



**Audit & Governance Committee  
Wednesday, 21 July 2021**

**ADDENDA**

**5. Statement of Accounts 2020/21 (Pages 1 - 152)**

2.10 p.m.

Report by the Director of Finance.

Further to the main agenda, this addendum contains the Statement of Accounts 2020/21.

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# **Oxfordshire County Council**

## **Statement of Accounts**

**2020/2021**



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## 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 2020/21.

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.

## Responding to the COVID-19 Pandemic

COVID-19 has had a significant impact on the services we deliver and how we delivered them in 2020/21. The different ways in which we have responded to the pandemic are set out throughout this report.

In the early part of 2020, the council acted swiftly to establish an emergency response to support vulnerable residents, offer assistance to key partners and maintain essential frontline services in areas like education, social care and infrastructure delivery. At the same time, much of our work moved online. As the first wave of the virus began to impact Oxfordshire, our teams

were heavily involved in activity to bring the virus under control and protect the most vulnerable individuals – whether that be from the direct effects of the virus or from the impact of lockdown on people's health, wellbeing and financial security.

As lockdown measures eased in the summer, our focus switched towards managing the return of residents into the public realm and supporting businesses and other settings to help contain infection while maintaining economic activity. We worked to understand the impact of lockdown in areas such as educational attainment, children's social care and mental health, and put in place plans to support recovery.

From September, as the second wave of infection began to take hold, we put back in place provision such as direct support to those considered clinically extremely vulnerable to COVID-19, supporting them to shield and initiating a local contact tracing system to supplement the national effort for the hardest to reach cases. In the first five months since its launch, in October 2020, the team successfully completed contact tracing for just under 2,000 people. A countywide COVID secure team was also established, providing advice to local businesses to ensure they were compliant with new COVID-19 rules.

We worked in partnership with other councils and the voluntary and community sector to initiate emergency welfare schemes and new support for those eligible for free school meals. As the vaccination and symptom-free testing programmes grew in scale, the county council has played a central role in operational delivery and community outreach.

Throughout the pandemic, we have acted as a trusted source of information on public health matters, working with NHS and local authority colleagues to communicate information and guidance as widely as possible through our Stop the Spread campaign, and focusing our efforts on those groups less likely to respond to national messages. We have renewed and refined our partnership working arrangements with colleagues across public and private organisations and within the community and voluntary sector. Wherever practical, we have worked

together to pool resources and ensure that the most appropriate organisations were enabled to deliver the best possible outcomes.

While the long-term impact of COVID-19 will take some time to become clear, we know that in areas such as health, inequality, deprivation and business support, the council will have a key role to play in supporting local communities and economic recovery for some time to come.

### 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 2020-24 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. [Our vision | Oxfordshire County Council Intranet](#)

- Vision
- Corporate Plan 2019-22:
- 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 core services in 2020/21 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 well-being
- 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>

During 2020/21, the Leader of the Council was Cllr Ian Hudspeth. Cllr Hudspeth appointed a Cabinet, responsible for the key decisions to manage the Council’s business. Following the elections in May 2021, a new administration has been formed by the Oxfordshire Fair Deal Alliance with Cllr Liz Leffman elected Leader of the Council.

Details of current 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 2021 the Council’s staff complement stood at 4,126.93 FTE (full-time equivalent) posts (4,123.42 at 31 March 2020), representing 5,087 employees (5,079 at 31 March 2020). 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 have continued to develop 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 2020/21 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 2020/21 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 leadership risk, giving a balanced picture of how the Council is doing and providing audiences with greater insight into our business than in previous years.

The monthly reports describe performance in terms of a set of 27 indicators which most clearly demonstrate progress towards the outcomes in the Corporate Plan. The Council’s performance outturn for 2020/21 has been published in detail in our Business Management and Monitoring Report.



In our monthly reports we show the latest assessment of our 27 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. At 31 March 2021 the 27 indicators were assessed as follows:

RAG	Count	%
Green	17	63%
Amber	9	33%
Red	0	0%
Not assessed – due to Covid-19	1	4%

### Risk Management

During 2020/21 we continued to strengthen 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. The Risk and Opportunities Management Strategy, is reviewed annually and captures the risks supporting the priorities in the corporate plan.

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.

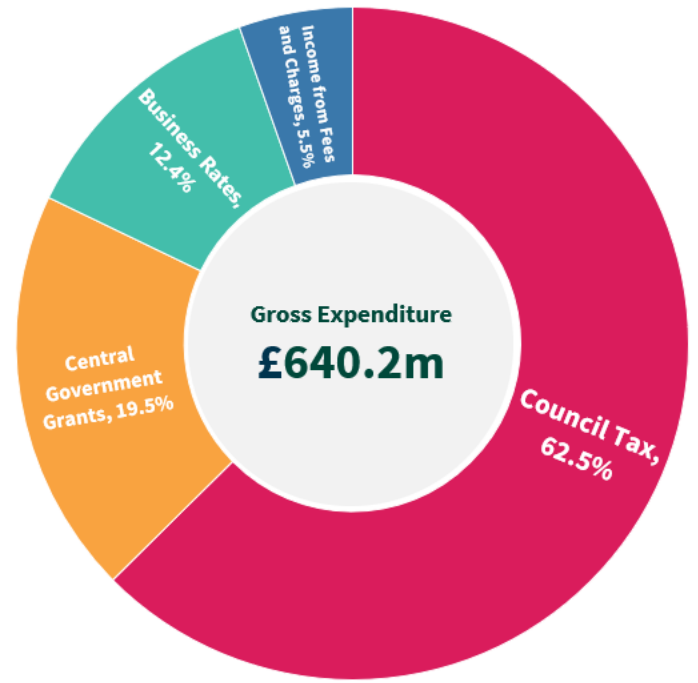
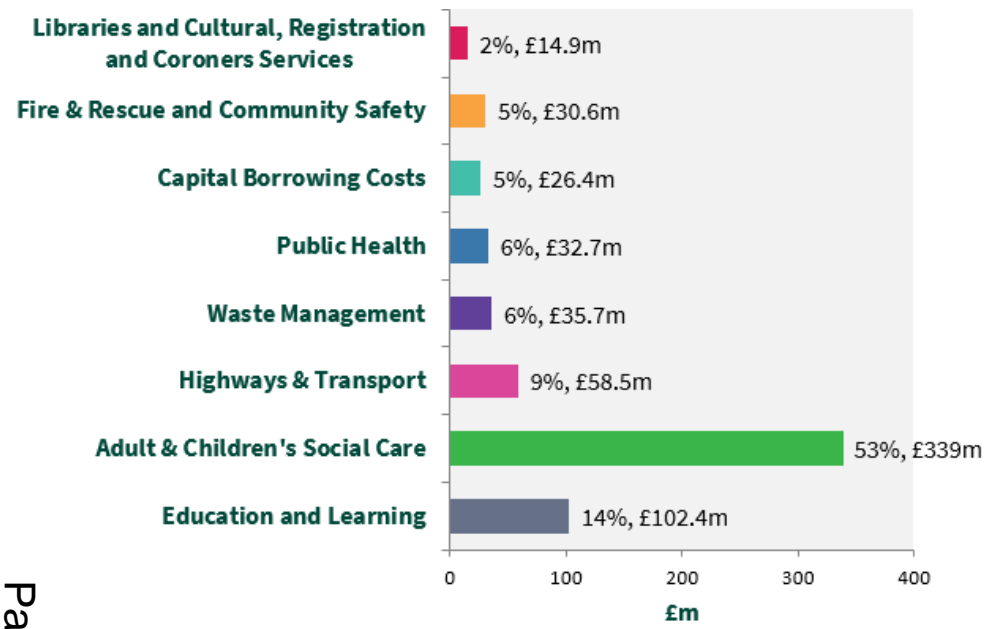
### Our financial operating model

The Council sets a revenue budget, medium-term financial strategy (MTFS) 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 general 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 meetings in December and January before Cabinet propose the budget, MTFS and capital programme in January. Throughout the year, regular business management reports including financial monitoring are presented to Cabinet.

### Revenue spending plans for 2020/21

Our budget for the provision of services in 2020/21 and Medium Term Strategy Plan (MTFS) to 2023/24 was agreed by Council on 11 February 2020 alongside the Corporate Plan for 2020 – 24 for Thriving Communities for everyone in Oxfordshire. The budget set out plans for a net investment in services of £28.4m including £9.1m for measures to manage demand and £4.8m for invest to save proposals.

We planned to spend £640.2m (excluding schools) on delivering services in 2020/21. We spend £188.7m on running schools the funding for which comes directly from government.



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We intended to finance £165.1m of our spending plan from specific and general government grants, contributions from other bodies, charging and interest income plus a contribution from reserves and balances. Therefore, our net operating budget totalled £475.7m.

The net operating budget was financed from: Business Rates (£75.7m); and Council Tax (£400.0m). Council tax for a Band D property was set at £1,527.44. This was a 3.99% increase from 2019/20.

The majority of the planning for the 2020/21 budget was completed well in advance of the discovery of the coronavirus. The World Health Organisation formally named the virus COVID-19 on 11 February, the same day that the budget was set. At that point there was little indication that the financial year would begin in a period of national lockdown which was announced by the Prime Minister on 23 March 2020.

The new financial year began on 1 April in an environment of significant uncertainty about additional costs and duties as a result of the pandemic, the impact on services, and the what level of additional funding would be available from central government.

The [Financial Monitoring Report to Cabinet in July 2020](#) noted that the COVID-19 pandemic was having a significant impact on the local government sector and had required authorities to commit expenditure that was outside

of their agreed budgets and that councils were also experiencing significant losses in income from fees and charges. It was estimated that the financial pressure arising from these factors in 2020/21 could be as significant as £50.9m for the Council.

At that point, the total funding received by the Council to meet the forecast pressure was £31.0m of which £30.7m was available to use in 2020/21 after £0.3m was applied in 2019/20. This created an estimated in year funding gap of up to 20.2m.

On [18 August 2020, Cabinet](#) agreed revisions to the budget that reprioritised £14.9m of Council resources towards managing the impact of COVID-19. The virements (budget movements) to enact the revised budget was approved by [Council on 8 September 2020](#).

Following the agreement of the in-year budget, additional funding was announced by the Government. This included a further tranche of general emergency grant funding (£3.9m) and the Sales, Fees and Charges Income Compensation Scheme (claim of £4.0m). This additional general funding, combined with other specific financial support for care providers, reduced the pressure on existing Council resources.

As the year progressed, it became clear that there will be a long-term impact of COVID-19 on Oxfordshire's residents and communities and the Council's services that extends beyond 31 March 2021.

The combination of increased funding and the revised profile of additional expenditure has created an underspend against the COVID-19 budget in 2020/21. The balance of £14.2m has been carried forward through reserves into 2021/22 to manage the ongoing financial impact of the pandemic.

## Revenue Financial year end position

### Revenue

2020/21 was dominated by the COVID-19 pandemic. This will continue to 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 remains key to maintaining essential service delivery and protecting the most vulnerable.

As set out in the table that follows there was a -£5.9m variation to directorate budgets at year end. This position includes the transfer of £14.2m to the COVID Reserve.

During the year, the Council received £67.2m of government grants in relation to COVID-19 of which, £24.4m were unringfenced and £42.8m ringfenced. Un-ringfenced COVID-19 funding available in 2020/21 totalled £53.5m which comprised the grants received in 2020/21 as well as £14.2m unringfenced COVID-19 support grant carried forward from 2019/20 and £14.9m reprioritised in the in year budget. This has been used to fund £39.3m of exceptional expenditure and lost income relating to COVID-19. As noted above, the balance of £14.2m will be placed in the COVID-19 reserve for use in 2021/22 and beyond.

Ringfenced grant funding of £42.8m was received in year of which £12.7m has been carried forward for use in future years reflecting the terms and conditions of the individual grants. Of the £12.7m carried forward £9.9m relates to the Contain Outbreak Management Fund.

Grant funding is set out in Notes 19 and 20 on pages 58 and 59.

As part of the MTFs agreed by Council on 11 February 2020 it was agreed that £4.6m would be transferred to general balances (County Fund) to increase balances to the risk assessed level. The Council underspend of £5.9 will also be added to general balances. 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
<b>Directorates</b>				
Children's Services	130.674	133.911	130.487	-3.424
Adult Services	194.047	197.603	197.633	0.030
Public Health*	0.000	0.788	0.788	0.000
Environment and Place	64.261	63.542	65.503	1.961
Customers, Organisational Development & Resources	33.923	35.094	34.108	-0.986
Commercial Development, Assets & Investments	50.059	49.963	46.455	-3.518
	<b>472.964</b>	<b>480.901</b>	<b>474.964</b>	<b>-5.937</b>
<b>Strategic Measures</b>				
Capital Financing	24.077	24.077	23.218	-0.859
Interest on Balances	-10.449	-10.449	-9.285	1.164
Unfunded Government Grants	-27.030	-44.018	-43.861	0.157
Contingency	4.879	0.414	0.053	-0.361
Insurance Recharge	2.942	2.942	2.942	0.000
COVID-19 Budget	0.000	21.042	21.042	0.000
Unallocated Transformation Savings	-5.464	0.000	0.000	0.000
Public Health Saving Recharge	-0.425	0.000	0.000	0.000
	<b>-11.470</b>	<b>-5.992</b>	<b>-5.891</b>	<b>0.101</b>
<b>Contributions to/from Corporate Reserves</b>				
Contributions to (+) / from (-) reserves	9.641	-3.774	-3.774	0.000
	<b>9.641</b>	<b>-3.774</b>	<b>-3.774</b>	<b>0.000</b>
<b>Funding</b>				
Business Rates Top-up Grant	-40.546	-40.546	-40.546	0.000
Business Rates	-35.125	-35.125	-35.224	-0.099
Council Tax Requirement	-391.445	-391.445	-391.445	0
Council Tax Surpluses	-8.610	-8.610	-8.610	0
	<b>-475.726</b>	<b>-475.726</b>	<b>-475.825</b>	<b>-0.099</b>
<b>Overall Surplus (-) / Deficit (+)</b>	<b>-4.591</b>	<b>-4.591</b>	<b>-10.525</b>	<b>-5.934</b>
Planned Contribution to balances	4.591	4.591	0.000	-4.591
<b>Overall Increase (-) / Decrease (+) in General Balances</b>	<b>0.000</b>	<b>0.000</b>	<b>-10.525</b>	<b>-10.525</b>

\*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 2021 were £34.6m compared to a risk assessed level of £23.4m for 2020/21. The risk assessed level for 2021/22 is £28.8m as set out in the Medium-Term Financial Strategy (MTFS) approved by Council in February 2021.

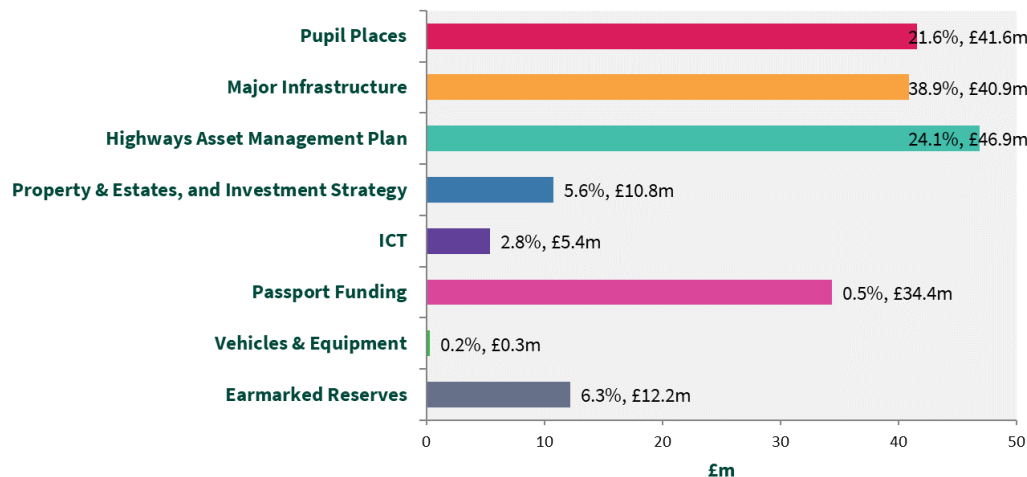
Movement on General Balances	£m
General Balances at 1 April 2020	24.1
Budgeted Contribution to Balances	4.6
Directorate Underspend	5.9
<b>General Balances at 31 March 2021</b>	<b>34.6</b>
Risked Assessed Level of General Balances 2020/21	23.4
<b>Level of surplus balances</b>	<b>11.2</b>

Further detail is set out in Annex C of the [Business Management Report to Cabinet on 22 June 2021](#).

## Capital

### Capital investment plans for 2020/21

The original capital programme for 2020/21 was agreed by Council in February 2020. This set out an expected programme of spend of £192.4m. This included £41.6m on providing additional school places and new schools, in housing developments and £40.9m on major infrastructure projects, including large road improvement schemes, and road maintenance.



We planned to fund this from grants and contributions (£142.2m), developer contributions (£30.8m) and prudential borrowing (£19.4m).



The capital programme is updated throughout the year to reflect the latest delivery profiles and cost estimates for each programme. The capital programme for 2020/21 was last updated in February 2021. At that point in the year, expected spend to 31 March 2021 totalled £174.1m. Actual capital programme expenditure for the year 2020/21 was £153.5m. The variation between the latest programme and the final outturn is £21.6m (-12%). The reduction in spend in 2020/21 was due to a reprofiling of delivery timelines with planned spend moving into 2021/22.

The Capital Programme expenditure of £153.5m was funded by £123.5m of capital grants and other external contributions, £28.2m of developer contributions, £1.6m of revenue contributions and £0.2m of prudential borrowing.

Further detail is set out in the [Capital Outturn Report to Cabinet on 22 June 2021](#).

### Financial Outlook

The 2021/22 Earmarked Reserves and General Balances Policy Statement increased the risk assessed level of General Balances from £23.4m to 28.8m for 2021/22. This is equivalent to 6.0% of the net revenue budget for 2021/22 and equates to around three weeks net expenditure. The increase in the assessed risk from 2020/21 was primarily due to the changing risk environment that has emerged as a result of the COVID-19 pandemic. Taking into account the 2020/21 year end position, at the start of the year, general balances are £34.6m; compared to the risk assessed levels of £28.8m. This means that the County Council remains in a strong position to withstand the ongoing financial uncertainty created by the COVID-19 pandemic and the wider pressures on local government budgets.

The ongoing and longer term impacts of the COVID-19 pandemic beyond 2021/22 are still not clear. However, it is prudent to plan for 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. During 2020/21, a £6.0m reserve was created to help manage shortfalls in the Collection Fund over future years. Assumptions are continually updated for the latest information and will be used to inform the Budget and Business Planning Process for 2022/23.

The Government has not yet confirmed that the delayed implementation of the Review of Relative Needs and Resource and 75% business rates retention will be implemented in 2022/23, however it is unlikely that this will be achievable within the timeframe. This creates ongoing uncertainty about future funding arrangements. The first Budget and Business Planning Report for 2022/23 will be considered by Cabinet in October 2021 and will provide an update on the latest funding assumptions for both 2022/23 and the MTFS period.

Further detail of the 2021/22 financial monitoring position is set out in Annex C of the [Business Management Report to Cabinet on 22 June 2021](#).

**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 2020/21 are set out on pages 14 to 94.

The accounts bring together all the Council’s financial statements for the year 2020/21 and show its financial position as at 31 March 2021. 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 2021 and of its income and expenditure for the 2020/21 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**

Comprehensive 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 2021 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 2020/21. 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 approved our Annual Governance Statement (AGS) at its [meeting on 2 June 2021](#). The AGS summarises the governance framework that has been in place in the Council during 2020/21. 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**

For 2020/21 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, despite COVID-19. We have delivered 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 meeting the long-term challenges created by the COVID-19 pandemic 2021/22 and beyond as we 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 .....

ROZ SMITH  
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 2020/21 (‘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 2021.

Signed:.....

Date .....

LORNA BAXTER  
Director of Finance



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

	2019/20			Notes	2020/21		
	Expenditure chargeable to the County Fund £'000	Adjustments between funding and accounting basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Expenditure chargeable to the County Fund £'000	Adjustments between funding and accounting basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
	63,675	23,519	87,194	Environment and Place	65,503	32,883	98,386
	122,955	29,902	152,857	Children's Services	130,487	53,837	184,324
	184,571	744	185,316	Adult Services	197,633	-16,883	180,751
	0	-514	-514	Public Health	788	-2,203	-1,415
Page 15	42,957	7,171	50,128	Commercial Development, Assets and Investments	46,444	23,753	70,197
	32,937	14,663	47,600	Customers, Organisational Development and Resources	34,108	5,765	39,873
	0	-769	-769	Other Corporate Costs	0	-17,428	-17,428
	<b>447,096</b>	<b>74,716</b>	<b>521,812</b>	<b>Service Costs</b>	<b>474,964</b>	<b>79,725</b>	<b>554,689</b>
-443,278	-63,983	-507,261	Other Income and Expenditure not charged to services	-485,489	-104,432	-589,921	
<b>3,817</b>	<b>10,733</b>	<b>14,550</b>	<b>Surplus (-) or Deficit (+) on Provision of Services</b>	<b>4</b>	<b>-10,525</b>	<b>-24,707</b>	<b>-35,232</b>
27,971			Opening County Fund Balance at 1 April		24,154		
-3,817			Add surplus (+) or deficit (-) on the County Fund for the year		10,525		
<b>24,154</b>			<b>Closing County Fund Balance at 31 March</b>		<b>34,679</b>		



	Notes	County Fund Balance	Earmarked Reserves	Capital Receipts Unapplied	Capital Grants and Contbns Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2019</b>		27,971	92,300	23,461	81,120	<b>224,852</b>	<b>-338,168</b>	<b>-113,316</b>
<b>Movement in reserves during 2019/20</b>								
Total Comprehensive Income and Expenditure		-14,550	0	0	0	<b>-14,550</b>	<b>420,996</b>	406,446
Adjustments between accounting basis and funding basis under statutory provisions	6	21,296	0	683	6,472	<b>28,451</b>	<b>-28,451</b>	0
Transfers to / from earmarked reserves	44	-10,563	18,292	0	-7,729	<b>0</b>	<b>0</b>	0
<b>Increase (+) or Decrease (-) In Year</b>		<b>-3,817</b>	<b>18,292</b>	<b>683</b>	<b>-1,257</b>	<b>13,901</b>	<b>392,545</b>	<b>406,446</b>
<b>Balance at 31 March 2020</b>		24,154	110,592	24,145	79,862	<b>238,753</b>	<b>54,377</b>	293,129
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020		0	11,223	0	0	<b>11,223</b>	<b>-11,223</b>	0
<b>Restated Balance at 1 April 2020</b>		24,154	121,815	24,145	79,862	<b>249,975</b>	<b>43,155</b>	<b>293,130</b>
<b>Movement in reserves during 2020/21</b>								
Total Comprehensive Income and Expenditure		35,232	0	0	0	<b>35,232</b>	<b>-238,454</b>	-203,223
Adjustments between accounting basis and funding basis under statutory provisions	6	4,716	0	1,051	15,696	<b>21,463</b>	<b>-21,463</b>	0
Transfers to / from earmarked reserves	44	-29,423	37,255	0	0	<b>7,832</b>	<b>-7,832</b>	0
<b>Increase (+) or Decrease (-) In Year</b>		<b>10,525</b>	<b>37,255</b>	<b>1,051</b>	<b>15,696</b>	<b>64,526</b>	<b>-267,749</b>	<b>-203,223</b>
<b>Balance at 31 March 2021</b>		34,679	159,069	25,195	95,558	<b>314,502</b>	<b>-224,594</b>	<b>89,907</b>
Schools balances are held within Earmarked Reserves (see Note 44).								

As at 31 March 2020		Notes	As at 31 March 2021	
£'000			£'000	£'000
<b>Long Term Assets</b>				
1,208,800	Property, Plant and Equipment	22	1,243,816	
23,503	Investment Property	23	26,251	
1,226	Intangible Assets	25	1,022	
54,000	Long Term Investments	34	72,300	
6,986	Long Term Debtors	35	7,342	
<b>1,294,515</b>	<b>Total Long Term Assets</b>			<b>1,350,731</b>
<b>Current Assets</b>				
600	Assets Held for Sale	24	90	
75,335	Debtors	36	96,258	
359,377	Short Term Investments	34	409,271	
32,897	Cash and Cash Equivalents	37	48,186	
<b>468,210</b>	<b>Total Current Assets</b>			<b>553,805</b>
<b>Current Liabilities</b>				
-29,740	Short Term Borrowing	34	-45,675	
-92,248	Short Term Creditors and Revenue Receipts in Advance	39	-125,155	
-6,939	Provisions due within one year	40	-7,063	
-524	Short Term Finance Liability	28,34	-587	
-28,483	Short Term Capital Grants Receipts in Advance	42	-35,768	
<b>-157,934</b>	<b>Total Current Liabilities</b>			<b>-214,248</b>
<b>Long Term Liabilities</b>				
-13,348	Long Term Creditors and Revenue Receipts in Advance	39	-16,170	
-3,023	Provisions due over one year	40	-3,452	
-315,383	Long Term Borrowing	34	-293,383	
-824,566	Pension Liability	18	-1,119,285	
-16,981	Long Term Finance Liability	28,34	-16,394	
-6,048	Deferred Income	41	-5,276	
-132,312	Long Term Capital Grants Receipts in Advance	42	-146,420	
<b>-1,311,660</b>	<b>Total Long Term Liabilities</b>			<b>-1,600,381</b>
<b>293,130</b>	<b>Net Assets (+) / Net Liabilities (-)</b>			<b>89,908</b>
Financed from:				
<b>238,753</b>	<b>Usable Reserves</b>	43-46		<b>314,502</b>
<b>54,377</b>	<b>Unusable Reserves</b>	47-53		<b>-224,594</b>
<b>293,130</b>	<b>Total Reserves</b>			<b>89,908</b>

2019/20 £'000		Notes	2020/21 £'000
14,550	<b>Net (surplus) or deficit on the provision of services</b>		<b>-35,232</b>
-65,087	Adjust net surplus or deficit on the provision of services for non-cash movements	54	-68,258
82,084	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	55	122,827
<b>31,548</b>	<b>Net cash flows from Operating Activities</b>		<b>19,337</b>
-32,645	Investing activities	56	-41,150
2,507	Financing activities	57	6,524
<b>1,410</b>	<b>Net increase (-) or decrease (+) in cash and cash equivalents</b>		<b>-15,289</b>
34,307	Cash and cash equivalents at the beginning of the reporting period		32,897
<b>32,897</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>48,186</b>

## 1. Summary of Significant Accounting Policies General

The Statement of Accounts summarises the County Council's transactions for the 2020/21 financial year and its position at the year-end 31 March 2021. It has been compiled in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21* (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.

### Equality 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 (Note that valuation of Care Homes held on the Council’s balance sheet are still outstanding at the point of issuing the draft accounts – this will be updated in the audited version).

		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	2019/20	2022/23
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:

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- 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.

Financial assets at fair value through Other Comprehensive Income 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.

Financial assets at fair value through profit or loss 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:

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- 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 2020/21 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 2021) 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 £14.291m Local Growth Fund in 2020/21 on behalf of OxLEP, which was applied to capital expenditure

during the year. In respect of revenue, the Council received £ 0.500m core funding and £0.040m capacity funding from MHCLG on behalf of OxLEP. Further grant funding of £1.632m relating to specific programmes including the European Regional Development Fund (MHCLG) and Skills Advisory Fund (department for Business, Energy and Industrial Strategy) was also received in 2020/21. OxLEP is preparing financial accounts for 2020/21, along with the Letter of Representation, which are expected to be considered by the OxLEP Board in due course. The Board expects to formally adopt these financial accounts at the company's Annual General Meeting in September 2021.

- 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 2020/21.
- 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 IFRS 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 2021 for which there is significant risk of material adjustment in the forthcoming year are as follows:

#### Property, Plant and Equipment

The financial year 2020/21 was year three of a three-year cycle. As at 31 March 2021 the County Council had £643.009m 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 £6.430m (£6.704m in 2019/20). 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.

#### Pensions Liability

Estimation of the net liability to pay pensions (£1,119.285m) as at 31 March 2021) 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 notes. However, the assumptions interact in complex ways. During 2020/21 the County Council's actuaries advised that the net pension liability had increased by £263.708m as a result of the return on plan assets and by £497.508m 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 2021 to comply with the accounting standard.

Further complexity 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.

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.

The actuary made assumptions regarding the impact and this in the valuation for 2019/20 and this allowance continues to be included within the valuation of the County Council’s net liability.

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 actuary allowed for the impact of full GMP indexation in the calculation of 31 March 2019 funding valuation results. The Employer’s valuation results position is used as the starting point for the accounting rollforward calculations and therefore an allowance for full GMP indexation was included within valuation for 2019/20 and this allowance continues to be included within the valuation of the County Council’s net liability.

There are three further court cases which could potentially impact on the valuation of the net pension liability:

- Goodwin
- Walker
- O’Brien

In all three cases, the actuary does not consider the judgements are likely to have a significant impact on the Council’s pension obligations.

#### 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.

	2019/20				2020/21				
	Adjustments for Capital Purposes (Note A)	Net Charge for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments	Adjustments for Capital Purposes (Note A)	Net Charge for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	15,896	8,284	-662	<b>23,519</b>	Environment and Place	31,606	2,659	-1,382	<b>32,883</b>
	2,731	14,912	12,258	<b>29,902</b>	Children's Services	38,974	10,500	4,363	<b>53,837</b>
	-3,186	5,736	-1,807	<b>744</b>	Adult Services	-10,487	4,710	-11,106	<b>-16,883</b>
	0	189	-703	<b>-514</b>	Public Health	0	146	-2,349	<b>-2,203</b>
	5,203	2,324	-356	<b>7,171</b>	Commercial Development, Assets and Investments	20,329	3,571	-148	<b>23,753</b>
	3,358	4,500	6,806	<b>14,663</b>	Customers, Organisational Development and Resources	9,206	3,960	-7,401	<b>5,765</b>
	1,708	-3,209	732	<b>-769</b>	Other Corporate Costs	-24,855	-2,757	10,184	<b>-17,428</b>
	<b>25,711</b>	<b>32,737</b>	<b>16,268</b>	<b>74,716</b>	<b>Service Costs</b>	<b>64,774</b>	<b>22,789</b>	<b>-7,839</b>	<b>79,725</b>
	-71,011	24,151	-17,124	<b>-63,983</b>	<b>Other Income and expenditure not charged to services</b>	-110,681	15,945	-9,696	<b>-104,432</b>
	<b>-45,300</b>	<b>56,888</b>	<b>-855</b>	<b>10,733</b>	<b>Surplus (-) or Deficit (+)</b>	<b>-45,906</b>	<b>38,734</b>	<b>-17,535</b>	<b>-24,707</b>

Communities and Resources have been regrouped into three new Directorates in 2020/21: Environment & Place; Commercial Development, Assets and Investment; Customers, Organisational Development and Resources.

**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

2019/20 £'000	Income and Expenditure	2020/21 £'000
-73,152	Fees, charges and other service income	-60,844
-513,412	Government grants and contributions	-640,538
-7,272	Interest and investment income	-18,236
-412,141	Income from council tax and non-domestic rates	-414,169
-589	Proceeds from the disposal of non-current assets	-993
<b>-1,006,566</b>	<b>Total Income</b>	<b>-1,134,779</b>
367,146	Employee benefits expenses	365,446
543,636	Other service expenses	618,891
18,578	Depreciation, amortisation, impairments and revaluations	41,229
29,630	Interest payable and similar charges	17,528
26,870	Net interest expense on the pension defined liability	18,907
35,256	Costs from the disposal of non-current assets	37,545
<b>1,021,117</b>	<b>Total Expenditure</b>	<b>1,099,547</b>
<b>14,550</b>	<b>Surplus (-) or Deficit (+) on the Provision of Services</b>	<b>-35,232</b>

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

2019/20 £'000	Fees and Charges by Directorate	2020/21 £'000
-13,547	Environment and Place	-8,958
-11,949	Children's Services	-5,951
-39,277	Adult Services	-40,119
-7	Public Health	5
-2,809	Commercial Development, Assets and Investments	-3,117
-4,433	Customers, Organisational Development and Resources	-1,963
-1,131	Corporate	-741
<b>-73,152</b>	<b>Total Fees and Charges</b>	<b>-60,844</b>

## 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.

2019/20 County Fund Balance	Ear- marked Reserves	Capital Receipts Unapplied	Capital Grants & Contbns Unapplied	Unusable Reserves		2020/21 County Fund Balance	Ear- marked Reserves	Capital Receipts Unapplied	Capital Grants & Contbns Unapplied	Unusable Reserves
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
					<b>Adjustments to Revenue Resources</b>					
56,888				-56,888	Pension Costs transferred to (or from) the Pensions Reserve	38,734				-38,734
-2				2	Financial instruments transferred to the Financial Instrument Adjustment Account	-2				2
11,271				-11,271	Gain or Loss on the valuation of pooled investment funds	-10,712				10,712
-1,369				1,369	Council Tax and Business Rates transferred to the Collection Fund Adjustment Account	21,110				-21,110
-128				128	Holiday pay transferred to the Accumulated Balances Account	1,060				-1,060
77,450				-77,450	Reversal of entries included in the Surplus of Deficit on the Provision of Services in relation to capital expenditure to the Capital Adjustment Account	134,737				-134,737
					<b>Adjustments between Revenue and Capital Resources</b>					
-516		516			Transfer of non-current asset sale proceeds to the Capital Receipts Unapplied Reserve	-957		957		
-10,273				10,273	Statutory provision for the repayment of debt transferred to the Capital Adjustment Account	-10,291				10,291
-580				580	Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account	-1,587				1,587
-100,552			-4,422	104,974	Capital grants and contributions applied	-125,432			-26,249	151,681
-10,894			10,894		Capital gains and contributions receivable not applied to finance capital expenditure	-41,946			41,946	
					<b>Adjustments to Capital Resources</b>					
		168		-168	Repayment of loans			94		-94
<b>21,295</b>	<b>0</b>	<b>684</b>	<b>6,472</b>	<b>-28,451</b>	<b>Total</b>	<b>4,714</b>	<b>0</b>	<b>1,051</b>	<b>15,697</b>	<b>-21,462</b>



## 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 2020/21 (with comparators) are as follows:

	2019/20 Central Expenditure £'000	ISB £'000	Total £'000		2020/21 Central Expenditure £'000	ISB £'000	Total £'000
			480,339	Final DSG before Academy & high needs recoupment			510,703
			-271,139	Less Academy & high needs figure recouped for the year			-294,178
			209,200	Total DSG after Academy & high needs recoupment			216,525
			2,374	Brought forward from previous year			-8,140
			-2,374	Less carry forward to next year agreed in advance			8,140
			<b>209,200</b>	<b>Agreed initial budgeted distribution</b>	<b>46,569</b>	<b>169,957</b>	<b>216,525</b>
	20		20	In year adjustments		-395	-395
	106		106	Prior year adjustments		45	45
	<b>0</b>	<b>0</b>	<b>209,326</b>	<b>Final budget distribution</b>	<b>46,569</b>	<b>169,606</b>	<b>216,174</b>
	-50,265		-50,265	Less actual central expenditure	-54,464		-54,464
		-169,575	-169,575	Less Actual ISB deployed to schools		-170,545	-170,545
	0	0	0	County Council contribution	0	0	0
	<b>-50,265</b>	<b>-169,575</b>	<b>-219,840</b>	<b>Total Actual Expenditure</b>	<b>-54,464</b>	<b>-170,545</b>	<b>-225,009</b>
			2,374	In year carry forward	-7,895	-939	-8,834
				Plus carry forward agreed in advance			-8,140
			<b>-8,140</b>	<b>Carry forward to next year</b>			<b>-16,974</b>

Included within the negative DSG balance above is a negative balance of £19,055k 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 statutory reporting requirements for the 2020/21 accounts require the closing deficit balance on DSG to be held within unusable reserves in a new Dedicated Schools Grant Adjustment Account. The unusable reserve exists for 3 years within statute and is intended to give Local Authorities and the government time to look at strategies to reduce the deficit. The County Council is developing 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	Better Care Fund Pool		Adults with Care and Support Needs		Mental Health Provider Pool	
<b>Partner</b>	Oxfordshire Clinical Commissioning Group		Oxfordshire Clinical Commissioning Group		Oxford Health NHS Foundation Trust	
<b>Purpose</b>	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.	
<b>Lead Partner</b>	Oxfordshire County Council		Oxfordshire County Council		Oxford Health NHS Foundation Trust	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total Gross Expenditure</b>	<b>236,314</b>	<b>249,008</b>	<b>171,169</b>	<b>180,020</b>	<b>9,302</b>	<b>10,357</b>
<b>Funded by:</b>						
Council Contribution *	-81,206	-74,614	-89,669	-96,078	-1,802	-1,802
Partner Contribution	-80,019	-79,536	-76,133	-77,370	-7,500	-8,555
Service User Contributions	-30,605	-31,568	-4,208	-4,506		
Better Care Fund	-39,382	-43,407	0	0		
Other External Contribution	0	-1	0	-2,066		
Other Income **	-5,102	-19,882	-1,161	0		
<b>Total Gross Income</b>	<b>-236,314</b>	<b>-249,008</b>	<b>-171,171</b>	<b>-180,020</b>	<b>-9,302</b>	<b>-10,357</b>

\*Note that the Authority's Contribution to the Adults with Care and Support Needs Pool 2020/21 includes £1,802k (the same as 2019/20) which is passported to the Mental Health Provider Pool. The Authority does not make any other contributions to the Mental Health Provider Pool.

\*\* The Better Care Fund Pool includes £16,712k in Other Income for one-off funding to support costs arising from Hospital Discharge Schemes 1 and 2 put in place as a result of the COVID-19 pandemic.

## 9. Members' Allowances

	2019/20	2020/21
Members' Allowances	£'000	£'000
Allowances	974	992
Travel and Subsistence	30	3
<b>Total</b>	<b>1,004</b>	<b>995</b>

## 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 Customers, Organisational Development and Resources Directorate.

	2019/20	2020/21
Audit and Inspection Fees	£'000	£'000
Code of Practice Audit Work	87	85
Other Fees for Prior Years	54	62
Certification of grant claims and Returns	13	13
<b>Total</b>	<b>154</b>	<b>160</b>

## 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.

Band	2019/20			2020/21			
	£	School	Non School	Total	School	Non School	Total
50,000-54,999		44	157	201	51	168	219
55,000-59,999		40	60	100	32	71	103
60,000-64,999		23	48	71	27	43	70
65,000-69,999		22	17	39	26	32	58
70,000-74,999		13	5	18	15	12	27
75,000-79,999		8	8	16	10	8	18
80,000-84,999		6	21	27	4	24	28
85,000-89,999		1	3	4	4	3	7
90,000-94,999		0	5	5	1	3	4
95,000-99,999		0	2	2	0	7	7
100,000-104,999		1	1	2	0	2	2
105,000-109,999		0	4	4	1	3	4
110,000-114,999		0	1	1	0	3	3
115,000-119,999		1	2	3	0	0	0
120,000-124,999		0	2	2	0	0	0
125,000-129,999		0	2	2	0	1	1
130,000-134,999		0	0	0	0	2	2
135,000-139,999		0	0	0	0	1	1
140,000-169,999		0	2	2	0	4	4
<b>Total</b>		<b>159</b>	<b>340</b>	<b>499</b>	<b>171</b>	<b>387</b>	<b>558</b>

In addition the amounts disclosed in the Senior Officer Remuneration Note: £0.142m received from Cherwell District Council for joint posts £0.353m paid to Cherwell District Council for joint posts

2020/21 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	141,805	141,805
Corporate Director Commercial Development Assets & Investments **	151,159	0	0	151,159	30,081	181,240	-59,816	121,423
Director of Law and Governance (left June 2020)	25,012	0	0	25,012	4,977	29,989	0	29,989
Director of Law and Governance (from January 2021) **	29,312	0	0	29,312	5,833	35,145	-7,777	27,367
Corporate Director Place and Growth (left December 2020) *	0	0	0	0	0	0	91,976	91,976
Corporate Director Environment and Place (from March 2021)	5,689	0	0	5,689	1,132	6,821	0	6,821
Corporate Director Public Health **	126,661	0	0	126,661	18,214	144,875	-15,993	128,882
Corporate Director Adults & Housing Services **	134,963	0	0	134,963	26,858	161,821	-17,771	144,050
Corporate Director Children Services (from July 2020)	89,178	0	0	89,178	17,746	106,924	0	106,924
Corporate Director Customers, Organisational Development & Resources *	0	0	0	0	0	0	103,526	103,526
Director of Finance **	132,168	0	0	132,168	26,301	158,469	-52,255	106,215
Chief Fire Officer	137,521	0	0	137,521	39,606	177,126	0	177,126
<b>Total</b>	<b>831,662</b>	<b>0</b>	<b>0</b>	<b>831,662</b>	<b>170,748</b>	<b>1,002,410</b>	<b>183,695</b>	<b>1,186,104</b>

Several senior officer roles at Oxfordshire County Council are 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 61%, Corporate Director Place & Growth 70%, Corporate Director Customers, Organisational Development & Resources 70%

\*\* 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 Commercial Development Assets & Investments 30%, Director of Law & Governance 20%, Director of Finance 30%

Corporate Director Adults & Housing Services 10%, Corporate Director of Public Health 10%

Oxfordshire County Council paid Cherwell a contribution of £0.039m for Apprenticeship Levy and employer's National Insurance contributions.

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	124,502	124,502
Corporate Director Commercial Development Assets & Investments (from 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 (from February 2020) **	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
<b>Total</b>	<b>783,432</b>	<b>8,761</b>	<b>-</b>	<b>792,193</b>	<b>161,143</b>	<b>953,336</b>	<b>187,965</b>	<b>1,141,300</b>

\* 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% and 70% respectively.

\*\* joint posts employed by the County Council and a charge is made to Cherwell District Council.

## 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.

Exit packages Band (£)	2019/20					2020/21						
	Compulsory No.	Other £'000	Other No.	Total £'000	Total No.	Compulsory No.	Other £'000	Other No.	Total £'000	Total No.		
0 - 19,999	20	187	24	142	44	329	33	201	11	96	44	297
20,000 - 39,999	3	92	5	122	8	214	13	350	2	44	15	394
40,000 - 59,999	5	243	0	0	5	243	6	270	2	92	8	362
60,000 - 79,999	0	0	1	78	1	78	5	340	1	78	6	418
80,000 - 99,999	0	0	1	81	1	81	1	96	1	95	2	191
100,000 - 149,999	3	383	0	0	3	383	1	113	0	0	1	113
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	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>31</b>	<b>905</b>	<b>31</b>	<b>423</b>	<b>62</b>	<b>1,328</b>	<b>59</b>	<b>1,370</b>	<b>17</b>	<b>405</b>	<b>76</b>	<b>1,775</b>
Add new provisions created												0
Less amounts provided for in previous year						0						0
Add unused amount of previous year's provision						0						0
Adjust for differences between payments and accruals						-303						47
<b>Total cost of exit packages in the Comprehensive Income and Expenditure Statement</b>						<b>1,025</b>						<b>1,822</b>

### 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 2019/20.

County Council as Lessee	2019/20			2020/21		
	Plant, vehicles & equipment £'000	Land and buildings £'000	Total £'000	Plant, vehicles & equipment £'000	Land and buildings £'000	Total £'000
Minimum lease payments charged in year	1,677	2,215	3,893	1,222	2,150	3,372
Contingent rents charged in year	232	109	341	222	93	315
Sublease payments received in year	0	-547	-547	0	-564	-564
Future minimum lease payments:						
Within 1 year	1,348	1,769	3,118	871	1,926	2,797
Within 2nd - 5th years	1,051	4,537	5,588	378	3,655	4,034
6th year and beyond	0	2,041	2,041	0	1,444	1,444
<b>Total commitments</b>	<b>2,400</b>	<b>8,347</b>	<b>10,747</b>	<b>1,249</b>	<b>7,025</b>	<b>8,275</b>
<b>Total future sublease payments receivable</b>	<b>0</b>	<b>515</b>	<b>515</b>	<b>0</b>	<b>-548</b>	<b>-548</b>

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	2019/20			2020/21		
	Plant, vehicles & equipment £'000	Land and buildings £'000	Total £'000	Plant, vehicles & equipment £'000	Land and buildings £'000	Total £'000
Minimum lease payments receivable in year	0	2,168	2,168	0	2,217	2,217
Contingent rents receivable in year	0	876	876	0	927	927
Future minimum lease payments receivable:						
Within 1 year	0	1,823	1,823	0	1,852	1,852
Within 2nd - 5th years	0	5,455	5,455	0	5,503	5,503
6th year and beyond	0	38,452	38,452	0	37,142	37,142
<b>Total Receivable</b>	<b>0</b>	<b>45,731</b>	<b>45,731</b>	<b>0</b>	<b>44,497</b>	<b>44,497</b>

#### 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.

	2019/20	2020/21
<b>Other Operating Expenditure</b>	<b>£'000</b>	<b>£'000</b>
Capital Receipts	-516	-966
Disposal costs charged against capital receipts	0	10
<b>Net Capital Receipts</b>	<b>-516</b>	<b>-957</b>
Other Receipts	-96	-36
<b>Total Receipts</b>	<b>-612</b>	<b>-993</b>
Carrying value of non-current assets derecognised	35,256	37,536
Disposal costs charged to the General Fund	93	131
<b>Total Disposal costs</b>	<b>35,348</b>	<b>37,667</b>
<b>Other Operating Expenditure</b>	<b>34,736</b>	<b>36,674</b>
Adjustments between accounting basis and funding basis	-34,740	-36,579
<b>Net Charge to the General Fund</b>	<b>-4</b>	<b>95</b>

#### 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:

	2019/20	2020/21
<b>Financing and Investment Income and Expenditure</b>	<b>£'000</b>	<b>£'000</b>
Interest payable and similar charges	18,367	17,354
Gain or Loss on the valuation of pooled investment funds	11,263	-10,712
Interest receivable and similar income	-7,272	-7,350
Income and Expenditure in relation to investment properties and change in their fair value	1,192	-2,985
Net pensions interest expense	26,869	18,907
Net fire-fighters Pension Fund Top-Up Grant	-2,719	-2,962
<b>Financing and Investment Income and Expenditure</b>	<b>47,701</b>	<b>12,251</b>
Adjustments between accounting basis and funding basis	-36,606	-2,247
<b>Net Charge to the General Fund</b>	<b>11,095</b>	<b>10,004</b>

#### 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.



2019/20 Financial Liabilities		2019/20 Financial Assets		Total		2020/21 Financial Liabilities		2020/21 Financial Assets		Total
Liabilities at amortised cost	Assets at amortised cost	Assets at fair value through Other Comprehensive Income	Assets at fair value through profit and loss			Liabilities at amortised cost	Assets at amortised cost	Assets at fair value through Other Comprehensive Income	Assets at fair value through profit and loss	
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
17,864			0	<b>17,864</b>	Interest Expense	17,287		0		<b>17,287</b>
			11,263	<b>11,263</b>	Decreases in fair value			174		<b>174</b>
	503		0	<b>503</b>	Impairment Losses		67	0		<b>67</b>
		0	179	<b>179</b>	Fee expense			0	151	<b>151</b>
<b>17,864</b>	<b>503</b>	<b>0</b>	<b>11,442</b>	<b>29,809</b>	<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>17,287</b>	<b>67</b>	<b>0</b>	<b>325</b>	<b>17,679</b>
	-2,894		-4,378	<b>-7,272</b>	Interest Income		-3,402		-3,947	<b>-7,350</b>
		0	0	<b>0</b>	Increases in fair value			0	-10,886	<b>-10,886</b>
<b>0</b>	<b>-2,894</b>	<b>0</b>	<b>-4,378</b>	<b>-7,272</b>	<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>-3,402</b>	<b>0</b>	<b>-14,834</b>	<b>-18,236</b>
				<b>22,537</b>	<b>Net gain (-) / loss (+) for the year</b>					<b>-558</b>

## 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 95 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 2019 set the contribution rates for the period 1 April 2020 to 31 March 2022. 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 2021/22 are £33.252m for funded benefits (£32.513m was expected for 2020/21). For 2020/21 the estimated duration of the County Council's liabilities is 20 years for funded benefits and 3-5 years for unfunded benefits (20 years and 3-5 years respectively for 2019/20).

The pensions liability has increased significantly from March 2020 (£825m) to March 2021 (£1,119m). This is partly due to the difference between the accrual of new benefits and benefits paid out during the year for scheme participants. The most significant change is due to losses arising from actuarial assessment for demographic assumptions and financial assumptions which has increased the liability by £536m. This is partly offset by an increase in the expected return on plan assets of £247m.

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 £0.159m for 2020/21 (£0.307m for 2019/20). 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 £3.587m (£4.168m for 2019/20).

### **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 124 to 125. 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 2016 and set contributions for the period from 1 April 2019 to 31 March 2022.

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 £6.3m (£4.4m in 2019/20). The estimated duration of the County Council's combined liabilities for the fire-fighters' scheme for 2020/21 is 19.4 years (19.2 years for 2019/20). 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 2020/21 is 23.68% (increased from 16.48% in September 2019). The total expected payments to beneficiaries for 2020/21 is £5.721m (£5.868m 2019/20).

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		Fire Fighters' Pension Schemes		Total	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Cost of Services						
Current Service Cost	68,623	60,322	5,900	4,200	74,523	64,522
Past Service Costs	307	159	0	0	307	159
(Gain) / Loss from settlements	-4,168	-3,587	0	0	-4,168	-3,587
Administration Expenses	651	668	0	0	651	668
<b>Financing and Investment Income &amp; Expenditure</b>						
Net Interest Expense	20,170	13,107	6,700	5,800	26,870	18,907
Government Top-Up Grant / Surplus payable to Government	0	0	-2,719	-2,962	-2,719	-2,962
<b>Surplus / Deficit on the Provision of Services</b>	<b>85,583</b>	<b>70,669</b>	<b>9,881</b>	<b>7,038</b>	<b>95,464</b>	<b>77,707</b>
Other Comprehensive Income and Expenditure						
Return on plan assets	97,667	-246,927	0	0	97,667	-246,927
Actuarial gains (-) and losses (+) from demographic assumptions	-76,848	26,639	-8,600	3,300	-85,448	29,939
Actuarial gains (-) and losses (+) from financial assumptions	-189,898	441,262	-26,000	64,700	-215,898	505,962
Experience gains (-) and losses (+)	-144,450	-16,338	2,100	-3,500	-142,350	-19,838
Other actuarial gains (-) and losses (+) *	0	-15,235	0	2,084	0	-13,151
<b>Total retirement benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>-227,946</b>	<b>260,070</b>	<b>-22,619</b>	<b>73,622</b>	<b>-250,565</b>	<b>333,692</b>
<b>Movement in Reserves Statement</b>						
Reversal of net charges made to the Surplus/Deficit on the Provision of Services for retirement benefits in accordance with the code	-50,583	-35,216	-6,306	-3,518	-56,888	-38,734
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>	<b>35,000</b>	<b>35,453</b>	<b>3,576</b>	<b>3,519</b>	<b>38,576</b>	<b>38,973</b>

\*Other actuarial gains and losses represent the difference between actual cashflows and actuarial assumptions for in year past service costs and contributions. For the Local Government Pension Scheme this also includes an adjustment for cash contributions from other partners in the Oxfordshire County Council pension pool. £3m relates to 2020/21 and £10m relates to prior years.

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

<b>Pension Liability</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
<b>Present value liabilities:</b>		
Local Government Pension Scheme funded benefits	1,668,011	2,163,185
Local Government Pension Scheme unfunded benefits	17,694	18,299
Fire Fighters' Pension Schemes	250,497	320,600
Teachers' Added Years	45,001	47,467
<b>Total Present value liabilities</b>	<b>1,981,204</b>	<b>2,549,551</b>
<b>Fair value of assets in the Local Government Pension Scheme</b>	<b>1,156,638</b>	<b>1,430,266</b>
<b>Net Liabilities in the scheme:</b>		
Local Government Pension Scheme funded	511,373	732,919
Local Government Pension Scheme unfunded	17,694	18,299
Fire Fighters' Pension Schemes	250,497	320,600
Teachers' Added Years	45,001	47,467
<b>Total Net Liabilities</b>	<b>824,566</b>	<b>1,119,285</b>

The total net liability is £1,119,285,000 at 31 March 2021 (2019/20 £824,566,000). 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 2016 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	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Balance at 1 April</b>	<b>2,077,402</b>	<b>1,730,706</b>	<b>276,691</b>	<b>250,497</b>	<b>2,354,094</b>	<b>1,981,204</b>
Current Service Cost	69,274	60,990	5,900	4,200	75,174	65,190
Interest Expense	49,947	39,753	6,700	5,800	56,647	45,553
Contributions by scheme participants	9,984	10,339	1,400	1,400	11,384	11,739
Actuarial gains and losses - demographic assumptions	-76,848	26,639	-8,600	3,300	-85,448	29,939
Actuarial gains and losses - financial assumptions	-189,898	441,262	-26,000	64,700	-215,898	505,962
Experience gains and losses	-144,450	-16,338	2,100	-3,500	-142,350	-19,838
Other actuarial gains and losses	0	-2,334	0	2,084	0	-250
Benefits Paid	-56,563	-52,820	-4,976	-4,919	-61,539	-57,739
Past Service Costs	307	159	0	0	307	159
(Gain) / Loss from settlements	-8,449	-9,405	0	0	-8,449	-9,405
Fire Fighters pension scheme top-up grant	0	0	-2,719	-2,962	-2,719	-2,962
<b>Closing balance at 31 March</b>	<b>1,730,706</b>	<b>2,228,951</b>	<b>250,496</b>	<b>320,600</b>	<b>1,981,204</b>	<b>2,549,551</b>

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.

Cash contributions from other partners in the Pension Pool mean that the asset values in the County Council's accounts differ to those in the actuarial report.

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)	
	2019/20 £'000	2020/21 £'000
<b>Opening Balance at 1 April</b>	<b>1,240,388</b>	<b>1,156,638</b>
Interest Income	29,777	26,646
Return on plan assets	-97,667	246,927
Other actuarial gains and losses	0	12,901
Administration expenses	0	0
Employer Contributions	30,096	30,643
Contributions by scheme participants	9,984	10,339
Benefits Paid	-51,659	-48,010
Settlements received / (paid)	-4,281	-5,818
<b>Closing balance at 31 March</b>	<b>1,156,638</b>	<b>1,430,266</b>

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

Assets	At 31 March 2020			At 31 March 2021		
	£'000	£'000	%	£'000	£'000	%
<b>Equities</b>						
Consumer	0			0		
Manufacturing	0			0		
Energy and Utilities	0			0		
Financial Institutions	0			0		
Health and Care	0			0		
Information and Technology	0			0		
		0	0%		0	0%
<b>Debt Securities</b>						
UK Government	114,191			141,206		
Other	25,735			31,823		
		139,927	12%		173,029	12%
<b>Derivatives (quoted in an active market)</b>						
Foreign exchange	-736			-911		
		-736	0%		-911	0%
<b>Cash and cash equivalents</b>						
Cash	30,584			37,819		
		30,584	3%		37,819	3%
<b>Private Equity</b>						
All	44,837			55,444		
		44,837	4%		55,444	4%
<b>Investment Funds and Unit Trusts</b>						
Equities	657,974			813,632		
Infrastructure	13,833			17,105		
Bonds	86,349			106,777		
Other	183,872			227,371		
		942,028	81%		1,164,885	81%
<b>Total</b>		<b>1,156,638</b>	<b>100%</b>		<b>1,430,266</b>	<b>100%</b>



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	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
<b>Longevity Assumptions:</b>								
Base Table	S2PA with a 90% multiplier	Fund's Vita Curves	S2PA with a 90% multiplier	Fund's Vita Curves	S2NMA/S2NFA with a 110% multiplier	S2NMA/S2NFA with a 110% multiplier	S2PA with a 90% multiplier	Fund's Vita Curves
Men:								
Rate of improvement	1.50%	1.25%	1.50%	1.25%	1.25%	1.25%	1.50%	1.25%
Longevity from 65 (currently aged 65) (yrs)	22.2	22.4	22.2	22.4	26.4	26.6	22.2	22.4
Longevity from 65 (currently aged 45) (yrs)	22.9	23.4	22.9	23.4	27.5	27.9	22.9	23.4
Women:								
Rate of improvement	1.50%	1.25%	1.50%	1.25%	1.25%	1.25%	1.50%	1.25%
Longevity from 65 (currently aged 65) (yrs)	24.3	24.7	24.3	24.7	28.5	28.9	24.3	24.7
Longevity from 65 (currently aged 45) (yrs)	25.6	26.3	25.6	26.3	29.7	30.3	25.6	26.3
<b>Financial Assumptions:</b>								
Retail Price Index (RPI) increases	2.80%	3.25%	2.80%	3.25%	2.80%	3.30%	2.80%	3.25%
Consumer Price Index (CPI) increases	1.90%	2.85%	1.90%	2.85%	1.90%	2.85%	1.90%	2.85%
Rate of increases in salaries	1.90%	2.85%	1.90%	2.85%	2.80%	3.30%	1.90%	2.85%
Rate of increases in pensions and deferred pensions	1.90%	2.85%	1.90%	2.85%	1.90%	2.85%	1.90%	2.85%
Rate for discounting scheme liabilities	2.30%	2.00%	2.30%	2.00%	2.30%	2.00%	2.30%	2.00%

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)		Fire-Fighters' Pension Scheme	
	Approximate % increase to Employer Liability	Approximate monetary amount (£'000)	Approximate % increase to Employer Liability	Approximate monetary amount (£'000)
0.5% decrease in Real Discount Rate	10%	215,033	10%	32,903
0.5% increase in Pension Increase Rate	9%	196,939	8%	26,235
0.5% increase in Salary Increase Rate	1%	14,185	1%	2,114
1 year increase in member life expectancy	3% - 5%	43,000 to 71,000	3%	9,589

## 18 Pension Reserve

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

	2019/20 £'000	2020/21 £'000
<b>Pension Reserve</b>		
<b>Balance as at 1 April</b>	<b>-1,113,706</b>	<b>-824,566</b>
Net charge made for retirement benefits in accordance with IAS19	-56,888	-38,734
Remeasurements of the new defined liability	346,029	-255,985
<b>Balance as at 31 March</b>	<b>-824,566</b>	<b>-1,119,285</b>

## 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:

	2019/20 £'000	2020/21 £'000
<b>Taxation &amp; Non Specific Grant Income</b>		
Council Tax Income	377,555	396,556
Non Domestic Rates	34,586	17,612
Non Ringfenced Government Grants	78,845	88,380
Capital Grants and Contributions	98,714	136,297
<b>Total</b>	<b>589,700</b>	<b>638,845</b>

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. During 2020/21, the Council received £65.518m in grants to support the Council's response to the COVID-19 pandemic.

Grant issuing body	Credited to Taxation and Non Specific Grant Income	2019/20 £'000	2020/21 £'000	Credited to Services	2019/20 £'000	2020/21 £'000
Ministry of Housing, Communities and Local Government	Business Rate Top Up Grant	39,896	40,546	Regional Growth Fund	6,000	0
	New Homes Bonus	3,642	4,138	Improved Better Care Fund	10,391	10,391
	Expanded Troubled Families Scheme – Payment by Results	1,106	382			
	Levy Accounts Surplus	241	0			
Department of Health and Social Care	Independent Living Fund Grant	3,454	3,454	Public Health Grant	29,722	31,239
	Adult Social Care Support Grant	3,915	12,031			
Department for Education				Dedicated Schools Grant	209,326	216,175
				Pupil Premium Grant	7,022	7,033
				PE and Sports Grant	2,454	2,302
				Universal Infant Free School Meals	4,390	3,972
				Teachers' Pay Grant	4,369	1,696
				Teachers' Pension Grant	0	5,429
				Adoption Support Fund	0	1,166
Home Office				Fire (additional pension contributions)	1,362	1,362
				Asylum Seekers	2,786	3,069
Various	Other Revenue Grants	2,138	2,569	Other Revenue Grants	7,159	7,841
Various	Capital Grants	66,935	100,236	Capital Grants	12,667	31,513
Various	Developer Contributions	25,794	34,946			
Various	Other Capital Contributions	5,985	1,115			
<b>Non Covid Grants</b>	<b>Total</b>	<b>153,106</b>	<b>199,417</b>	<b>Total</b>	<b>297,648</b>	<b>323,188</b>

Grant issuing body	Credited to Taxation and Non Specific Grant Income	2019/20	2020/21	Credited to Services	2019/20	2020/21
		£'000	£'000		£'000	£'000
Ministry of Housing, Communities and Local Government	Section 31 Grant - Business Rates and Other Reliefs	9,913	0	Winter Support Grant	0	1,368
	COVID-19 Support Grant	14,539	20,386			
	Sales Fees & Charges Grant	0	3,974			
Department of Health and Social Care				Contain Outbreak Management Fund	0	16,205
				Infection Control Grants	0	13,455
				Lateral Flow Testing Grant	0	1,651
				Staffing Capacity Grant	0	1,145
				Test and Trace Grant	0	1,199
Department for Education				Catch up Funding	0	1,371
Various	Other Revenue Grants	0	900	Other Revenue Grants	0	4,578
<b>COVID Grants</b>	<b>Total</b>	<b>24,452</b>	<b>25,260</b>	<b>Total</b>	<b>0</b>	<b>40,972</b>
<b>All Grants</b>	<b>Total</b>	<b>177,558</b>	<b>224,677</b>	<b>Total</b>	<b>297,648</b>	<b>364,160</b>

**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. During 2020/21, oversight of the partnership was 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 2021, the County Council made employer contributions totalling £30.829m to the Fund. The County Council charged the Fund £1.414m for expenses incurred in administering the Fund. As at 31 March 2021 £3.570m was due to the Pension Fund and £0.222m by the Pension Fund.

**Officers**

The Director of Finance was a trustee at Fremantle Trust until October 2020. During 2019/20 the Council commissioned ad hoc older people's services from the Trust. There were no transactions during 2020/21.

**Elected Members**

One councillor is a trustee of the charity running Vale House dementia care home which received payment of £1.823m from the County Council in 2020/21. The councillor receives no remuneration for the trusteeship and had no involvement in the award of the contract.

Councillor Kieron Mallon is Chairman of the Thames Valley Police & Crime Panel.

Three Councillors are trustees of Oxfordshire Buildings Trust. The Council paid £0.014m to the trust during 2020/21.

One Councillor is a trustee of Experience Oxfordshire. The Council paid £0.025m to the trust during 2020/21.

Councillor Laura Price is Chief Executive Officer of Oxfordshire Community and Voluntary Action. The Council paid £0.523m to the trust during 2020/21.

**Commercial Relationships**

The County Council incurred costs of £0.107m in 2020/21 for two interim directors contracted through Penna Plc.

The County Council incurred costs of £0.091m in 2020/21 for one interim deputy director contracted through Gatenby Sanderson Ltd.

The County Council incurred costs of £0.071m in 2020/21 for one interim director seconded from Atkins Ltd.

PricewaterhouseCoopers LLP have been contracted to support the County Council with its Transformation programme. In 2020/21 the Council paid PricewaterhouseCoopers LLP £1.645m.

## 22. Property, Plant and Equipment

2020/21	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Surplus Assets	Assets Under Construction	Total Property Plant & Equipment	Service Concession assets included in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation as at 1 April</b>	<b>661,919</b>	<b>29,878</b>	<b>677,044</b>	<b>4,038</b>	<b>73,518</b>	<b>1,446,398</b>	<b>43,536</b>
Additions	9,827	3,027	32,593	0	49,648	95,096	193
Donation	0	0	0	0	0	0	0
Revaluation increases (decreases) recognised in the Revaluation Reserve	9,137	0	0	16	0	9,153	0
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	-6,745	0	0	-46	0	-6,791	0
Derecognition - disposals	0	-348	0	0	0	-348	0
Derecognition - other	-17,185	0	0	-96	-19,890	-37,170	0
Assets reclassified to / from Held for Sale	510	0	0	0	0	510	0
Assets reclassified to / from Investment Properties	90	0	0	0	0	90	0
Assets reclassified to / from Intangible assets	0	0	0	0	0	0	0
Transfers	5,403	180	36,831	893	-43,308	0	-526
Other movements in cost or valuation	0	0	0	0	-11	-11	0
<b>Cost or valuation as at 31 March</b>	<b>662,958</b>	<b>32,738</b>	<b>746,469</b>	<b>4,805</b>	<b>59,958</b>	<b>1,506,927</b>	<b>43,203</b>
<b>Depreciation and Impairment as at 1 April</b>	<b>-16,367</b>	<b>-13,167</b>	<b>-208,037</b>	<b>-26</b>	<b>0</b>	<b>-237,598</b>	<b>-526</b>
Depreciation charge	-10,778	-3,034	-21,319	-53	0	-35,185	-621
Depreciation and impairment written out to the Revaluation Reserve	8,734	545	0	17	0	9,297	0
Depreciation and impairment written out to the Surplus / Deficit on Provision of Services	928	0	0	23	0	951	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	-919	0	0	0	0	-919	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on Provision of Services	0	0	0	0	0	0	0
Derecognition - disposals	0	331	0	0	0	331	0
Derecognition - other	16	0	0	-5	0	11	0
Assets reclassified to / from Held for Sale	0	0	0	0	0	0	0
Assets reclassified to / from Investment Properties	0	0	0	0	0	0	0
Transfers	39	0	0	-39	0	0	0
<b>Depreciation and impairment as at 31 March</b>	<b>-18,348</b>	<b>-15,325</b>	<b>-229,356</b>	<b>-83</b>	<b>0</b>	<b>-263,111</b>	<b>-1,147</b>
<b>Net book Value at 31 March 2020</b>	<b>645,552</b>	<b>16,710</b>	<b>469,007</b>	<b>4,012</b>	<b>73,518</b>	<b>1,208,800</b>	<b>43,010</b>
<b>Net book Value at 31 March 2021</b>	<b>644,610</b>	<b>17,413</b>	<b>517,113</b>	<b>4,722</b>	<b>59,958</b>	<b>1,243,816</b>	<b>42,056</b>

2019/20	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Surplus Assets	Assets Under Construction	Total Property Plant & Equipment	Service Concession assets included in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation as at 1 April</b>	<b>622,435</b>	<b>27,647</b>	<b>638,086</b>	<b>4,090</b>	<b>38,014</b>	<b>1,330,272</b>	<b>32,315</b>
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
<b>Cost or valuation as at 31 March</b>	<b>661,919</b>	<b>29,878</b>	<b>677,044</b>	<b>4,038</b>	<b>73,518</b>	<b>1,446,398</b>	<b>43,536</b>
<b>Depreciation and Impairment as at 1 April</b>	<b>-19,137</b>	<b>-13,197</b>	<b>-188,702</b>	<b>-43</b>	<b>0</b>	<b>-221,079</b>	<b>-467</b>
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
<b>Depreciation and impairment as at 31 March</b>	<b>-16,367</b>	<b>-13,167</b>	<b>-208,037</b>	<b>-26</b>	<b>0</b>	<b>-237,598</b>	<b>-526</b>
<b>Net book Value at 31 March 2019</b>	<b>603,297</b>	<b>14,451</b>	<b>449,385</b>	<b>4,047</b>	<b>38,014</b>	<b>1,109,194</b>	<b>31,849</b>
<b>Net book Value at 31 March 2020</b>	<b>645,552</b>	<b>16,710</b>	<b>469,007</b>	<b>4,012</b>	<b>73,518</b>	<b>1,208,800</b>	<b>43,010</b>

## 23. Investment Properties

Investment Properties	2019/20		2020/21	
	Non-current £'000	Current £'000	Non-current £'000	Current £'000
<b>Opening Balance at 1 April</b>	<b>19,989</b>	<b>0</b>	<b>23,503</b>	<b>0</b>
Additions	0	0	3	0
Derecognition	0	0	0	0
Net gain (+) / losses from fair value adjustments	-1,194	0	2,835	0
Assets reclassified to / from Investment Properties	4,703	0	-90	0
Other changes	4		0	0
<b>Closing balance at 31 March</b>	<b>23,502</b>	<b>0</b>	<b>26,251</b>	<b>0</b>

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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 2021 £'000	Additional Information for level 3 properties Valuation technique	Unobservable inputs	Range (weighted average used)	Sensitivity
Agricultural units & other level 2 assets	2	18,440				
Office units	3	495	Income approach using an all risks discount rate to assess 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	7,316	Income approach using an all risks discount rate to assess 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
		<b>26,251</b>				

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 valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

Level 3	2019/20 £'000	2020/21 £'000
Balance at 1 April	4,791	7,878
Net gains (+) / losses (-) from fair value adjustments	98	28
Transfers to / from Level 3	2,989	-90
Additions	0	0
	<b>7,878</b>	<b>7,816</b>

## 24. Assets Held for Sale

	2019/20 £'000	2020/21 £'000
<b>Balance at 1 April</b>	0	600
<b>Assets newly classified as held for sale:</b>		
Property, Plant and Equipment	600	0
<b>Assets declassified as held for sale:</b>		
Property, Plant and Equipment	0	-510
<b>Balance at 31 March</b>	600	90

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 2020/21 £0.090m was reclassified as Assets Held for Sale.

## 25. Intangible Assets

	2019/20 £'000	2020/21 £'000
<b>Gross Carrying value at 1 April</b>	2,185	2,169
Transfers from Assets Under Construction	-15	0
Derecognition	0	0
<b>Gross Carrying value at 31 March</b>	2,169	2,169
<b>Amortisation and Impairment at 1 April</b>	-736	-943
Amortisation for the year	-207	-204
Derecognition	0	0
<b>Amortisation and Impairment at 31 March</b>	-943	-1,147
<b>Net Book Value at 1 April</b>	1,449	1,226
<b>Net Book Value at 31 March</b>	1,226	1,022

## 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 £3.069m 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 re-provided 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:

	2019/20 £'000	2020/21 £'000
<b>Balance at 1 April</b>	<b>17,937</b>	<b>17,483</b>
Liability repaid in the year	-454	-513
<b>Balance at 31 March</b>	<b>17,483</b>	<b>16,970</b>

Details of payments due to be made under the service concession arrangement are as follows, with comparative figures for 2019/20 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		Current	
	At 31 March 2020 £'000	At 31 March 2021 £'000	At 31 March 2020 £'000	At 31 March 2021 £'000
Service Concession Arrangement	16,970	16,391	513	580
Finance Leases	11	4	12	7
<b>Total Finance Liability</b>	<b>16,981</b>	<b>16,395</b>	<b>525</b>	<b>587</b>

		Service Costs £'000	Principal Repayments £'000	Interest Costs £'000	Lifecycle Replacement Payments £'000	Total £'000
<b>2020/21</b>	Within 1 year	18,160	580	2,230	963	<b>21,932</b>
	2-5 years	77,653	3,174	8,063	4,251	<b>93,141</b>
	6-10 years	8,574	13,217	1,743	1,171	<b>24,705</b>
	<b>Total</b>	<b>104,388</b>	<b>16,970</b>	<b>12,035</b>	<b>6,385</b>	<b>139,778</b>
<b>2019/20</b>	Within 1 year	17,061	513	2,296	926	<b>20,796</b>
	2-5 years	72,993	2,809	8,428	4,088	<b>88,318</b>
	6-10 years	27,350	14,161	3,608	2,297	<b>47,416</b>
	<b>Total</b>	<b>117,404</b>	<b>17,483</b>	<b>14,331</b>	<b>7,311</b>	<b>156,529</b>

## 29. Capital Spending

The County Council's total capital spend for 2020/21 was £153.454m. Details of the expenditure are set out in the table below.

Capital Spending by Scheme	£'000
John Blandy - Expansion to 1.5 Form Entry	1,841
Chesterton - Expansion to 1 Form Entry	1,711
West Witney - Expansion to 2 Form Entry	2,503
Benson - Expansion to 1.5 Form Entry	1,492
St Blaise - Expansion to 1 Form Entry	1,673
Manor, Long Hanborough - Expansion to 1.5 Form Entry	1,940
Bicester, South West (Whitelands) - Secondary	5,103
Oxford, Barton Park - 1.5 Form Entry Primary School	3,718
Banbury, Southam Road - 1 Form Entry Primary School	2,910
Northfield Special School - Replacement & Expansion	6,166
Schemes under £1m	7,055
School Structural Maintenance (inc Health & Safety)	1,913
<b>Pupil Place Plan</b>	<b>38,025</b>
Housing and Infrastructure Fund - Didcot Garden Town	5,931
Housing and Infrastructure Fund -A40 Corridor Improvements	7,351
NW Bicester A4095 Underbridge & Under pass	4,580
Eastern Arc Phase 1 Access to Headington	1,991
Oxford, Botley Road	3,062
Science Vale Cycle Network Improvements	3,811
Schemes under £1m	6,486
<b>Major Infrastructure</b>	<b>33,212</b>
Structural Maintenance Programme	28,740
Improvement Programme	1,661
Street Lighting LED replacement	3,083
Tetsworth Embankment	2,048
Kennington Railway Bridge	1,802
Schemes under £1m	2,124
<b>Highways Asset Management Plan</b>	<b>39,458</b>

Capital Spending by Scheme (continued)	£'000
Defect Liability Programme	3,137
Schemes under £1m	1,753
<b>Property and Investment</b>	<b>4,890</b>
Digital Infrastructure	2,512
Schemes under £1m	1,503
<b>ICT Strategy</b>	<b>4,015</b>
Better Care Fund Disabled Facilities Grant	6,658
Devolved Formula Capital (Schools)	1,152
Local Growth Fund	7,886
Getting Building Fund	264
Housing Deal	16,487
Specialist Housing & Financial Assistance	427
<b>Passport Funding</b>	<b>32,874</b>
Capitalised purchase of vehicles	980
<b>Vehicles and Equipment</b>	<b>980</b>
<b>Total Capital Spending</b>	<b>153,454</b>

Capital Spending by Asset Class	£'000
Property, Plant and Equipment	95,099
Intangible Assets	0
Revenue Expenditure Funded from Capital under Statute	58,807
Capital Loans	74
Repayment of capital grants and contributions	0
	<b>153,980</b>
Less assets acquired under service concession arrangements	0
Less assets transferred from capital prepayment account	-526
Less assets acquired under finance leases	0
<b>Total Capital Spending</b>	<b>153,454</b>

### 30. Capital Financing

The capital expenditure has been financed from the following sources:

Capital Financing	2019/20 £'000	2020/21 £'000
Prudential and other unsupported borrowing	82	176
Capital Receipts	0	0
Grants & Contributions	104,975	151,682
Revenue	614	1,597
<b>Total</b>	<b>105,671</b>	<b>153,455</b>

### 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	2019/20 £'000	2020/21 £'000
<b>Capital Financing Requirement as at 1 April</b>	<b>367,643</b>	<b>358,419</b>
New unsupported borrowing	82	176
Assets acquired under finance leases	0	0
Service Concession arrangements – lifecycle prepayments	890	926
Residual interest – asset accumulation prepayments	43	0
Loan repayments and other adjustments	34	137
Reduction in underlying need to borrow arising from derecognition of finance leases	0	0
Minimum Revenue Provision for the year	-10,273	-10,291
<b>Increase (+) / decrease (-) in Capital Financing Requirement</b>	<b>-9,224</b>	<b>-9,052</b>
<b>Capital Financing Requirement at 31 March</b>	<b>358,419</b>	<b>349,367</b>

### 32. Capital Commitments

As at 31 March 2021 the Council was contractually committed to £72.874m (£23.966m as at 31 March 2020) on the following schemes:

Capital Commitments by Scheme	£'000
<b>Pupil Places</b>	
Manor, Long Hanborough - Expansion to 1.5FE	1,193
St Blaise - Expansion to 1FE	1,265
Wallingford - Expansion by 2FE	6,039
Cholsey - Expansion to 2FE	788
Bardwell - Expansion	984
Northfield Special School - Replacement & Expansion	5,503
Stanton Harcourt - Expansion	550
Below £500k	2,355
	<b>18,677</b>
<b>Major Infrastructure and Highways</b>	
Oxford, Botley Rd	2,425
HIF1 A4130 Dualling	556
HIF1 Didcot Science Bridge	758
HIF1 Culham river crossing	1,964
HIF1 Clifton Hampden bypass	665
A40 Oxford North (Gateway)	5,706
Street Lighting LED Programme	508
NW Bicester A4095 Underbridge	8,023
Active Travel 2 - Bicester, Witney	1,264
M40 J10 Improvements	16,500
Below £500k	7,709
	<b>46,078</b>
<b>Property and Investments</b>	
Below £0.5m	931
	<b>931</b>
<b>ICT &amp; Passported Funding</b>	
ICT - Children Services Phase 2	859
Broadband - Businesses in Rural Oxfordshire	6,263
Below £500k	66
	<b>7,188</b>
<b>Total Capital Commitments</b>	<b>72,874</b>

Note 1 - There are no contractual commitment relating to investment properties.

Note 2 - There are no contractual commitments relating in 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 2020 £'000	At 31 March 2021 £'000	At 31 March 2020 £'000	At 31 March 2021 £'000
Financial assets at Amortised Cost	56,352	74,608	303,009	370,934
Financial assets at fair value through profit and loss	0	0	125,943	135,075
<b>Total Financial assets</b>	<b>56,352</b>	<b>74,608</b>	<b>428,951</b>	<b>506,009</b>
Financial Liabilities at amortised cost	332,364	309,777	94,336	127,072
<b>Total Financial Liabilities</b>	<b>332,364</b>	<b>309,777</b>	<b>94,336</b>	<b>127,072</b>

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 £6.697m of financial assets at amortised cost as at 31 March 2021 secured on property (£5.515m at 31 March 2020). Of this, £2.770m was new in 2020/21 (£2.854m in 2019/20). 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 2021, there were no defaults or breaches relating to loans payable.

### 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 2021, 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 31<sup>st</sup> 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.

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- 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	Balance Sheet	Fair Value	Balance Sheet	Fair Value
	Value	At 31 March 2020	At 31 March 2020	At 31 March 2021	At 31 March 2021
	Level	£'000	£'000	£'000	£'000
<b>Financial liabilities held at amortised cost:</b>					
Long-term loans from PWLB*	2	288,146	376,025	265,927	345,499
Long-term LOBO/money market loans*	2	30,395	89,272	30,428	50,942
Finance lease payables and service concession liabilities	3	17,506	28,466	16,981	29,484
<b>Total</b>		<b>336,048</b>	<b>493,763</b>	<b>313,336</b>	<b>425,925</b>
Liabilities for which fair value is not disclosed **		90,652		123,513	
<b>Total Financial Liabilities</b>		<b>426,700</b>		<b>436,849</b>	
<b>Recorded on balance sheet as:</b>					
Short-term creditors		64,071		80,810	
Short-term borrowing		29,740		45,675	
Short-term finance liabilities		525		587	
Long-term borrowing		315,383		293,383	
Long-term finance liabilities		16,981		16,394	
<b>Total Financial Liabilities</b>		<b>426,700</b>		<b>436,849</b>	

\* 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 2020 £'000	Fair Value At 31 March 2020 £'000	Balance Sheet At 31 March 2021 £'000	Fair Value At 31 March 2021 £'000
<b>Financial assets held at fair value:</b>					
Money market funds	1	35,968	35,968	34,388	34,388
Bond, equity and property funds	1	89,975	89,975	100,687	100,687
Financial assets held at amortised cost:					
Long-term loans to local authorities*	2	54,210	54,568	72,944	74,626
Long-term debtors	3	2,352	2,352	2,308	2,308
<b>Total</b>		<b>182,505</b>	<b>182,863</b>	<b>210,327</b>	<b>212,009</b>
Assets for which fair value is not disclosed **		302,799		370,290	
<b>Total Financial Assets</b>		<b>485,304</b>		<b>580,616</b>	
<b>Recorded on balance sheet as:</b>					
Long-term debtors		2,352		2,308	
Long-term investments		54,000		72,300	
Short-term debtors		36,677		48,551	
Short-term investments		359,377		409,271	
Cash and cash equivalents		32,897		48,186	
<b>Total Financial Assets</b>		<b>485,304</b>		<b>580,616</b>	

\* 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 2020 £'000	At 31 March 2021 £'000
Key Worker Loans	226	226
Chronically Sick and Disabled Persons Act loans	1,849	1,569
Children's Act: Loans to foster carers	383	456
Other	-107	57
	<b>2,352</b>	<b>2,308</b>
Capital Prepayment Account	4,634	5,034
<b>Total</b>	<b>6,986</b>	<b>7,342</b>

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 (£0.468m was transferred in 2020/21). 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 2020 £'000	At 31 March 2021 £'000
Government Departments	8,251	9,484
Other Local Authorities	18,699	9,310
Health Authorities	7,752	9,307
Payments in Advance	5,303	20,548
"Bodies external to general government (i.e. all other bodies)"	49,865	66,028
	<b>89,869</b>	<b>114,677</b>
Less Impairment Allowance Account	-14,535	-18,419
<b>Total</b>	<b>75,335</b>	<b>96,258</b>

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	2019/20 £'000	2020/21 £'000
<b>Balance at 1 April</b>	<b>-12,969</b>	<b>-14,535</b>
Decrease in allowance	0	413
Increase in allowance	-1,566	-4,298
<b>Balance at 31 March</b>	<b>-14,535</b>	<b>-18,419</b>

### 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 2020	At 31 March 2021
	£'000	£'000
Cash at bank and in hand (+)/Overdrawn (-)	-1,135	-1,162
Call Accounts	7,000	14,960
Money Market Funds	27,032	34,388
<b>Total</b>	<b>32,897</b>	<b>48,187</b>

### 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:

	Allowance set aside based on historic rate	At 1 April 2020		At 31 March 2021	
		Gross Receivable £000	Loss allowance £000	Gross Receivable £000	Loss allowance £000
<b>Corporate Debtors:</b>					
Trade receivables under £10k after 120 days	60%	296	145	541	215
		<b>296</b>	<b>145</b>	<b>541</b>	<b>215</b>
<b>Adult Social Care debtors:</b>					
Debtors with an account balance under £20k after 6 months	50% of total customer balance	2,016	1,121	2,468	1,173
		<b>2,016</b>	<b>1,121</b>	<b>2,468</b>	<b>1,173</b>
<b>Total</b>		<b>2,312</b>	<b>1,266</b>	<b>3,009</b>	<b>1,388</b>

The following receivables are individually assessed for impairment:

The following receivables are individually assessed for impairment:	At 1 April 2020		At 31 March 2021	
	Gross Receivable £000	Loss allowance £000	Gross Receivable £000	Loss allowance £000
<b>Corporate Debtors:</b>				
Individuals and sole traders – all debts over £10k after 120 days	279	138	148	10
Organisations – all debts over £10k after 120 days	764	543	395	256
	<b>1,043</b>	<b>681</b>	<b>543</b>	<b>266</b>
<b>Adult Social Care debtors:</b>				
Adult social care debtors with an account balance over £20k after 6 months	2,628	1,713	2,563	1,643
	<b>2,628</b>	<b>1,713</b>	<b>2,563</b>	<b>1,643</b>
<b>Total</b>	<b>3,671</b>	<b>2,394</b>	<b>3,106</b>	<b>1,909</b>

The next table summarises the nominal value (excluding accrued interest) of the Council's investment portfolio at 31 March 2021 and confirms that all investments were made in line with the Council's approved credit rating criteria at the time of placing the investment. The table includes money market funds and call accounts classed as cash and cash equivalents at 31 March 2021.

Counterparty	Balance Invested as at 31 March 2021									Total
	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31 March 2021?	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		
			YES / NO	YES / NO	£0	£0	£0	£0	£0	
<b>Banks</b>										
UK	Yes	Yes		0	0					0
<b>Banks non-UK</b>										
Australia	Yes	Yes	0	0						0
Netherlands	Yes	Yes								0
Singapore	Yes	Yes								0
<b>Total Banks</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Local Authorities and Police Authorities	Yes	Yes	70,000	58,000	69,000	110,000	52,500	19,800		379,300
Notice Accounts			0							0
Bond Funds	Yes	Yes	76,423							76,423
Property Funds	Yes	Yes	24,264							24,264
Money Market Funds	Yes	Yes	34,388							34,388
Call Accounts	Yes	Yes	14,960							14,960
<b>Total</b>			<b>220,035</b>	<b>58,000</b>	<b>69,000</b>	<b>110,000</b>	<b>52,500</b>	<b>19,800</b>		<b>529,335</b>

The analysis below shows that all deposits outstanding as at 31 March 2021 met the County Council's credit rating criteria at that date.

Within the £97.837m short-term debtors included in financial assets at amortised cost, £34.771m were past due at 31 March 2021 (£31.882m at 31 March 2020). The past due amount can be analysed by age as follows:

Aged Debtors	At 31 March 2020	At 31 March 2021
	£000	£000
Less than 1 month	16,080	19,518
Between 1 and 3 months	3,433	2,412
Between 3 and 6 months	2,765	2,763
Between 6 month and 1 year	2,321	1,842
Between 1 and 3 years	4,936	5,776
Over 3 years	2,346	2,461
<b>Total</b>	<b>31,882</b>	<b>34,771</b>

None of these past-due short-term debtors have been individually impaired. An impairment allowance of £3.307m has been provided for past due debtors that are financial instruments based on past and current experience (£3.661m at 31 March 2020). This is the County Council's estimate of maximum exposure to uncollectability. £2.884m 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) and for overdue library fines (£0.135m). 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 long term debtors and are secured on property.

### 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 2020	Amount at 31 March 2021			Total	
	Fixed Rate	Variable Rate	Other Finance Liabilities		
£0	£0	£0	£0	£0	
44,658	Less than 1 year	37,725	22,244	587	60,556
31,384	Between 1 and 2 years	19,035	10,772	658	30,465
79,679	Between 2 and 5 years	50,352	15,870	2,519	68,741
155,277	Between 5 and 10 years	131,282	0	13,217	144,499
244,969	More than 10 years	231,895	0	0	231,895
<b>555,967</b>		<b>470,288</b>	<b>48,886</b>	<b>16,981</b>	<b>536,156</b>

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:

2019/20	£,000		2020/21	£'000
	0	Increase in interest payable on new borrowings		0
	0	Increase in interest receivable on variable and structured investments		0
	-1,073	Increase in interest receivable on new fixed rate investments		-3,046
	-1,632	Increase in the gain arising from the revaluation of available for sale assets		-2,015
	<b>-2,705</b>	<b>Impact on CIES</b>		<b>-5,061</b>

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

2019/20	£,000		2020/21	£'000
	0	Decrease in interest payable on new borrowings		0
	0	Decrease in interest receivable on variable and structured investments		0
	981	Decrease in interest receivable on new fixed rate investments		1,670
	1,632	Decrease in the gain arising from the revaluation of available for sale assets		2,015
	<b>2,613</b>	<b>Impact on CIES</b>		<b>3,685</b>



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 31 March 2021 would result in a £1.2m (2020: £1.2m) 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 31 March 2021 would result in a £3.8m (2020: £3.3m) 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 2020 £'000	At 31 March 2021 £'000
<b>Receipts in Advance</b>		
Government Departments	2,359	6,614
Other Local Authorities	1,121	1,249
Health Authorities	44	47
Bodies external to general government (i.e. all other bodies)	5,456	4,114
	<b>8,980</b>	<b>12,023</b>
<b>Creditors</b>		
Government Departments	7,277	6,865
Other Local Authorities	3,334	19,132
Health Authorities	2,650	3,391
Bodies external to general government (i.e. all other bodies)	70,006	83,743
	<b>83,268</b>	<b>113,131</b>
<b>Short Term Creditors and RIA</b>	<b>92,248</b>	<b>125,155</b>
<b>Long Term Receipts in Advance</b>	<b>13,348</b>	<b>16,170</b>
<b>Total</b>	<b>105,596</b>	<b>141,325</b>

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 2020 £'000	Reclassification between short and long term £'000	Additional provisions made in 2020/21 £'000	Amounts used in 2020/21 £'000	Unused amounts reversed in 2020/21 £'000	Balance at 31 March 2021 £'000
<b>Provision due within 1 year</b>						
Insurance	1,332	1,374	739	-1,010	-1,460	975
Redundancy	0	0	0	0	0	0
MMI Scheme of Arrangement	0	0	80	-2	0	79
Business Rates	5,107	0	6,010	0	-5,107	6,010
Other	500	0	0	-500	0	0
	<b>6,939</b>	<b>1,374</b>	<b>6,829</b>	<b>-1,513</b>	<b>-6,567</b>	<b>7,063</b>
<b>Provision due after 1 year</b>						
Insurance	3,023	-1,374	2,259	-259	-196	3,452
	<b>3,023</b>	<b>-1,374</b>	<b>2,259</b>	<b>-259</b>	<b>-196</b>	<b>3,452</b>
<b>Total</b>	<b>9,961</b>	<b>0</b>	<b>9,088</b>	<b>-1,772</b>	<b>-6,762</b>	<b>10,516</b>

	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
<b>Provision due within 1 year</b>						
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
Joint Use	51	0	500	-51	0	500
	<b>5,219</b>	<b>1,513</b>	<b>7,174</b>	<b>-885</b>	<b>-6,083</b>	<b>6,939</b>
<b>Provision due after 1 year</b>						
Insurance	3,563	-1,513	1,506	-243	-290	3,023
	<b>3,563</b>	<b>-1,513</b>	<b>1,506</b>	<b>-243</b>	<b>-290</b>	<b>3,023</b>
<b>Total</b>	<b>8,782</b>	<b>0</b>	<b>8,681</b>	<b>-1,128</b>	<b>-6,373</b>	<b>9,961</b>

Details of the provisions held at 31 March 2021 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 (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 2020 the Council has a potential liability of £3.542m 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 £0.079m recognised at year end for the 15% levy which will be due on 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 £5.276m at 31 March 2021 (£6.048m at 31 March 2020) 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 2020/21, split between short term and long term is as follows:

2019/20 Capital Grants £'000	Developer Contributions £'000	Other Contributions £'000	Total £'000		2020/21 Capital Grants £'000	Developer Contributions £'000	Other Contributions £'000	Total £'000
<b>Short Term:</b>								
<b>12,151</b>	<b>25,389</b>	<b>164</b>	<b>37,704</b>	<b>Balance as at 1 April</b>	<b>26,419</b>	<b>1,990</b>	<b>74</b>	<b>28,483</b>
21,031	920	0	21,950	Received/refunded during the year	18,914	3,467	0	22,381
-6,763	-24,319	-90	-31,171	Transferred to the Comprehensive Income and Expenditure Statement during the year	-19,538	-26,979	-74	-46,591
0	0	0	0	Transfer between short and long term	0	31,494	0	0
<b>26,419</b>	<b>1,990</b>	<b>74</b>	<b>28,483</b>	<b>Balance at 31 March</b>	<b>25,796</b>	<b>9,972</b>	<b>0</b>	<b>35,768</b>
<b>Long Term:</b>								
<b>0</b>	<b>92,469</b>	<b>65</b>	<b>92,534</b>	<b>Balance as at 1 April</b>	<b>800</b>	<b>131,446</b>	<b>65</b>	<b>131,511</b>
800	38,308	0	39,108	Received/refunded during the year	0	45,603	0	45,603
0	669	0	669	Transferred to the Comprehensive Income and Expenditure Statement during the year	0	0	0	0
0	0	0	0	Transfer between short and long term	0	-31,494	0	-31,494
<b>800</b>	<b>131,446</b>	<b>65</b>	<b>132,311</b>	<b>Balance at 31 March</b>	<b>800</b>	<b>145,555</b>	<b>65</b>	<b>146,420</b>
<b>27,219</b>	<b>133,437</b>	<b>139</b>	<b>160,795</b>	<b>Total Balance at 31 March</b>	<b>26,596</b>	<b>155,527</b>	<b>65</b>	<b>182,188</b>

### 43. County Fund Balance

The balance on the County Fund at 31 March 2021 was £34.679m (£24.154m at 31 March 2020) as shown in Movement in Reserves Statement on page 16.

### 44. Earmarked Reserves

	Balance at 31 March 2019	In year movement 2019/20	Balance at 31 March 2020	In year movement 2020/21	Balance at 31 March 2021
	£'000	£'000	£'000	£'000	£'000
School Reserves	17,309	-2,744	14,565	2,737	17,302
Vehicle and Equipment	2,901	-30	2,871	-790	2,080
Rev Grants & Contributions	14,707	6,709	21,414	1,465	22,879
Government Initiatives	1,324	-518	806	1,326	2,132
Trading Accounts	325	217	542	-30	511
Council Elections	328	203	531	218	748
Partnership Reserves	2,659	344	3,003	-51	2,952
On Street Car Parking	1,997	13	2,010	1,139	3,149
Transformation Reserve	3,193	-59	3,134	-2,036	1,098
Demographic Risk Reserve	0	3,000	3,000	3,000	6,000
Youth Provision Reserve	0	1,000	1,000	-281	719
Budget Prioritisation Reserve	4,889	-1,445	3,444	11,200	14,645
Insurance Reserve	10,647	745	11,392	1,069	12,461
Business Rates Reserve	555	494	1,049	0	1,049
Capital Reserve	31,188	10,095	41,283	6,085	47,368
Budget Equalisation Reserve	280	-280	0	0	0
Redundancy Reserve	0	548	548	1,223	1,771
Investment Prime Pumping Reserve	0	0	0	2,000	2,000
Council Tax Collection Fund Reserve	0	0	0	6,000	6,000
Covid-19 Reserve	0	0	0	14,205	14,205
<b>Total Earmarked Reserves</b>	<b>92,300</b>	<b>18,292</b>	<b>110,592</b>	<b>48,479</b>	<b>159,069</b>

### 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 2020		Balance at 31 March 2021	
	No. of schools	Balance £'000	No. of schools	Balance £'000
<b>Primary Schools</b>				
Schools in surplus	120	8,947	118	12,337
Schools in deficit	16	-565	13	-805
<b>Secondary Schools</b>				
Schools in surplus	0	0	0	0
Schools in deficit	1	-1,527	1	-1,257
<b>Special Schools</b>				
Schools in surplus	7	1,217	5	1,483
Schools in deficit	0	0	0	0
<b>Sub-Total Revenue</b>	<b>144</b>	<b>8,073</b>	<b>137</b>	<b>11,758</b>
Closed schools and schools contingency		6,404		5,422
Schools Forum & miscellaneous activities		89		125
<b>Total</b>	<b>144</b>	<b>14,565</b>	<b>137</b>	<b>17,302</b>

**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. At 1 April, the opening deficit balance of -£11.223m relating to the Dedicated Schools Grant was transferred to the Dedicated Schools Grant Adjustment Account which is held as an unusable reserve on the balance sheet (Note 53, page 90).

**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 2021.

The actuaries projected the standard claims arising in future years in respect of the period up to 31 March 2021 at £1.926m. 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 £1.794m. The sum of £0.535m has been included in the reserves to cover MMI clawback noted as a contingent liability.

	At 31 March 2020 £'000	At 31 March 2021 £'000
Standard claims likely to be received as at 31 March	1,476	1,926
Additional IBNR/Latent claims as assessed by Actuarial review	2,116	1,794
MMI clawback as assessed by actuarial review	523	535
Risk management	7,305	8,205
<b>Total</b>	<b>11,420</b>	<b>12,461</b>

**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 Strategy.

**Transformation Reserve**

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

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**45. Usable Capital Receipts**

	2019/20	2020/21
	£'000	£'000
<b>Balance at 1 April</b>	<b>23,461</b>	<b>24,145</b>
Net receipts from sale of assets	516	956
Net receipts from repayment of loans	168	94
Receipts applied to finance capital expenditure	0	0
<b>Balance at 31 March</b>	<b>24,145</b>	<b>25,195</b>

This reserve has been established for the purpose of financing capital expenditure in future years. Unutilised capital receipts at 31 March 2021 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:

	2019/20	2020/21
	£'000	£'000
<b>Net Capital Receipts from the sale of assets</b>		
Other receipts from the sale of assets under £500,000	516	956
<b>Total</b>	<b>516</b>	<b>956</b>

**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.

	2019/20	2020/21
	£'000	£'000
<b>Balance at 1 April</b>	<b>73,390</b>	<b>79,862</b>
Applied during the year	-4,604	-26,681
Recognised as income but not applied during the year	11,076	44,009
<b>Balance at 31 March</b>	<b>79,862</b>	<b>95,558</b>

#### 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 2020 £'000	31 March 2021 £'000
Pooled Fund Adjustment Account	-10,286	427
Pensions Reserve	-824,566	-1,119,285
Revaluation Reserve	252,658	258,600
Capital Adjustments Account	630,236	670,554
Financial Instruments Adjustment Account	-236	-234
Collection Fund Adjustment Account	9,346	-11,765
Dedicated Schools Grant	0	-19,055
Accumulated Absences Account	-2,775	-3,836
<b>Total</b>	<b>54,377</b>	<b>-224,594</b>

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.

2019/20 £'000		2020/21 £'000
<b>986</b>	<b>Balance at 1 April</b>	<b>-10,286</b>
0	Increase in value of assets held at Fair Value through Profit and Loss	10,886
-11,263	Decrease in value of assets held at Fair Value through Profit and Loss	-174
-8	Amounts transferred to the General Fund on disposal	0
<b>-10,286</b>	<b>Balance at 31 March</b>	<b>427</b>



#### 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

2019/20		Revaluation Reserve		2020/21	
£'000	£'000			£'000	£'000
	<b>191,878</b>	<b>Balance as at 1 April</b>			<b>252,658</b>
63,182		Revaluation of assets		9,153	
-750		Impairment of assets		-919	
1,135		Write back of accumulated depreciation on revaluations		8,855	
7,400		Write back of accumulated impairment on revaluations		442	
	<b>74,967</b>	Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services			<b>17,531</b>
-4,691		Difference between fair value depreciation and historical cost depreciation		-4,942	
-9,497		Accumulated gains on assets sold or scrapped		-6,647	
	<b>-14,187</b>	Amounts written off to the Capital Adjustment Account			<b>-11,590</b>
	<b>252,658</b>	<b>Total Balance at 31 March</b>			<b>258,599</b>

#### 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.

2019/20		Capital Adjustment Account		2020/21	
£'000	£'000			£'000	£'000
	<b>577,839</b>	<b>Balance as at 1 April</b>			<b>630,236</b>
		<b>Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):</b>			
-32,830		Charges for depreciation for non-current assets		-35,185	
-12		Charges for impairment for non-current assets		0	
14,470		Revaluation losses / subsequent gains on Property, Plant and Equipment		-5,840	
-207		Amortisation of Intangible Assets		-204	
-22,422		Revenue Expenditure funded from capital under statute		-58,808	
-35,256		Amounts of non-current assets written off on disposal or sale as part of the gain/ loss on derecognition		-37,536	
0		Removal of finance liability on derecognition of assets held under finance leases		0	
	<b>-76,255</b>				<b>-137,573</b>

<b>Adjusting amounts written out of the Revaluation Reserve:</b>		
4,691	Difference between fair value depreciation and historical cost depreciation	4,942
9,497	Accumulated gains on assets sold or scrapped	6,647
<b>14,187</b>		<b>11,590</b>
<b>Capital Financing applied in year:</b>		
0	Use of the Capital Receipts Reserve to finance new capital expenditure	0
100,552	Capital grants and contributions credited to the CIES that have been applied to capital financing	125,432
4,422	Application of grants to capital financing from the Capital Grants Unapplied account	26,249
0	Reversal of grants and contributions applied in previous years	0
2,273	Statutory provision for the financing of capital investment charged against the County Fund balance	10,291
614	Capital expenditure charged against the County Fund balance	1,597
-34	Reversal of revenue applied to capital financing in previous years	-11
<b>115,827</b>		<b>163,559</b>
<b>-1,194</b>	<b>Movements in the market value of Investment Properties debited or credited to the CIES</b>	<b>2,835</b>
<b>0</b>	<b>Amounts of Investment Properties written off on disposal or sale as part of the gain/loss on derecognition</b>	<b>0</b>
<b>0</b>	<b>Revaluation losses / subsequent gains on Assets held for Sale</b>	<b>0</b>
<b>0</b>	<b>Impairment Losses on Assets held for Sale</b>	<b>0</b>
<b>0</b>	<b>Accumulated gains on Assets held for Sale or scrapped</b>	<b>0</b>
<b>0</b>	<b>Amounts of Assets held for Sale written off on disposal or sale as part of the gain/loss on derecognition</b>	<b>0</b>
<b>-168</b>	<b>Repayment of loans treated as capital receipts</b>	<b>-94</b>
<b>630,236</b>	<b>Total Balance at 31 March</b>	<b>670,554</b>

## 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:

	2019/20	2020/21
<b>Collection Fund Adjustment Account</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance as at 1 April</b>	<b>7,976</b>	<b>9,346</b>
Decrease in Council Tax and Business Rate surpluses/increases in deficits	284	-21,546
Increases in Council Tax and Business Rate surpluses/reductions in deficits	1,086	435
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	1,369	-21,110
<b>Balance as at 31 March</b>	<b>9,346</b>	<b>-11,765</b>

## 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 2021 relates to teachers' accumulated holiday pay, no accruals have been made for non-teaching staff in 2020/21 as the amounts involved are not considered to be material to the accounts.

	2019/20	2020/21
	£'000	£'000
<b>Accumulated Absences Account</b>		
<b>Balance as at 1 April</b>	<b>2,904</b>	<b>2,775</b>
Settlement or cancellation of previous year's accrual	-2,904	-2,775
Amount accrued at the end of the current year	2,775	3,836
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in the year under statute	-128	1,060
<b>Balance as at 31 March</b>	<b>2,775</b>	<b>3,836</b>

## 53. Dedicated Schools Grant Adjustment Account

The statutory reporting requirements for the 2020/21 accounts require the closing deficit balance on Dedicated Schools Grant to be held within unusable reserves in a new Dedicated Schools Grant Adjustment Account. The unusable reserve exists for 3 years within statute and is intended to give Local Authorities and the government time to look at strategies to reduce the deficit. The County Council is developing 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.

	2020/21
	£'000
<b>DSG Adjustment Account</b>	
<b>Balance as at 1 April</b>	<b>0</b>
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020	-11,223
<b>Restated Balance as at 1 April</b>	<b>-11,223</b>
Contributions to / from reserve	-7,832
<b>Balance as at 31 March</b>	<b>-19,055</b>

#### 54. Cash Flow Statement – Operating Activities

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

2019/20 £'000	Operating Activities	2020/21 £'000
16,828	Interest paid	15,056
-6,496	Interest received	-6,860
<b>10,332</b>	<b>Total</b>	<b>8,196</b>

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

Non-cash Movements	2019/20 £'000	2020/21 £'000
Depreciation/amortisation of fixed assets	-33,037	-35,390
Impairment charges/revaluation losses (-) Gains (+)	14,459	-5,840
Retirement benefit adjustments	-56,961	-38,818
Debt write-offs and Impairment allowances	-503	-67
Other financial instrument adjustments	2	2
Provisions set aside in the year	-1,180	1,619
Deferred income released	1,385	772
Movement in value of Pooled Funds	-11,263	10,712
Movement in value of investment properties	-1,194	2,835
Carrying amount of non-current asset sold	-35,256	-37,536
Transfers from Capital Grants Receipts in Advance	30,502	46,591
Previous years' capitalised spend written-off	0	-11
Donated assets	0	0
Other non cash adjustment	1,796	-872
Increase/decrease(-) in inventories	0	0
Increase/decrease(-) in debtors	3,628	20,616
Increase(-)/decrease in creditors	22,536	-32,872
<b>Total adjustments for non-cash movements</b>	<b>-65,087</b>	<b>-68,258</b>

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 2019 £'000	Financing Cashflows £'000	Other Cashflows £'000	Non-Cash Transactions £'000	31 March 2020 £'000		31 March 2020 £'000	Financing Cashflows £'000	Other Cashflows £'000	Non-Cash Transactions £'000	31 March 2021 £'000
-27,059	2,000		-4,681	-29,740	Short term borrowing	-29,740	6,000		-21,935	-45,675
-321,383			6,000	-315,383	long term borrowing	-315,383			22,000	-293,383
-507	-18			-524	Short term finance liability liabilities	-524	-63			-587
-17,506	525			-16,981	long-term finance liability liabilities	-16,981	587			-16,394
<b>-366,455</b>	<b>2,507</b>	<b>0</b>	<b>1,319</b>	<b>-362,628</b>		<b>-362,628</b>	<b>6,524</b>	<b>0</b>	<b>65</b>	<b>-356,039</b>

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

	2019/20 £000	2020/21 £000
- Proceeds from the sale of property, plant and equipment, investment property and intangible assets	589	993
Gains on loans & receivables		
- Capital grants received	81,495	121,834
-Cash adjustment	0	0
<b>Total</b>	<b>82,084</b>	<b>122,827</b>

### 56. Cash Flow Statement - Investing Activities

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

	2019/20 £000	2020/21 £000
<b>Investing Activities</b>		
Purchase of property, plant and equipment, investment property and intangible assets	87,137	91,779
Purchase of short-term and long-term investments	435,000	329,300
Other payments for investing activities	29	1,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-589	-993
Capital grants	-142,553	-189,818
Proceeds from short-term and long-term investments	-411,500	-272,300
Other receipts from investing activities	-168	-118
<b>Total adjustments for investing activities</b>	<b>-32,645</b>	<b>-41,150</b>

## 57. 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	2019/20 £000	2020/21 £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	507	524
Repayments of short- and long-term borrowing	2,000	6,000
Other payments for financing activities	0	0
<b>Total adjustments for financing activities</b>	<b>2,507</b>	<b>6,524</b>

## 58. Contingent Liabilities

### 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 2020 the Council has a potential liability of £3.541m 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 £0.079m recognised at year end for the 15% levy which will be due on outstanding claims figures.

## 59. Events after the Reporting Period

The accounts were authorised for issue on 24 June 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 60. 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 2021/22 (the Code).

New standards that have been adopted by the Code for 2021/22 which will apply from 1 April 2021 are as follows:

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

Assessments of the impact of the of accounting standards to be adopted in 2021/22 have found that they are not expected to have a material impact.

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.

#### **61. Authorisation of the Accounts**

The draft Statement of Accounts was authorised for issue by Lorna Baxter, Director of Finance on 24 June 2021.

These statements may be subject to amendment following the conclusion of the audit.

<b>Fund Account</b>	Notes	<b>2019/20</b> <b>£'000</b>	<b>2020/21</b> <b>£'000</b>
<b>Contributions and Benefits</b>			
Contributions Receivable	6	-100,833	-113,588
Transfers from Other Schemes	7	-13,021	-20,407
Other Income	8	-149	-87
<b>Income Sub Total</b>		<b>-114,003</b>	<b>-134,082</b>
Benefits Payable	9	89,257	91,709
Payments to and on Account of Leavers	10	7,330	10,022
<b>Expenditure Sub Total</b>		<b>96,587</b>	<b>101,731</b>
<b>Net (Additions)/Withdrawals From Dealings With Members</b>		<b>-17,416</b>	<b>-32,351</b>
Management Expenses	11	12,433	13,766
<b>Net (Additions)/Withdrawals From Dealings With Members Including Management Expenses</b>		<b>-4,983</b>	<b>-18,585</b>
<b>Returns on Investments</b>			
Investment Income	12	-18,378	-10,503
Commission Recapture		0	0
Profits and Losses on Disposal of Investments and Changes in Market Value of Investments	16a	174,464	-577,521
Less Taxes on Income	12	195	0
<b>Net returns on Investments</b>		<b>156,281</b>	<b>-588,024</b>
<b>Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year</b>		<b>151,298</b>	<b>-606,609</b>
<b>Opening Net Assets of the Scheme</b>		<b>2,514,650</b>	<b>2,363,352</b>
<b>Closing Net Assets of the Scheme</b>		<b>2,363,352</b>	<b>2,969,961</b>

<b>Net Assets Statement</b>	Notes	<b>2019/20</b> <b>£'000</b>	<b>2020/21</b> <b>£'000</b>
<b>Investment Assets</b>			
Bonds	16b	300,087	310,417
Equities	16b	86,211	128,163
Pooled Investments	16b	1,729,191	2,249,163
Pooled Property Investments	16b	161,843	208,145
Derivative Contracts	16c	3,092	4,136
Cash Deposits	16d	28,111	26,978
Other Investment Balances	16d	12,401	2,561
Long-Term Investment Assets	16b	840	840
<b>Investment Liabilities</b>			
Derivative Contracts	16c	-6,166	-279
Other Investment Balances	16d	-13,785	-21,174
<b>Total Investments</b>		<b>2,301,825</b>	<b>2,908,950</b>
<b>Assets and Liabilities</b>			
Current Assets	17	62,466	64,287
Current Liabilities	18	-3,189	-3,315
<b>Net Current Assets</b>		<b>59,277</b>	<b>60,972</b>
Long-Term Assets	19	2,250	39
<b>Net Assets of the scheme available to fund benefits at year end</b>		<b>2,363,352</b>	<b>2,969,961</b>



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 2020/21 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 2020	As at 31 March 2021
<b>Number of Contributory Employees in Scheme</b>		
Oxfordshire County Council	8,290	8,062
Other Scheduled Bodies	11,675	12,012
Admitted Bodies	532	508
	<b>20,497</b>	<b>20,582</b>
<b>Number of Pensioners and Dependants</b>		
Oxfordshire County Council	9,279	9,622
Other Scheduled Bodies	6,008	6,159
Admitted Bodies	1,052	1,091
	<b>16,339</b>	<b>16,872</b>
<b>Deferred Pensioners</b>		
Oxfordshire County Council	16,061	16,081
Other Scheduled Bodies	10,568	11,563
Admitted Bodies	1,299	1,309
	<b>27,928</b>	<b>28,953</b>

Unprocessed leavers are included as Deferred Pensioners.

Four Resolution Bodies and six Admitted Bodies joined the scheme in 2020/21, with a further twenty-two Admitted Bodies having left the scheme. Five Scheduled Bodies joined other multi-academy trusts in 2020/21 with no net impact on membership numbers. In addition, during 2020/21 further members joined the Fund following a group transfer into OCC and to a Scheduled Body. 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 2021 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 $1/80 \times$ final pensionable salary.	Each full-time year worked is worth $1/60 \times$ final pensionable salary.
Lump Sum	Automatic lump sum of $3 \times$ 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  $1/49^{\text{th}}$ . 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 2020/21.

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 remains 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 2021.
  - (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 2021.
  - (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)

- (g) 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.
- (h) 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.
- (i) 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 2021.

### 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 2021 was £174.308m (£127.080m at 31 March 2020).

#### 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.	<p>The actuarial present value of promised retirement benefits included in the financial statements is £4,677m. There is a risk that this figure is under, or overstated in Note 26 to the accounts.</p> <p>Sensitivities to the key assumptions are as follows:</p> <p>A 0.5% p.a. increase in the pension increase rate would result in an approximate 9% increase to liabilities (£440m).</p> <p>A 0.5% p.a. increase in the salary increase rate would result in an approximate increase to liabilities of 1% (£33m).</p> <p>A 0.5% decrease in the real discount rate would result in an approximate 10% increase to liabilities (£482m).</p> <p>A one-year increase in member life expectancy would approximately increase the liabilities by 3-5%.</p>

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 £176.241m. 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.
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### Note 6 – Contributions

	2019/20 £'000	2020/21 £'000
<b>Employers</b>		
Normal	-55,799	-64,899
Augmentation	0	0
Deficit Funding	-19,389	-22,418
Costs of Early Retirement	-1,488	-972
	<b>-76,676</b>	<b>-88,289</b>
<b>Members</b>		
Normal & Additional*	<b>-24,157</b>	<b>-25,299</b>
<b>Total</b>	<b>-100,833</b>	<b>-113,588</b>

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

Lump sum pre-payments in respect of contributions for the period 01/04/20-31/03/23 totalling £14.110m were received during 2020/21.

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		Members Contributions	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Oxfordshire County Council	-30,196	-30,829	-9,782	-10,149
Scheduled Bodies	-38,475	-50,452	-11,835	-12,622
Resolution Bodies	-5,133	-4,356	-1,613	-1,651
Community Admission Bodies	-1,372	-1,122	-372	-370
Transferee Admission Bodies	-1,500	-1,530	-555	-507
<b>Total</b>	<b>-76,676</b>	<b>-88,289</b>	<b>-24,157</b>	<b>-25,299</b>

### Note 7 – Transfers In

	2019/20 £'000	2020/21 £'000
Individual Transfers In from other schemes	-13,021	-10,936
Group Transfers In from other schemes		-9,471
<b>Total</b>	<b>-13,021</b>	<b>-20,407</b>

### Note 8 – Other Income

Other Income for 2020/21 of £0.087m (2019/20 £0.149m) 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.

### Note 9 – Benefits

	2019/20 £'000	2020/21 £'000
Pensions Payable	75,227	78,221
Lump Sums – Retirement Grants	11,475	11,944
Lump Sums – Death Grants	2,555	1,544
<b>Total</b>	<b>89,257</b>	<b>91,709</b>

	Pensions Payable		Lump Sums	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Oxfordshire County Council	36,945	38,411	5,822	7,375
Scheduled Bodies	32,883	33,924	5,884	4,264
Resolution Bodies	769	946	853	608
Community Admission Bodies	3,702	3,921	918	769
Transferee Admission Bodies	928	1,019	553	472
<b>Total</b>	<b>75,227</b>	<b>78,221</b>	<b>14,030</b>	<b>13,488</b>

### Note 10 – Payment to and on account of leavers

	2019/20 £'000	2020/21 £'000
Refunds of Contributions	387	247
Payments for members joining state scheme	4	-4
Group Transfers Out to other schemes	0	1,945
Individual Transfers Out to other schemes	6,939	7,834
<b>Total</b>	<b>7,330</b>	<b>10,022</b>

### Note 11 – Management Expenses

	2019/20 £'000	2020/21 £'000
Administrative Costs	2,712	2,256
Investment Management Expenses	7,865	10,175
Oversight & Governance Costs	1,856	1,335
<b>Total</b>	<b>12,433</b>	<b>13,766</b>

Within oversight and governance costs are fees paid to the Pension Fund's external auditors of £0.024m (2019/20 £0.019m) for the audit of the Pension Fund's Annual Report and Accounts. No other external audit fees were paid in 2020/21.

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

### Note 12 – Investment Income

	2019/20 £'000	2020/21 £'000
Bonds	-3,647	-3,225
Equity Dividends	-9,620	-2,361
Pooled Property Investments	-4,058	-3,942
Pooled Investments – Unit Trusts & Other Managed Funds	-302	-919
Interest on cash deposits	-702	-47
Other – securities lending	-49	-9
	<b>-18,378</b>	<b>-10,503</b>
<b>Irrecoverable withholding tax – equities</b>	195	0
<b>Total</b>	<b>-18,183</b>	<b>-10,503</b>

### Note 13 – Investment Management Expenses

	2019/20 £'000	2020/21 £'000
Management Fees	7,827	10,083
Custody Fees	38	92
<b>Total</b>	<b>7,865</b>	<b>10,175</b>

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 £0.009m in 2020/21 (2019/20 £0.049m). This is included within investment income in the Pension Fund Accounts. At 31 March 2021 £0.335m (31 March 2020 £8.892m) of stock was on loan, for which the fund held £0.374m (31 March 2020 £10.028m) 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 2020/21, 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 £0.117m was paid to Oxfordshire County Council in respect of key management compensation during the financial year as follows:

	2019/20 £'000	2020/21 £'000
Short Term Benefits*	98	101
Long Term/Post Retirement Benefits	16	16
<b>Total</b>	<b>114</b>	<b>117</b>

\*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 administering the Oxfordshire Pension Fund, it is a related party.

For the 12 months ended 31 March 2021, employer contributions to the Pension Fund from the County Council were £30.829m (2019/20 £30.196m). At 31 March 2021 there were receivables in respect of contributions due from the County Council of £3.570m (2019/20 £3.466m) and payables due to the County Council of £0.222m (2019/20 £0.760m).

The County Council was reimbursed £1.414m (2019/20 £1.445m) 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:

	2019/20 £'000	2020/21 £'000
Income	0	0
Expenditure	1,164	1,063
Receivables	237	267
Payables	0	0

## Note 16 – Investments

	Value at 31 March 2020 £'000	Value at 31 March 2021 £'000
<b>Investment Assets</b>		
Bonds	300,087	310,417
Equities	86,211	128,163
Pooled Funds:		
- Fixed Income	181,708	210,166
- Global Equity	786,596	1,102,821
- UK Equity	497,115	603,731
- Private Equity	95,782	124,379
- Infrastructure Funds	31,298	51,862
- Diversified Growth Fund	136,692	156,204
Pooled Property Investments	161,843	208,145
Derivatives:		
- Forward Currency Contracts	3,092	4,136
Cash Deposits	28,111	26,978
Long-Term Investments	840	840
Investment Income Due	2,805	1,810
Amounts Receivable for Sales	9,596	751
<b>Total Investment Assets</b>	<b>2,321,776</b>	<b>2,930,403</b>
<b>Investment Liabilities</b>		
Derivatives:		
- Forward Currency Contracts	-6,166	-279
Management Expenses Due	-906	-501
Amounts Payable for Purchases	-12,879	-20,673
<b>Total Investment Liabilities</b>	<b>-19,951</b>	<b>-21,453</b>
<b>Net Investment Assets</b>	<b>2,301,825</b>	<b>2,908,950</b>

**Note 16a – Reconciliation of Movements in Investments and Derivatives**

	Value at 1 April 2020	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Movement	Increase in Receivables / (Payables)	Value at 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	300,087	623,887	-604,199	-9,358			310,417
Equities	86,211	466	-105	41,591			128,163
Pooled Investments	1,729,191	572,510	-596,578	544,040			2,249,163
Pooled Property Investments	161,843	197,222	-147,517	-3,403			208,145
Long-Term Investments	840						840
<u>Derivative Contracts</u>							
FX	-3,074	12,208	-11,209	5,932			3,857
Other Investment Balances							
Cash Deposits	28,111	176,234	-177,943	-1,281	1,857		26,978
Amounts Receivable for Sales of Investments	9,596					-8,845	751
Investment Income Due	2,805					-995	1,810
Amounts Payable for Purchases of Investments & Management Expenses	-13,785					-7,389	-21,174
<b>Total</b>	<b>2,301,825</b>	<b>1,582,527</b>	<b>-1,537,551</b>	<b>577,521</b>	<b>1,857</b>	<b>-17,229</b>	<b>2,908,950</b>

Transaction costs are 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 2019	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Movement	Increase in Receivables / (Payables)	Value at 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	296,805	666,392	-685,059	21,949			300,087
Equities		66,247	-352,573	11,730			86,211
Pooled Investments	360,807						
Pooled Property	1,581,636	416,347	-65,953	-202,839			1,729,191
Investments	172,306	11,338	-19,827	-1,974			161,843
Long-Term Investments	840						840
<u>Derivative Contracts</u>							
FX	727	10,863	-10,955	-3,709			-3,074
<b>Other Investment Balances</b>							
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
<b>Total</b>	<b>2,423,248</b>	<b>1,413,084</b>	<b>-1,363,180</b>	<b>-174,464</b>	<b>11,121</b>	<b>-7,984</b>	<b>2,301,825</b>

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

	2019/20	2020/21
	£'000	£'000
<b>Long-Term Investment Assets</b>		
Brunel Pension Partnership Ltd	840	840
<b>Total</b>	<b>840</b>	<b>840</b>

	2019/20	2020/21
	£'000	£'000
<b>Bonds</b>		
UK Public Sector	88,160	96,954
UK Other	611	
Overseas Public Sector	42,602	53,746
UK Public Sector Index Linked	162,526	159,717
Overseas Public Sector index Linked	6,188	
<b>Total</b>	<b>300,087</b>	<b>310,417</b>

	2019/20	2020/21
	£'000	£'000
<b>Equity Investments</b>		
UK Equities	81,488	119,836
Overseas Listed Equities:		
North America	4,168	7,793
Japan		
Europe	555	534
Pacific Basin	0	0
Emerging Markets		
<b>Total</b>	<b>86,211</b>	<b>128,163</b>

	2019/20	2020/21
	£'000	£'000
<b>Pooled Investment Vehicles</b>		
UK Registered Managed Funds – Property	31,152	73,847
Non UK Registered Managed Funds – Property	16,603	14,516
UK Registered Managed Funds – Other	1,218,613	1,916,717
Non UK Registered Managed Funds – Other	263,771	332,444
UK Registered Property Unit Trusts	88,599	93,582
Non UK Registered Property Unit Trusts	25,490	26,201
Non UK Registered Unit Linked Insurance Fund	246,806	
<b>Total</b>	<b>1,891,034</b>	<b>2,457,307</b>

	2019/20	2020/21
	£'000	£'000
<b>Total Investments (excluding Derivative Contract, Cash Deposits and Other Investment Balances)</b>		
	<b>2,278,172</b>	<b>2,896,728</b>

**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	Currency Sold	Asset value at year end	Liability value at year end	Net Forward currency Contracts
		£'000	£'000	£'000	£'000	£'000
Forward OTC	1 month	19,000 EUR	16,330 GBP	0	-140	
Forward OTC	1 month	2,605 GBP	4,600 AUD	66		
Forward OTC	1 month	25,061 GBP	3,520,400 JPY	1,967		
Forward OTC	1 month	1,150 GBP	1,992 CAD	2		
Forward OTC	1 month	33,767 GBP	38,051 EUR	1,344		
Forward OTC	1 month	48,723 GBP	66,651 USD	556	-139	
Forward OTC	1 month	109 GBP	1,237 SEK	6		
Forward OTC	1 month	38,730 USD	27,874 GBP	195		
<b>Forward Currency Contracts at 31 March 2021</b>				<b>4,136</b>	<b>-279</b>	<b>3,857</b>
<b>Prior Year Comparative</b>						
<b>Forward Currency contracts at 31 March 2020</b>				<b>3,092</b>	<b>-6,166</b>	<b>-3,074</b>

**Note 16d – Other Investment Balances**

	2019/20 £'000	2020/21 £'000
<b>Receivables</b>		
Sale of Investments	9,596	751
Dividend & Interest Accrued	2,492	1,586
Inland Revenue	313	224
Other	0	0
	<b>12,401</b>	<b>2,561</b>
<b>Payables</b>		
Purchase of Investments	-12,879	-20,673
Management Fees	-906	-496
Custodian Fees	0	-5
	<b>-13,785</b>	<b>-21,174</b>
<b>Total</b>	<b>-1,384</b>	<b>-18,613</b>

**Cash Deposits**

	2019/20 £'000	2020/21 £'000
Non-Sterling Cash Deposits	28,111	26,978
<b>Total</b>	<b>28,111</b>	<b>26,978</b>

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

	2019/20 £'000	% of Total Fund	2020/21 £'000	% of Total Fund
UBS Life Global Equities All Countries Fund	246,806	10.44		
Brunel HG ALP GLB EQ	234,652	9.93	352,004	11.87
L&G World Developed Equity Index Fund	238,828	10.11	209,845	7.08
L&G UK FTSE All-Share Equity Index	145,866	6.17	155,929	5.26
L&G Core Plus Bond Fund	181,708	7.69	210,165	7.09
Brunel UK Equity Fund	351,250	14.86	447,802	15.10
Insight Broad Opportunities Fund	136,692	5.78	156,204	5.27
Brunel GBL Sustainable Mutual Fund			291,898	9.84

**Note 17 – Current Assets**

	2019/20 £'000	2020/21 £'000
<b>Receivables:</b>		
Employer Contributions	7,857	8,377
Employee Contributions	1,910	2,127
Rechargeable Benefits	1,152	1,058
Transferred Benefits	1,260	1,932
Cost of Early Retirement	527	350
Inland Revenue	104	165
Other	534	863
Cash Balances	49,122	49,415
<b>Total</b>	<b>62,466</b>	<b>64,287</b>

**Note 18 – Current Liabilities**

	2019/20	2020/21
	£'000	£'000
Transferred Benefits	-290	-1,163
Benefits Payable	-405	-855
Inland Revenue	-920	-1,024
Costs of Early Retirement	-740	0
Employer Contributions	-598	-28
Staff Costs	-109	-116
Consultancy	-66	-9
Other	-61	-120
<b>Total</b>	<b>-3,189</b>	<b>-3,315</b>

**Note 19 – Long-Term Assets**

	2019/20	2020/21
	£'000	£'000
Employer Contributions	2,130	6
Costs of Early Retirement	120	33
<b>Total</b>	<b>2,250</b>	<b>39</b>

**Note 20 - Assets under External Management**

The market value of assets under external fund management amounted to £2,765.988m as at 31 March 2021. The table below gives a breakdown of this sum and shows the market value of assets under management with each external managed.

Fund Manager	31/03/2020		31/03/2021	
	Market Value		Market Value	
	£'000	%	£'000	%
Brunel Pension Partnership	1,073,335	48.59	1,963,557	70.99
Legal & General	513,946	23.27	537,839	19.44
UBS	388,615	17.50		
Wellington	1,692	0.08	1,179	0.04
Insight	136,692	6.19	156,204	5.65
Adams Street Partners	51,667	2.34	61,919	2.24
Partners Group	44,764	2.03	45,290	1.64
<b>Total</b>	<b>2,208,711</b>	<b>100.00</b>	<b>2,765,988</b>	<b>100.00</b>

**Note 21 – Top 5 Holdings**

Value of the Fund's Top Five Holdings at 31 March 2021	£'000	% of Fund
HG Capital Trust Plc	61,791	2.08
Standard Life European Private Equity Trust	20,569	0.69
UK Treasury 4.75 2030 Bond	16,185	0.54
BMO Private Equity Trust Plc	15,475	0.52
3i Group Plc	13,209	0.44



**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 2020 £’000	Market Value 31 March 2021 £’000
Prudential	13,196	*13,196

AVC contributions of \*£1.316m were paid directly to Prudential during the year (2019/20 - £1.316m).

\*AVC figure for 31 March 2021 was not available at the time of publication. Note 23 will be updated with this information in the audited Statement of Accounts.

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 2021 the fund had outstanding capital commitments (investments) totalling £268.535m (31 March 2020 - £172.000m). 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**

	2020	2021 £m
Present Value of Funded Obligation	3,519	4,677

The movement from March 2020 can in part be explained by the normal changes over the year as new benefits are accrued and previous benefits paid out. This explains an increase in the present value of the Funded Obligation of £205m (2020 - £204m decrease).

There has been an increase in the present value of the Funded Obligation of £953m (2020 - £411m decrease) 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:

- An increase in the assumed level of CPI, and therefore pension increase, to 2.85% from 1.9% (net effect an increase in Present Value of Funded Obligation)
- An increase in the assumed level of salary increases to 2.85% from 1.9% (net effect an increase in Present Value of Funded Obligation)
- A reduction in the discount rate to 2.0% from 2.3% (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 2021, 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.

	2019/20			2020/21		
	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
<b>Financial Assets</b>						
Bonds	300,087			310,417		
Equities	86,211			128,163		
Pooled Investments	1,729,191			2,249,163		
Pooled Property Investments	161,843			208,145		
Derivatives	3,092			4,136		
Cash		77,232			76,394	
Long-Term Investments	840			840		
Other Investment Balances	12,088			2,337		
Receivables		487			722	
	<b>2,293,352</b>	<b>77,719</b>	<b>0</b>	<b>2,903,201</b>	<b>77,116</b>	<b>0</b>
<b>Financial Liabilities</b>						
Derivatives	-6,166			-279		
Other Investment Balances	-13,786			-21,174		
Payables			-390			-371
	<b>-19,952</b>	<b>0</b>	<b>-390</b>	<b>-21,453</b>	<b>0</b>	<b>-371</b>
<b>Total</b>	<b>2,273,400</b>	<b>77,719</b>	<b>-390</b>	<b>2,881,748</b>	<b>77,116</b>	<b>-371</b>

**Note 27b – Net Gains and Losses on Financial Instruments**

	31-Mar-20 £'000	31-Mar-21 £'000
<b>Financial Assets</b>		
Fair Value through Profit and Loss	-174,803	-570,571
Loans and Receivables	0	0
Financial Assets at Amortised Cost	339	355
<b>Financial Liabilities</b>		
Fair Value through Profit and Loss	0	0
Financial Liabilities Measured at Amortised Cost	0	0
<b>Total</b>	<b>-174,464</b>	<b>-570,216</b>

**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.

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 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial Assets</b>				
Financial Assets at Fair Value through Profit & Loss	333,756	2,366,144	203,301	2,903,201
Financial Assets at Amortised Cost	77,116	0	0	77,116
<b>Total Financial Assets</b>	<b>410,872</b>	<b>2,366,144</b>	<b>203,301</b>	<b>2,980,317</b>
<b>Financial Liabilities</b>				
Financial Liabilities at Fair Value through Profit & Loss	-21,174	-279	0	-21,453
Financial Liabilities at Amortised Cost	-371	0	0	-371
<b>Total Financial Liabilities</b>	<b>-21,545</b>	<b>-279</b>	<b>0</b>	<b>-21,824</b>
<b>Net Financial Assets</b>	<b>389,327</b>	<b>2,365,865</b>	<b>203,301</b>	<b>2,958,493</b>

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

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
<b>Market Value 31 March 2020</b>	<b>1,150</b>	<b>95,782</b>	<b>161,843</b>	<b>31,298</b>	<b>840</b>
Transfers In	0	0	0	0	0
Transfers Out	0	0	-132,678	0	0
Purchases	0	16,445	3,353	24,033	0
Sales	0	-14,770	-3,401	-6,097	0
Unrealised Gains/(Losses)	-392	-15,548	-4,260	2,628	0
Realised Gains/(Losses)	0	9,441	604	0	0
<b>Market Value 31 March 2021</b>	<b>758</b>	<b>122,446</b>	<b>25,462</b>	<b>51,862</b>	<b>840</b>

	UK Equities £'000	Pooled Private Equity Funds £'000	Pooled Property Funds £'000	Pooled Infrastructure Funds £'000	Long-Term Investments £'000
<b>Market Value 31 March 2019</b>	<b>1,458</b>	<b>80,563</b>	<b>34,117</b>	<b>13,058</b>	<b>840</b>
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
<b>Market Value 31 March 2020</b>	<b>1,150</b>	<b>95,782</b>	<b>161,843</b>	<b>31,298</b>	<b>840</b>

Transfers out are included at the 31 March 2020 market value. For 2020/21 the Pension Fund has included pooled property unit trusts that were held in Level 3 as at 31 March 2020 in level 2. The decision was made as the material uncertainty clauses included in the funds' valuations as at 31 March 2020, as a result of the reduced property market activity caused by the COVID-19 pandemic, were no longer in place.

### Level 3 Sensitivities

Level 3 Investments	Valuation Range +/-	Value at 31 March 2021 £'000	Valuation on Increase £'000	Valuation on Decrease £'000
UK Equities	10%	758	834	682
Pooled Private Equity Funds	10%	124,379	136,817	111,941
Pooled Property Funds	3%	25,462	26,226	24,698
Pooled Infrastructure Funds	5%	51,862	54,455	49,269
Long-Term Investments	0%	840	840	840

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

### 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 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 2021 the Fund’s exposure to credit risk predominantly related to the following investments:

Investment Category	31 March 2020 £'000	31 March 2021 £'000
UK Government Gilts	88,160	96,954
UK Corporate Bonds	181,708	210,166
UK Index Linked Gilts	163,137	159,717
Overseas Government Bonds	48,789	53,746
Non-Sterling Cash Deposits	28,111	26,978
Cash Balances	49,122	49,415
<b>Total</b>	<b>559,027</b>	<b>596,976</b>

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 2021 was deposited in short-term notice cash accounts and money market funds as shown in the table below:

	Rating	Balance at 31 March 2020 £'000	Rating	Balance at 31 March 2021 £'000
<b>Money Market Funds</b>				
Perdeen Standard	AAA	20,000	AAA	19,955
State Street Global Advisors	AAA	45,162	AAA	11,552
<b>Bank Current Accounts</b>				
Lloyds Bank Plc	A+	1,547	A+	1,740
State Street Bank & Trust Co	AA+	10,524	AA+	43,147
<b>Total</b>		<b>77,233</b>		<b>76,394</b>

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 2020/21 the Pension Fund received/accrued income related to dealings with members of £134.0m (2019/20 £114.0m) and incurred expenditure related to dealings with members of £115.5m (2019/20 £109.0m). There were further receipts/accruals of £10.5m (2019/20 £18.4m) in respect of investment income, against which need to be set taxes of £0m (2019/20 £0.2m). The net inflow was therefore £29.1m (2019/20 £23.2m).

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 2021 £'000	Change in Year in the Net Assets Available to Pay Benefits	
		1% £'000	-1% £'000
Cash and Cash Equivalents	26,978	270	-270
Cash Balances	49,415	494	-494
Bonds	520,583	5,206	-5,206
<b>Total Change in Assets Available</b>	<b>596,976</b>	<b>5,970</b>	<b>-5,970</b>

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

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 2021	Change in Year in the Net Assets Available to Pay Benefits	
	£'000	10.00% £'000	-10.00% £'000
Overseas Equities	8,327	833	-833
Pooled Global Equities	1,102,820	110,282	-110,282
Pooled Private Equity (LLPs)	103,944	10,394	-10,394
Pooled Property	40,716	4,072	-4,072
Infrastructure	37,121	3,712	-3,712
Cash	26,978	2,698	-2,698
<b>Total Change in Assets Available</b>	<b>1,319,906</b>	<b>131,991</b>	<b>-131,991</b>

Currency Exposure - Asset Type	Asset Values as at 31 March 2020	Change in Year in the Net Assets Available to Pay Benefits	
	£'000	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
<b>Total Change in Assets Available</b>	<b>963,192</b>	<b>96,319</b>	<b>-96,319</b>

### 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:

## The Local Government Pension Fund Accounts

Asset Type	Value as at 31 March 2021 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
UK Equities	119,836	10.0	131,819	107,852
Pooled UK Equities	603,731	10.0	664,104	543,358
Global Equities	8,327	10.0	9,160	7,494
Diversified Growth Fund	156,204	3.0	160,890	151,518
Pooled Global Equities	1,102,820	10.0	1,213,102	992,538
UK Bonds	96,954	5.0	101,802	92,106
Overseas Bonds	53,746	5.0	56,433	51,059
UK Index Linked Bonds	159,717	5.0	167,703	151,731
Pooled Corporate Bonds	210,166	5.0	220,674	199,658
Infrastructure	51,862	5.0	54,455	49,269
Pooled Private Equity (LLPs)	124,379	10.0	136,817	111,941
Pooled Property	208,145	3.0	214,389	201,901
Long-Term Investments	840	0.0	840	840
Cash	76,393	0.0	76,393	76,393
<b>Total Assets Available to Pay Benefits</b>	<b>2,973,120</b>		<b>3,208,581</b>	<b>2,737,658</b>

Asset Type	Value as at 31 March 2020 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
UK Equities	81,489	10.0	89,638	73,340
Pooled UK Equities	497,115	10.0	546,827	447,404
Global Equities	4,723	10.0	5,195	4,251
Diversified Growth Fund	136,692	3.0	140,792	132,591
Pooled Global Equities	786,596	10.0	865,256	707,937
UK Bonds	88,160	5.0	92,568	83,752
Overseas Bonds	48,789	5.0	51,229	46,350
UK Index Linked Bonds	163,137	5.0	171,294	154,980
Pooled Corporate Bonds	181,708	5.0	190,794	172,623
Infrastructure	31,298	5.0	32,863	29,733
Pooled Private Equity (LLPs)	95,782	10.0	105,360	86,204
Pooled Property	161,843	3.0	166,699	156,988
Long-Term Investments	840	0.0	840	840
Cash	77,233	0.0	77,233	77,233
<b>Total Assets Available to Pay Benefits</b>	<b>2,355,405</b>		<b>2,536,588</b>	<b>2,174,226</b>

**Note 29 - Actuarial Valuation**

The contribution rates within the 2020/21 Pension Fund Accounts were determined at the actuarial valuation carried out as at 31 March 2019.

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 2021 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	22.9	-
West Oxfordshire District Council	17.6	490
Cherwell District Council	15.9	-
Oxford City Council	16.2	-
Vale of White Horse District Council	31.8	-
Oxford Brookes University	14.8	-

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 Employers was a risk-based approach. The risk-based approach uses an Asset Liability Model to project each employer’s future benefit payments,

contributions and investment returns into the future under 5,000 possible economic scenarios. Future inflation (and therefore benefit payments) and investment returns for each asset class (and therefore asset values) are variables in the projections.

By projecting the evolution of an employer’s assets and benefit payments 5,000 times, a contribution rate can be set that results in a sufficient number of the future projections being successful i.e. meeting the funding target by the funding time horizon.

The market value of the Fund’s assets at the valuation date was £2,515m representing 99% of the Fund’s accrued liabilities, allowing for future pay increases. The Actuary has certified contribution rates for all Fund employers from 1 April 2020 which, subject to the financial assumptions contained in the valuation, would result in the deficit being recovered over a period of no more than 20 years.

The main financial assumptions were as follows:

Assumptions for the 2019 Valuation	Annual Rate %
Pension Increases	2.3
Salary Increases	2.3
Discount Rate	4.3

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	2019/20 £'000	2020/21 £'000
<b>Contributions Receivable</b>		
From Employer:		
Normal	-3,167	-3,158
Early Retirements	0	0
Other (ill health retirement contribution)	-96	-76
From members	-1,421	-1,438
	<u>-4,684</u>	<u>-4,671</u>
<b>Transfers In</b>	-34	-24
<b>Benefits Payable</b>		
Pensions	5,724	5,943
Commutations and lump sum retirement benefits	1,444	1,703
Lump sum death benefits	0	0
Other (ill health lump sums)	12	12
	<u>7,180</u>	<u>7,646</u>
<b>Payments to and on account of leavers</b>		
Individual transfers out to other schemes	0	0
<b>Miscellaneous</b>		
Annual Allowance Charge	238	0
Interest Payments	19	0
Refunds due to employee contribution holiday	0	0
	<u>257</u>	<u>0</u>
<b>Net amount payable/receivable for the year before top-up grant receivable / payable to sponsoring department</b>	<b>2,719</b>	<b>2,962</b>
<b>Top-up grant receivable</b>	<b>-2,719</b>	<b>-2,962</b>
<b>Net amount payable / receivable for the year</b>	<b>0</b>	<b>0</b>

Net Assets Statement	2019/20 £'000	2020/21 £'000
<b>Net Current Assets and Liabilities</b>		
Contributions due from employer	0	0
Pension top-up grant receivable from sponsoring department	0	0
Other current Assets	0	0
Pension top-up grant payable to sponsoring department	670	1,377
Other current liabilities (other than liabilities to pay pensions and other benefits in the future)	-65	-104
Cash balance	-605	-1,273
<b>Total</b>	<b>0</b>	<b>0</b>

**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 didn’t have any ill health retirements in 2020/21.

**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 2021.

<b>Membership numbers</b>	<b>1992 Scheme</b>	<b>2006 Scheme</b>	<b>2015 Scheme</b>
Contributors	7	10	527
Preserved Pensions	34	449	296
Pensioners	330	59	3
<b>Total</b>	<b>371</b>	<b>518</b>	<b>826</b>

**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

Audit report to follow.

**INTRODUCTION**

1. This is Oxfordshire County Council’s Annual Governance Statement for 2020/21. 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 2020/21;
  - A *conclusion* in relation to the effectiveness
  - A review of the *action plan* completed in 2020/21
  - An *action plan* for 2021/22
  - An *annex* summarising our governance framework

The Annual Governance Statement is required by Regulation 6(1) (b) of the Accounts and Audit (England) Regulations and follows the best practice guidance from the Chartered Institute of Public Finance and Accounting (CIPFA). This year, as in the previous year, the Statement also highlights the governance issues posed by the continuing COVID-19 pandemic.

**STATEMENT OF OPINION**

2. It is our opinion that the Council’s governance arrangements in 2020/21 were sound and provide a robust platform for achieving the Council’s priorities and challenges in 2021/22. 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:

.....	Date	.....	Date
Yvonne Rees		Cllr Liz Leffman	
Chief Executive		Leader of the Council	



## REVIEWING OUR EFFECTIVENESS DURING 2020-21

This review looks at:

- Effectiveness of our governance – generally and in relation to COVID-19
- Conclusion about this effectiveness
- Internal Audit function during 2020/21
- Our statutory governance roles
- Review of actions 2020/21
- Actions for 2021/22
- Outline of our governance

### Overview

3. We have reviewed our overall effectiveness both in general and with regard to the COVID-19 pandemic challenges faced and those which we continue to face during recovery.

### Generally:

4. All action points for 2020/21 were completed as outlined in Annex 1. The progress of them was reported to the Audit and Governance Committee throughout the year.
5. Specific action points for 2021/22 are set out in Annex 2. We believe these actions will help to establish some improved practices arising out of our experience in 2020/21, including the longer-term implications of the COVID pandemic.

6. The Audit and Governance Committee in March 2021 considered a Procurement and Contract Management Review and Improvements Report. The report considered management responses and action plan to a successful legal challenge in 2019/20. Following the challenge from an existing contractor an over-arching fact finding review was undertaken which in turn resulted in a procurement and contract management review.
7. Here are just some ways in which our governance has proved effective during 2020/21
  - ❖ Introduced democratic decision-making virtually, via MS Teams
  - ❖ In partnership with Cherwell District Council, the Council had delivered and continues to deliver [a joint senior management structure](#) across both authorities
  - ❖ Actions from last year's governance statement were tracked to completion, with periodic reports to the council's Audit & Governance Committee
  - ❖ A mandatory Data Protection e-learning course for staff was launched last year to update knowledge and further embed changes since the General Data Protection Regulation.
  - ❖ The Interim 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 2020.

- ❖ The Council appointed a Director of Law & Governance and Monitoring Officer, and also a Head of Legal Services and Deputy Monitoring Office.

### During COVID-19

8. Common with other authorities, we acted swiftly during the initial outbreak of COVID to meet the demands of the pandemic and continued to do so throughout 2020/21. 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
- Joined up working across the whole Oxfordshire system
- COVID-19 risk assessments for how our services operated during the pandemic
- 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
- Efficient technical and HR support for services to work remotely
- Continuation of political decision-making with Cabinet, Council, Committee meeting virtually via MS Teams

- Regular member briefings from the Director of Public Health on all aspects of the pandemic and the Council's response to it

### Impact

9. Lockdown and social distancing rules necessitated *democratic decision-making* be moved to a virtual setting. The council was able to facilitate online decision-making through MS Teams. This also allowed members of the public to take part in virtual meetings e.g. for questions and the presentation of petitions. A *revised Constitution and protocol* ensured the application of the 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.
10. The prolonged impact of COVID required sustained business continuity activity to ensure the delivery of services in a largely uninterrupted fashion. Our Human Resources and ICT Teams have, throughout 2020/21, facilitated working from home whilst ensuring that the workforce was supported in doing so.
11. An in-year revised budget was agreed in September 2020 as a result of the financial impact of COVID. A Financial Cell was established as part of the COVID response strategy to support related decision making.

12. 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 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 undertaken remotely, with secure and effective technology.

### Command structure

13. The Council’s Gold and Silver Command were put into place and worked well during the initial outbreak. The Command structures enabled the Council to keep visibility of services and how best to prioritise actions 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. Weekly Gold sessions for Oxfordshire’s system Chief Executives and Leaders were also an integral part of the command structure in co-ordinating our response. Annex 3 is a one-page

illustration of the Command structure and its local and regional setting.

### Payments

14. During 2020/21 Internal Audit provided assurance over a sample of Covid-19 related payments and expenditure. Internal Audit were also required to certify some of the Covid-19 related grants. Based on the work completed, Internal Audit concluded that the Council has demonstrated good strategic governance over the Covid-19 funding arrangements. For the grants reviewed, the grant conditions had been complied with. The audit work noted the urgency and volume of spend. Where issues were identified by Internal Audit, these mainly stemmed from the fact that processes and arrangements were set up in a short period of time. Management action has been taken to resolve any identified issues and further improve processes, where future expenditure/payments will be made.

### Beyond COVID-19

15. The Council’s reaction to the pandemic has *fast-tracked the development* of key governance issues and has continued to do so throughout 2020/21. This has been through the safe and reactive deployment of technology (to enable almost seamless homeworking and virtual meetings); business continuity awareness and practices; reviewing the portfolio of

property; enhanced focus on security, wellbeing and health and safety; 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.

16. The resource implications of the pandemic posed a challenge for the local government sector. The Council's governance experience of COVID-19, alongside that of its partner, Cherwell District Council, shaped future planning as we managed the delivery of quality services and democracy under COVID conditions:

- 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

17. The Council approved a robust recovery strategy – "[Restart Recover Renew](#)". It recognised the opportunity to learn from our experience and to transform our services for the better as we move along the Roadmap.

### Internal audit in 2020/21

18. 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 with our Chief Internal Auditor carrying out the following:

- 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.
- being a senior manager with regular and open engagement across the organisation, particularly with the leadership team and with the audit committee
- leading and directing an internal audit service that is resourced appropriately, sufficiently and effectively
- being professionally qualified and suitably experienced.

19. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The 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”.

20. The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2021, there is satisfactory assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control. Where issues have been identified through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement.
21. 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).
22. Due to the onboarding of three new partners, for 2019/20 the assurance arrangements were amended. The Hampshire

Partnership/IBC commissioned Ernst 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 2020/21 concludes that the controls related to the control objectives were suitably designed and operated effectively, with no exceptions noted.

23. 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.

### **Financial Management Code ('FM Code')**

24. A key goal of the Financial Management Code of Practice (launched by CIPFA in November 2019) is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the impact of COVID-19 has tested that financial resilience in 2020/21 and will continue to do so in coming years. 2020/21 was a 'shadow year' for implementing the FM Code with authorities expected to work towards full compliance from April 2021. There are clear links between the FM Code and the

Governance Framework, particularly with its focus on achieving sustainable outcomes. As such, Annex 5 sets out the outcomes of the initial assessment of compliance with the FM Code. As you will see, the picture is positive, with the RAG (Red-Amber-Green) rating of compliance showing as Green. A column showing 'Further Work' gives an indication of improvements that can be made over the current year.

### Our statutory governance roles

25. 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* – in 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. Steve Jorden, Corporate Director for Commercial Development, Assets and Investment, was appointed Interim Monitoring Officer until the appointment of Anita Bradley to the post of Director of Law and Governance and Monitoring Officer in January 2021.
- '*Section 151 Officer*' – the Chief Finance Officer, throughout 2020/21 has been and remains Lorna Baxter:

responsible for the financial management of the authority.

26. 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.

27. 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 2020/21 and priorities for 2021/22

28. The following two annexes summarise:

Annex 1: updates on the priority actions for 2020/21

Annex 2: actions for 2021/22

29. The Actions in Annex 2 will continue to be monitored by the Corporate Governance Assurance Group, the Audit Working Group and the Audit & Governance Committee. The Actions for 2021/22 highlight certain aspects of governance that might not otherwise be apparent from work regularly reported to the

Council's Audit & Governance Committee. As such, progress reports on these actions will be reported to the Committee through the year.

30. 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**

31. Annex 4 sets out the Council's governance framework in outline.

### **Conclusion**

32. The Council's governance arrangements are regarded as fit for purpose will be monitored throughout 2021/22.

**ANNEX 1 - SIGNIFICANT GOVERNANCE ISSUES****Actions identified for 2020/21 - Update**

33. This is a review of the progress during 2020/22 on the priorities for that year. The actions identified were completed in-year

Actions that were planned for 2020/21	Original Timescale	Outcome
Develop a Security Strategy: <ul style="list-style-type: none"> <li>• to reflect a more corporate approach to security delivery, and</li> <li>• harnessing the connected perspectives of Health and Safety, Emergency Planning, the Fire Service, Social Care and Procurement.</li> </ul>	March 2021	The Councils security arrangements were reviewed as part of a programme of work combining the property teams of both Cherwell District Council and Oxfordshire County Council.  A new operating model is under development which will deliver a single management structure, to support joint working across both councils. Post implementation, a full scoping and procurement exercise will be undertaken to provide co-ordinated security arrangements across the Councils' estate.
Alignment of Annual Governance Statement preparation – Oxfordshire CC and Cherwell District Council: <ul style="list-style-type: none"> <li>• achieving a more streamlined approach to AGS preparation across both authorities which...</li> <li>• engages senior managers and is clearly aligned to corporate objectives</li> <li>• achieves revised and more meaningful <i>Directors Certificate of Assurance</i> process</li> <li>• builds on current engagement with the Audit Working Group and its parent Audit &amp; Governance Committee</li> </ul>	June – September 2020  June-July 2020  Ongoing  June 2020	The partnership between this Council and Cherwell District Council has allowed the development of a much more aligned approach to each authority's Annual Governance Statement.  In addition to sharing a common structure, this year, the actual preparation for the Statements was more integrated. Joint senior management team arrangements for both authorities have enabled the Corporate Governance Assurance Group to work closely with the service leads in developing a common approach to the twin aspects of the Annual Governance Statement.



<ul style="list-style-type: none"> <li>• establishes a joint Corporate Governance Assurance Group of key governance officers with a view across both authorities</li> <li>• becomes a ‘living, year-round activity’ not simply one about producing a ‘document’</li> <li>• reviews of the current arrangement of ‘lead statements’ and establishing a corporate governance lead for Property-Security</li> <li>• establishes a relevant <i>Local Codes of Corporate Governance</i> which better reflects the Councils’ current work</li> </ul>	<p>Completed June 2020</p> <p>Ongoing</p> <p>September 2020</p> <p>September 2020</p>	<p>This has resulted the reviewing of the effectiveness of current arrangements and the identification of areas for improvement.</p>
<p>Review of post-COVID governance arrangements:</p> <ul style="list-style-type: none"> <li>• Corporate Governance Assurance Group to keep under review the Council’s governance as we emerge from COVID including</li> <li>• Linkage to any ongoing Gold-Silver command activity/experience</li> <li>• 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.</li> </ul>	<p>Ongoing June 2020– March 2021</p>	<p>The Corporate Governance Assurance Group continued to monitor, support and engage with Corporate Lead areas so as to ensure that they were able to continue with effective governance arrangements.</p> <p>Corporate Leads continued to deliver services within the context of COVID and put these in a sound position for continuing to do so in 2021/22 as part of the Roadmap to recovery develops.</p>

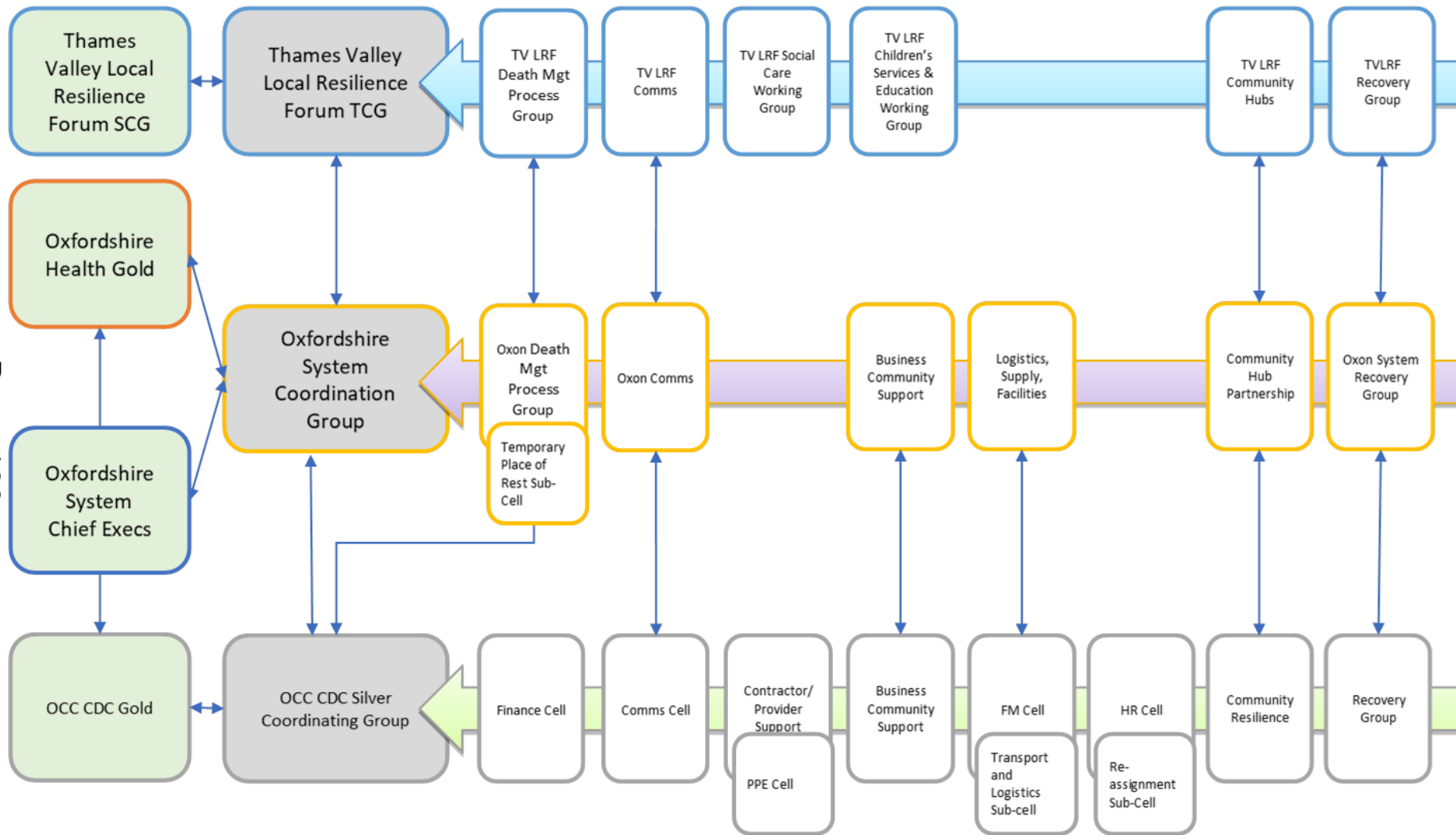


	<p>Commissioning, Procurement and Contract Management.</p> <ul style="list-style-type: none"> <li>This will enable a consistent, council-wide approach enabling 100% visibility of requirements throughout the provision cycle, ensuring all contracts are effectively managed.</li> </ul>			
2	<p>Review of post-COVID governance arrangements:</p> <ul style="list-style-type: none"> <li>The Corporate Governance Assurance Group will continue to monitor, support and engage with Corporate Lead areas; and governance will be reviewed in a more integrated way with ELT (i.e. the Extended Leadership Team of senior managers) and CEDR (the council's senior leadership team – Chief Executive's Direct Reports) to ensure issues are effectively identified and tracked. This integration will be reflected in the engagements and reports to the Audit &amp; Governance Committee.</li> <li>The Corporate Governance Assurance Group will continue to review the Council's governance, including its internal controls, policies and transparency arrangements.</li> </ul>	<p>Monthly review by Corporate Governance Assurance Group</p> <p>Paper to ELT and CEDR in Q.2 and each Quarter thereafter to update on progress</p> <p>Local Code of Corporate Governance reviewed by ELT in Q2 for consideration by Audit &amp; Governance Committee in September or November.</p> <p>Report to Audit &amp; Governance Committee at September, November, January and March meetings on emerging governance issues post-COVID.</p>	Corporate Governance Assurance Group	Corporate Governance Assurance Group
3.	<p>Constitution Review</p> <p>Undertake a cross-party review of the whole Constitution with the Audit &amp; Governance Committee making</p>	<p>Audit &amp; Governance Committee in September to endorse the setting up of a cross-party working group (reporting to the Committee) to work with the Monitoring</p>	Monitoring Officer	Audit & Governance Committee

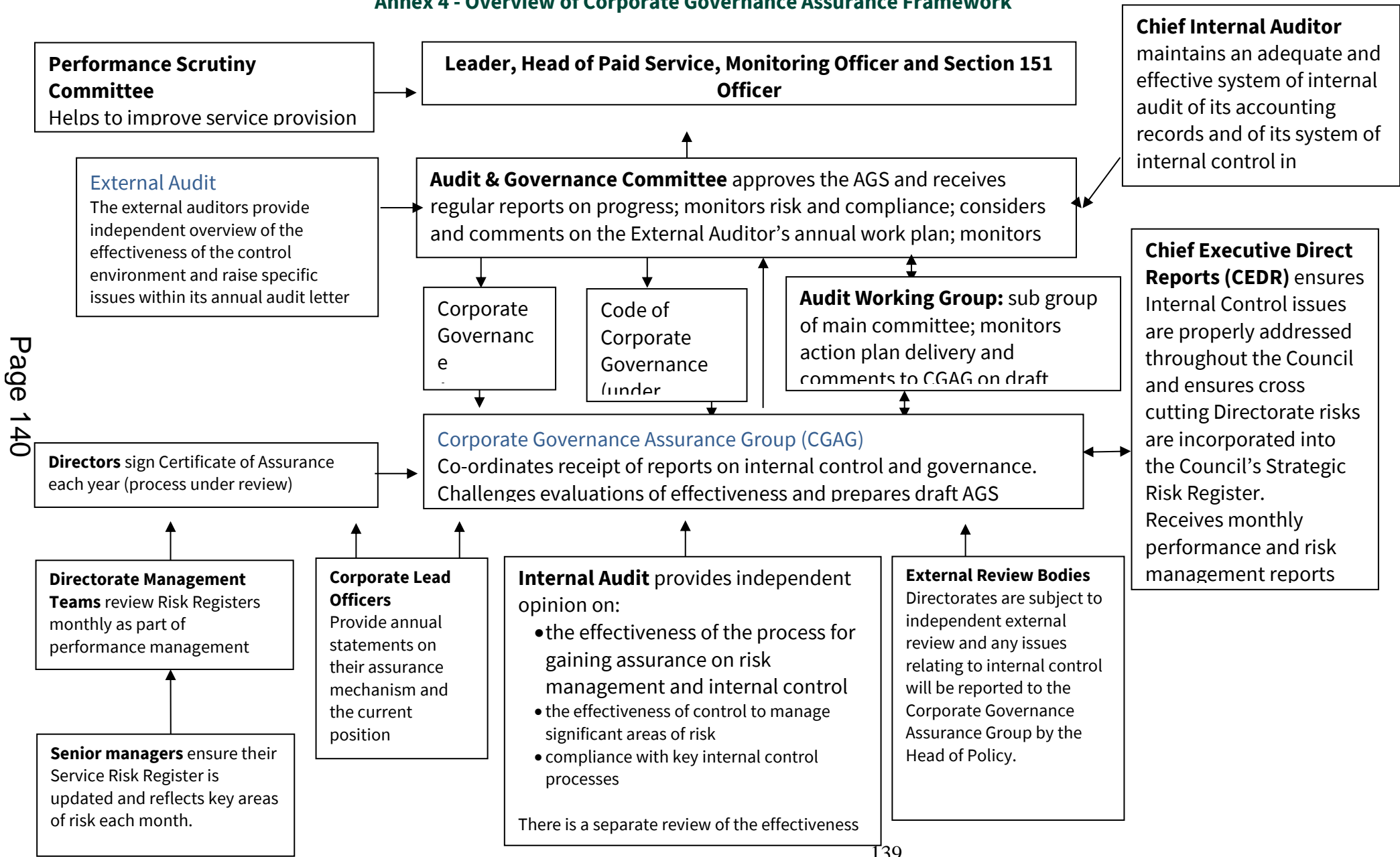
	<p>recommendations to Full Council for the adoption of a revised and inclusive Constitution. To include a review of the visibility/accountability of the underlying Officer Schemes of Delegation (Powers and Finance).</p>	<p>Officer to establish terms of reference for the review.</p> <p>Audit &amp; Governance Committee in November 2021 to endorse the terms of reference for a review and to instruct the Working Group accordingly).</p> <p>Cross party Working Group to work up proposals with the Monitoring Officer November – January (perhaps to include, for example, a consultation with councillors and other interested parties).</p> <p>Audit &amp; Governance Committee in March 2022 to review and frame proposals to Full Council</p> <p>Full Council (April 2022) to approve revised Constitution and start date for its coming into effect</p>		
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Annex 3 – COVID-19 Command and Control Structure

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**Annex 4 - Overview of Corporate Governance Assurance Framework**



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## Annex 5 - Financial Management Code of Practice – Summary Compliance Assessment 2020/21

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
1.	Responsibilities of the Chief Finance Officer (CFO) and Leadership Team			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money (VfM)	Services use benchmarking to inform opportunities to improve VfM. All tenders consider VfM by considering the quality of service and not just price.	Include statement of how proposals in Cabinet Reports will deliver value for money where appropriate	GREEN
B	The authority complies with the CIPFA “Statement of the Role of the CFO in Local Government”	The CFO is qualified accountant with significant experience working as an active member of the leadership team. The CFO is a member of CEDR (Chief Executive Direct Reports) and has an influential role with members of the Cabinet, Audit & Governance Committee and lead opposition members.		GREEN
2.	Governance and Financial Management Style			
C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	The Corporate Governance and Assurance Group (CGAG) exists to ensure good governance and internal control, including driving the production of the Annual Governance Statement (AGS) and Action Plan through the completion of Professional Lead Statements and engagement with Corporate Directors.	CGAG to continue to establish itself and enhance its workload including driving consistency across the partnership between the County Council and CDC.	GREEN
D	The authority applies the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)”	Annual Governance Statement (AGS) includes internal audit opinion on effectiveness of internal control environment and systems of internal control.	Agree an updated Local Code of Governance and ensure that this is updated regularly.	GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
E	The Financial Management style of the authority supports financial sustainability	The Council has adopted a Business Partnering model that supports managers to deliver financially sustainable services by providing strategic advice and support. This is underpinned by a Corporate Function that manages the strategic financing issues and provides the budget setting and accounting framework for the organisation.	Continue to develop the skills of managers to ensure that they have access to performance and financial information that enables them to deliver services that are financially sustainable.	GREEN
3. Long to Medium-Term Financial Management				
F	The authority has carried out a credible and transparent financial resilience assessment	A Financial Resilience assessment is included within the Budget Documents. The assessment is consistent with the Medium-Term Financial Strategy (MTFS) assumptions. The forecast level of General Balances is reported against the minimum risk assessed level for balances monthly taking into account the latest monitoring position in the current year.		GREEN
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	The Financial Strategy and MTFS outline the financial challenges and opportunities facing the Council. Business and Budget Planning Reports to Cabinet clearly set out the financial planning environment and any assumptions made.		GREEN



Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
H	The authority complies with the CIPFA “Prudential Code for Capital Finance in Local Authorities”	An annual Capital and Investment Strategy is set by Council alongside a ten-year Capital Programme, Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy. The Capital Programme is monitored monthly with reports produced quarterly for CEDR and Cabinet. Mid-term and Outturn Treasury Management reports are taken to A&G Committee and Cabinet, including monitoring of Prudential Indicators.		GREEN
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	The Council has an integrated Business and Budget Planning Process with a five-year MTFS supported by Service Plans.	Continue to build the link between service plans and budgets, including increasing the visibility of funding changes agreed for future years for service managers.	GREEN
4. The Annual Budget				
J	The authority complies with its statutory obligations in respect of the budget setting process	The Council produces an annual balanced budget and supporting documentation within the necessary timeframe.		GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	The CFO's S25 report accompanies the suite of Budget documents and includes a commentary of the adequacy of proposed financial reserves with reference to CIPFA's Resilience Index. The report will be enhanced for 2021/22 by including an assessment of readiness for implementing the FM Code.		GREEN
5. Stakeholder Engagement and Business Plans				
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	The Council undertakes an annual public consultation on the budget proposals, setting out the financial context in which the proposals are made and the links to the Council's priorities. The Performance Scrutiny Committee considers and comments upon the budget proposals.		GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions	A business case is required for all capital schemes which sets out alternative options, the reasons for discounting them and benefits of progressing with the scheme. All tenders consider VfM by considering the quality of service and not just price – the appraisal process is documented.	Agree consistent business case templates from outline through to full across the partnership between the County Council and CDC for both revenue and capital schemes.	GREEN
6. Monitoring Financial Performance				
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The monthly Business Management and Monitoring Report to Cabinet enables CEDR and Cabinet to respond to emerging risks – the effectiveness was evidenced during 2020/21 as the Council agreed an in year budget to respond to the financial impact of COVID-19.	The quarterly Capital Programme monitoring report requires enhancement to better reflect performance and the delivery of outcomes linked to the completion of capital schemes.	GREEN

Ref	CIPFA Financial Management Standards	Current Status	Further Work	RAG Status
O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	The monthly Business Management and Monitoring Report to Cabinet includes monitoring of key balance sheet items including balances, reserves, debtors, and cash (including the performance of Treasury Management).	Increase visibility of relevant balance sheet items for service managers.	GREEN
7.	External Financial Reporting			
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom” (The Code)	The annual accounts are produced in compliance with The Code. The accounts receive an unqualified audit opinion and statutory deadlines for publication of the accounts and completion of the audit are consistently met.		GREEN
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	CEDR and Cabinet consider outturn report and year end variances in a timely manner enabling strategic financial decisions to be made as necessary.		GREEN

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		2019/20	2020/21	Value of Fund £'000
		Value of Fund £'000	No. of funds	
Children's	Funds for the Development of Hill End Residential Centre	59	1	52
Page 147	Criminal Injuries Compensation Awards	6	1	6
	Other (under £10,000)	1	1	1
Resources	Bequest of Property at Watlington	86	1	86
<b>Total</b>		<b>152</b>	<b>4</b>	<b>146</b>

Trust Funds where Oxfordshire County Council acts as joint trustee		2019/20	2020/21	Value of Fund £'000
		Value of Fund £'000	No. of funds	
Children's	Other (under £10,000)	1	1	1
Adults	Junior Citizens Trust	8	1	13
<b>Total</b>		<b>9</b>	<b>2</b>	<b>14</b>

Other Funds		2019/20	2020/21	Value of Fund £'000
		Value of Fund £'000	No. of funds	
Children's	City Lectureship Scholarship	18	1	18
	Other (under £10,000)	24	6	24
Adults	Other (under £10,000)	8	1	8
<b>Total</b>		<b>50</b>	<b>8</b>	<b>50</b>

**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.

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