the lease but is based on the future amount of a factor that changes other than with the passage of time (e.g. amount of future use, future price indices).

County Fund
The main revenue fund of the County Council into which precept income and Government grants are paid and from which day-to-day payments are made.

Creditors
Amounts owed by the County Council for work done, goods received or services rendered within the financial year for which payment has not yet been made.

Current Asset
An asset which will be used up during the next accounting period e.g. cash.

Curtailment
Early retirement costs calculated in accordance with accounting standard IAS19.

Debtors
Amounts owed to the County Council for services carried out during the financial year but not yet received.

Deferred Income

Prepaid income credited to the Balance Sheet and amortised to the Comprehensive Income and Expenditure Statement to match the benefit of the receipts over the term of the contractual arrangement.

Depreciation
The systematic write-off of the reduction in value of a tangible fixed asset due to wear and tear, passing of time and technological changes over its economic useful life.

Derecognition
Removal of an asset or liability from the Balance Sheet.

Equity instrument
A contract such as an equity share in a company.

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

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

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

Financial instruments
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. Financial instruments include bank deposits, investments, debtors, long-term debtors, creditors, temporary loans and borrowings.

Financial Year
The County Council's accounts cover the period from 1 April in one year to 31 March in the next year.

Fixed Asset
A tangible asset that yields benefit to the County Council and the services it provides for a period of more than one year.

General Government Grants
These are general grants paid by central government in aid of local authority services as opposed to specific grants which may only be used for a specific purpose. The main general grant is Revenue Support Grant.

Hedge Fund
A hedge fund is a form of investment partnership.

Impairment
A reduction in the carrying value of an asset arising from physical damage, obsolescence or a significant decline in market value.

Inventories
Raw materials and stores which the County Council has bought and holds in stock for use as required.

Intangible Asset
An asset that does not have physical substance but is identifiable and controlled by the organisation through custody or legal rights e.g. software licenses.

International Financial Reporting Standards (IFRS)
These are issued by the International Accounting Standards Board and provide standards for the preparation of financial statements.

Lease
A method of financing capital expenditure where a rental charge is paid for an asset for a specified period of time.

Lessee
A party to a lease agreement who makes payment to use an asset.

Lessor
A party to a lease agreement who receives payment for the use of an asset.

Liabilities
Amounts owed by the County Council which will be paid at some time in the future.

Limited Liability Partnership
A partnership in which some or all partners have limited liabilities.

Long Term Investments
Investments that are not due to mature within the next 12 months.

Money Market Fund
Funds are invested in short dated assets including certificates of deposits, government securities and commercial papers making them highly liquid. Money Market Funds must be AAAmf rated, invest in high credit quality assets and maintain a weighted average maturity of 60 days or fewer. Investments have a stable net asset value and dividends are paid to investors on their investment.

Mortality Assumptions – Abbreviations
S1NA, S1PA and S2PA - mortality tables issued as part of the "S1" and “S2” series of mortality tables produced by the Continuous Mortality Investigation. The "S1" mortality tables are based on mortality experience from UK self-administered pension schemes between 2000 and 2006. The “S2” mortality tables are based on mortality experience from UK self-administered pension schemes between 2004 and 2011.

Net Debt
The County Council’s borrowings and finance liabilities less cash and liquid resources.

Net Operating Expenditure
The amount which it costs to provide services after any specific grants and/or income from fees and charges is taken into account, but ignoring general government grant and local taxation.

Non-current Asset
A long-term asset that is not expected to be used up or realised within the next 12 months e.g. Property, Plant and Equipment.

Non Domestic Rate
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.

Pooled Fund
Funds from individual investors are aggregated for the purposes of investment and returns are apportioned between investors according to the size of the investment.

Pooling
Where services benefit larger areas than the local authorities which provide them, the expenditure is sometimes pooled according to a formula which reflects usage of the service.

Precept
The levy made by the precepting authority (the County Council) on billing authorities (the district councils in Oxfordshire) requiring the latter to collect income from council taxpayers on their behalf.

Private Finance Initiative (PFI)
A scheme to encourage private sector investment in the public sector. Typically these involve a private sector operator building or enhancing property and operating services on behalf of a public sector organisation.

Professional Fees
The fees paid by the County Council for professional services such as those of architects and quantity surveyors.

Provision
An amount of money put aside in the accounts for anticipated liabilities which cannot be accurately estimated e.g. insurance provision for claims awaiting resolution.

Public Works Loan Board (PWLB)
A central government agency which provides long and shorter term loans to local authorities at interest rates slightly higher than those at which the government itself can borrow. Local authorities are able to borrow a proportion of their requirement to finance capital spending from this source.

Reserves
Amounts of money put aside to meet certain categories of expenditure in order to avoid fluctuations in the charge to the County Fund.

Revenue Expenditure
The County Council’s day-to-day expenditure on items which include wages, supplies and services and interest charges.

Revenue Expenditure Funded from Capital Under Statute
Capital expenditure as defined by statute that does not result in the acquisition, creation or enhancement of fixed assets and is charged to the Comprehensive Income & Expenditure Statement in accordance with the accounting policy.

RIA
Receipts received in advance.

Segregated Mandate Fund
Funds from individual investors are invested on a segregated basis so that the holdings can be directly attributed to investors.

Settlement (Retirement Benefits)
Settlement relates to a bulk transfer out of the Fund as a result of functions transferring to another organisation. It reflects the difference between the liability transferred (calculated in accordance with accounting standard IAS19) and the assets transferred to settle the liability.

Specific Grants
Grants paid by the Government in respect of specific services.

Strategic Measures
This comprises interest on balances and capital financing charges. The former involves surplus cash from the County Fund which is either invested or used to reduce the need to borrow externally. The interest received is credited to the County Fund. Capital financing charges include the minimum revenue provision required and interest on outstanding debt, together with a general revenue contribution to finance capital spending.