Oxfordshire County Council

Statement of Accounts

2018/2019

OXFORDSHIRE
COUNTY COUNCIL

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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 2018-19.

Oxfordshire County Council provides services to residents, businesses and communities across the whole county. We are responsible for around 80% of local government spending in Oxfordshire. The following core services are provided by the Council:

- children's services including some education services
- adult social care
- services for public health including mental health
- fire and rescue
- roads and transport planning
- waste disposal
- libraries and museums
- coroners' and registration services
- trading standards

The Council either provides these services directly or commissions them from other organisations. Most of these services are statutory – things we are obliged by law to do.

Five district and city councils in Oxfordshire also provide services to residents in their geographic areas, such as housing and benefits, local planning, street cleaning, waste collection and electoral registration.

In Oxfordshire, parishes and town councils also play an important role in the local community, looking after local amenities, and providing a vital link to district and county councils on local issues.

Our vision for Oxfordshire

Oxfordshire County Council's ambition, as set out in our 2018-2021 Corporate Plan, is for a county where local residents and businesses can flourish - a thriving Oxfordshire. The vision informs everything we do and covers our priorities:

[1] https://www2.oxfordshire.gov.uk/cms/content/corporate-plan

Our Corporate Plan[1] provides further details of the Council's long term aims and main priorities for thriving communities over the next few years.

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

We have core values that guide the way we work to deliver our vision:

Our core value: We do the best we can for residents

This means we:

- work together in a supportive and honest way
- strive to find the best solutions
- are open to change and doing things differently

We ensure all our activities support equality, diversity and fairness, both in our own workforce and the services we commission and deliver for local residents.

How the Council is organised

Our Constitution sets out the rules and procedures by which the council operates.[2]

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

[2] https://www2.oxfordshire.gov.uk/cms/content/council-constitution

policies and services and setting the council's annual budget and capital programme. More information can be found on our website.[3]

The Full Council chooses a Leader (Cllr Ian Hudspeth), who in turn appoints a Cabinet, responsible for key decisions to manage the Council's business. Details of Cabinet members and their responsibilities can be found on our website.[4]

Other members of the Council may also serve on committees or groups fulfilling the Council's responsibilities and functions such as scrutiny or audit.

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).[5] CEDR advises councillors on policy and implements their decisions.

Partnership working between Oxfordshire County Council and Cherwell District Council developed during the year. The two councils share a Chief Executive; other senior staff work across both councils, and Councillor Ian Corkin works jointly for the county council's Cabinet and district council's Executive, chairing a committee of both councils to explore joint working. The partnership offers long-term opportunities to join up services for residents and reduce the costs of providing services.

We 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 on page 129.

The council is structured around several directorates, each responsible for a group of services and functions. They work both individually and jointly towards the Council's vision and outcomes set out in the Corporate Plan. CEDR (our senior management group) provides oversight and high-level co-ordination of the directorates, which are:

People
- Children, Education and Families
- Adult Social Care
- Public Health

Communities
- Community Operations (infrastructure and cultural services)
- Planning and Place
- Community Safety (including Oxfordshire Fire & Rescue Service)

Resources
- Resources (including Finance, Human Resources and ICT)

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. This includes setting measures and indicators by which progress towards their ambitions can be measured and reported on.

Common approaches to performance reporting, risk management and assurance are in place to ensure consistency and cohesive business management across the council. The performance dashboards later in this Narrative Statement are one of the visible outputs of this approach.

[3] https://www.oxfordshire.gov.uk/cms/public-site/about-your-council
[4] https://www2.oxfordshire.gov.uk/cms/content/cabinet
[5] https://www.oxfordshire.gov.uk/council/about-your-council/managers-and-salaries/senior-managers

The Council's Transformation Programme is a long-term programme of fundamental change to how we are structured and how we operate. The programme aims to ensure that the council is sustainable, resilient and can achieve better outcomes for local residents. It also addresses the financial pressures we face as an organisation, making substantial financial savings and helping us to invest in dealing with rising demand for services.

The programme will also play a key role in delivering the Council's vision by empowering residents to resolve their own issues, enhancing service performance, empowering staff to help us deliver our ambitions and positioning us to exploit the local advantages Oxfordshire possesses

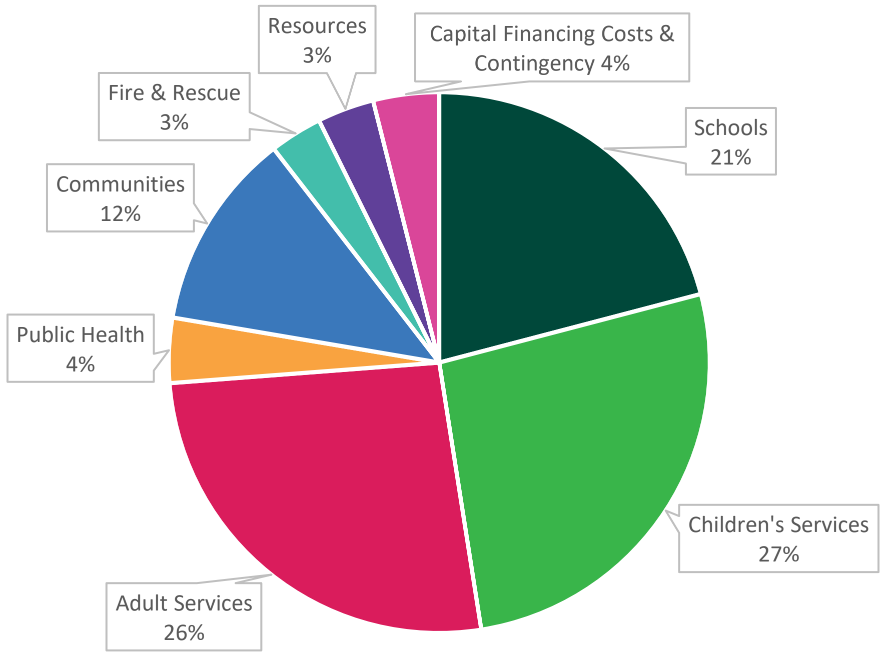
Our financial operating model

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

Revenue spending plans for 2018/19

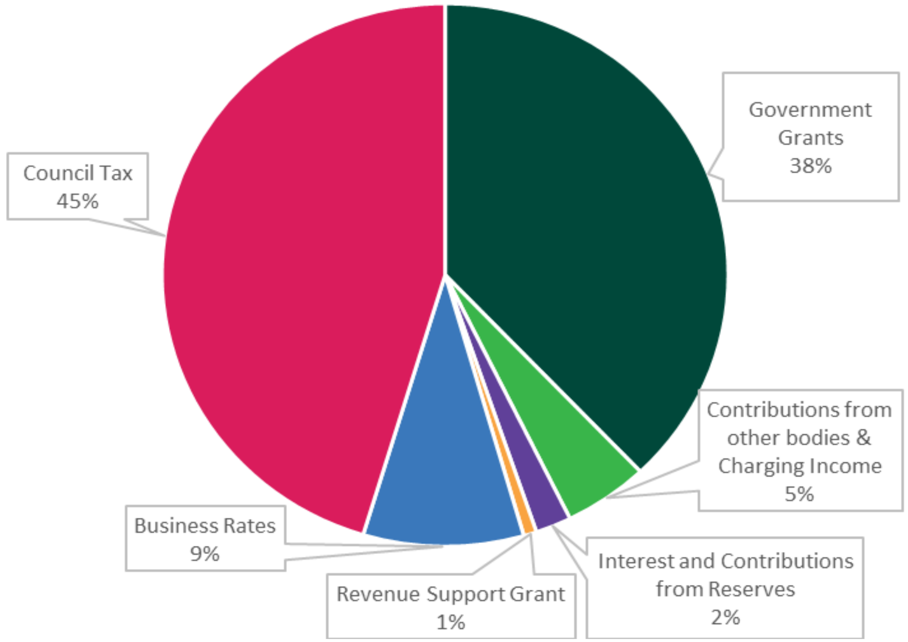
Our budget for the provision of services in 2018/19 was set against a relatively sound financial footing, with a four-year funding settlement agreed with government, a robust MTFP and the difficult decisions of previous years holding the organisation in a good stead for the future. There is still considerable financial challenge due to the Government's ongoing austerity programme of national reductions in public sector spending and an increasing demand for our services, however, the budget and MTFP set a clear direction for the future and place the Council in a sensible position to meet the challenges ahead.

Our Government funding will have reduced by a total of 43% (£140m per annum) between 2010/11 and 2019/20. As demand for statutory social care services has continued to rise, this has resulted in the need to deliver significant savings. By the start of the year 2018/19, savings had been made of £360m per year compared with our spending in 2010 (of which 40% was due to the reduced government grant and 60% due to the rise in demand for statutory services). The 2018/19 budget agreed by Council in February 2018 included further savings of £41m.



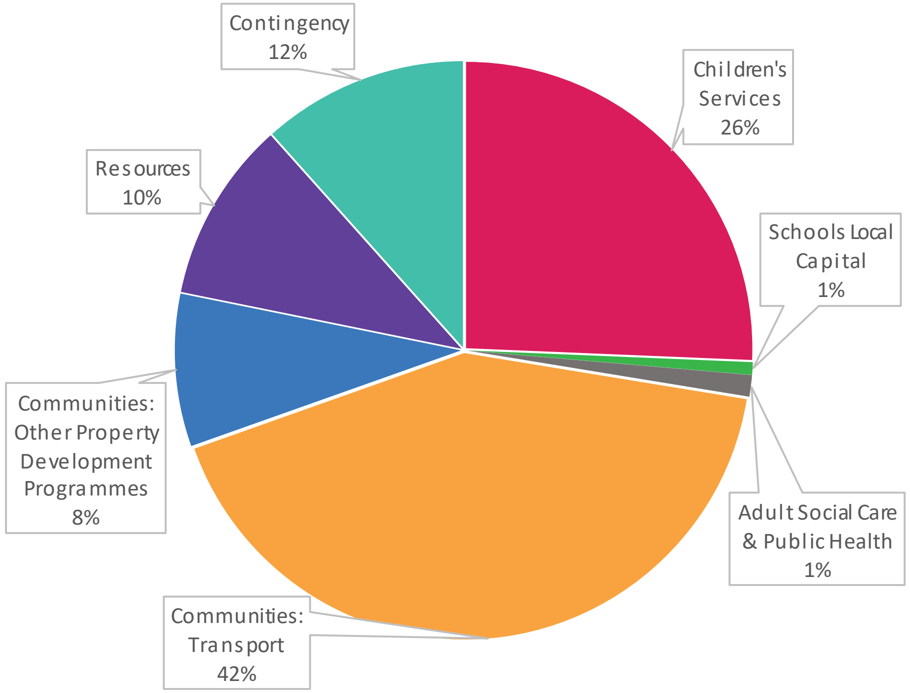
In total, we planned to spend £788.5m on delivering services this year We intended to finance £353.0m of our spending plan from specific and general government grants, contributions from other bodies, charging and interest income and a contribution from reserves and balances. Therefore, our budgeted net operating budget totalled £435.5m.

The net operating budget was financed from: Revenue Support Grant (£5.9m); Business Rates (£72.2m); and Council Tax (£357.4m). Council tax for a Band D property was set at £1,426.19 (this was a 5.99% increase from 2017/18), 2.99% relating to the general council tax and 3% for the Adult Social Care precept.

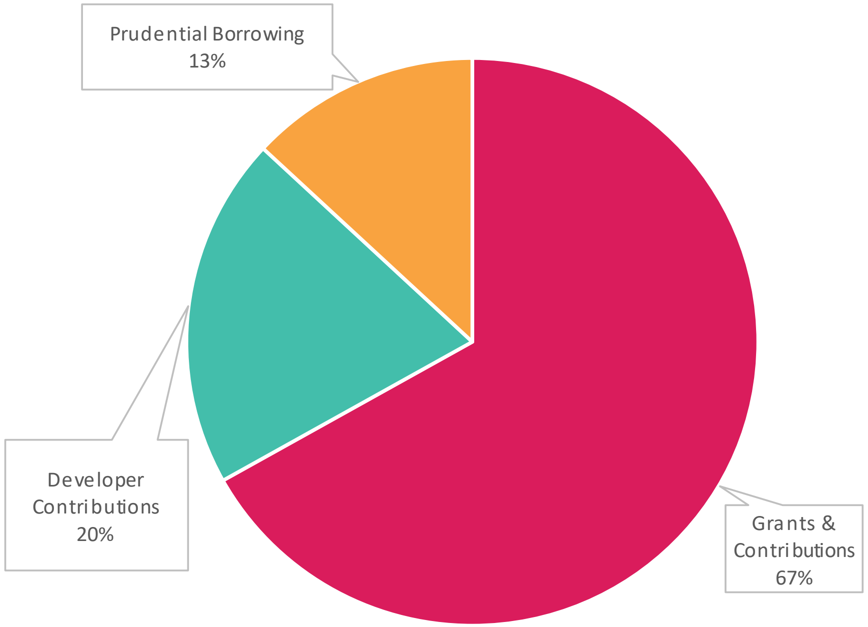


Capital Spending Plans for 2018/19

We planned to spend £120.1m on our assets in 2018/19. This included £30.8m on providing additional school places and new schools in housing developments and £50.4m on large road improvement schemes and road maintenance.



We planned to fund this from grants and contributions (£104.4m) and prudential borrowing (£15.7m).



Challenges and opportunities in Oxfordshire

We celebrate Oxfordshire's many positive attributes, but we also recognise that we face challenges and uncertainties. These include reductions to government funding, a rapidly growing population, and an increase in the demand for our services and for the county's spaces, infrastructure and resources. There remain uncertainties such as the local impact of Brexit, and our activities to tackle harmful climate change will continue to develop further over the coming months and years.

Our ambitions for a thriving Oxfordshire will also bring many benefits and opportunities, including through development of our Local Industrial Strategy as part of our Growth Deal commitments with Government, and through our continued participation in innovative projects under the Smart Oxford banner. These will be excellent opportunities to promote key growth and innovation sectors of our local economy, and for the Council to support and invest in these growth sectors to help meet Oxfordshire's future needs.

Our performance in 2018/19

The Corporate Plan reflects our vision for delivering excellent public services to the people of Oxfordshire. Throughout the year we have reported on performance indicators which most clearly demonstrate progress towards the outcomes in the Corporate Plan.

Red, Amber or Green (RAG) ratings are given to outcomes and indicators based on Directors' assessments of progress towards performance objectives, taking into account finance, Human Resources (HR) and risk. The following summarises our performance at the end of this year (31 March 2019):

OUTCOMES	31 March tally
Green	6 (46%)
Amber	7 (54%)
Red	0 (0%)
TOTAL	13

No outcomes are considered at risk of becoming Red in the next reporting period (April 2019). Outcomes equal the change we will see as a result of OCC's actions. Indicators show that outcomes are being achieved, Measures and targets show progress towards the indicators.

The 13 outcomes are supported by 48 indicators which show us how the outcomes are being achieved:

INDICATORS	31 March tally
Green	34 (71%)
Amber	11 (23%)
Red	1 (2%)
No RAG	2 (4%)
TOTAL	48

With no outcomes rated Red, and only 1 of 48 indicators rated Red (and almost three quarters rated Green), this is a positive summary of performance.

The sole Red indicator, on looked after children, had an improving outlook at 31 March. The overarching outcome which it supports ('children are given a good start in life') remained Amber: all children are safe, as recognised by Ofsted in their recent inspection. However, numbers of looked after children are higher than in similar authorities, hence the Red indicator. This causes both workload and financial pressures.

In addition to the year-end details in the dashboards below, other performance headlines achieved earlier in the year include

- The rate of children's social care assessments has fallen during the year and is below that of similar authorities. This has been delivered by a tripling of early help assessments over the past 2 years: more children are assessed, just fewer through a formal social care assessment which is both more intrusive for the family and more costly for the local authority.

- Our service for looked after children had an Ofsted inspection in April 2018 which judged our service to be "good".

- Co-production progressed well: this means working with service users and their families to develop social care services tailored to their needs. 600 people were involved in co-producing our Older People's Strategy; 108 with our Moving Into Adulthood project

- 90% of social care providers in Oxfordshire are rated as 'outstanding' or 'good' by the Care Quality Commission (above the national average of 80%).

- Her Majesty's Inspectorate of Constabulary and Fire and Rescue completed their inspection of Oxfordshire Fire and Rescue Service. The report is due in June 2019 but we are already working on areas were raised during the post-inspection debrief to inform our action plan and to support continuous improvement.

We were successful in several innovation project bids under the Smart Oxford banner. One of these was the largest collaborative project we have been part of the £40m Local Energy Oxfordshire energy systems bid with SSE and other partners including Oxford and Brookes Universities; others included successful bids to support the testing of autonomous vehicles ('driverless cars') and to explore the part they can play in multi-modal transport systems.

PRIORITY: WE LISTEN TO RESIDENTS SO WE CAN CONTINUOUSLY IMPROVE OUR SERVICES & PROVIDE VALUE FOR MONEY (performance dashboard to 31 March 2019)

OUTCOME	INDICATOR	OUT-LOOK	MEASURE	TARGET	PERFORMANCE AND COMMENTARY
Residents feel engaged with the county council	Prevalence of services developed through co-production	↑	Involve more people in co-producing service redesign with the council by ensuring at least 5 co-production products are delivered by March 2019	5	6 co-production products were developed (target met). 20 co-production champions have been trained (target met). We are also co-producing an approach to voluntary sector infrastructure support / provision.
			Train 20 co-production champions by July 2018	20	
			Co-design of a library of resources for supporting co-production work	Completion	
	Number and value of opportunities for public engagement	↑	% of Residents' Survey respondents who say local people can influence us	>43%	Feb 2019: 38% agree
			% of Residents' Survey respondents who say we act on residents' concerns	>58%	Feb 2019: 54% agree
			% of our public consultations robust enough to withstand legal challenge	100%	100%
	Rates of customer satisfaction	↔	% of Residents' Survey respondents satisfied with the way we run things	>55%	Feb 2019: 45% were satisfied
			The % of users of Adult Social Care services who are extremely or very satisfied remains above the national average	16-17 nat. av. 64.7%	Annual measure: 72.4% of users of these services are extremely or very satisfied, which remains above the target of the national average (64.7%)
Our services improve and deliver value for money	Value for money through effective use of resources	↔	Achievement of planned savings	95%	90%
			Achievement of general balance outturn in accordance with risk-assessed level	100% of risk assessed level	172% of Risked Assessed Level. General Balances were £28m at 31.3.2019 which is £11.7m above the risked assessed level of £16.3m agreed by Council in February 2018.
			Use of earmarked reserves	100% of planned use	£4.3m of reserves was used during 2018/19 compared to £14.2m assumed in the 2018/19 budget agreed by Council in February 2018.
			Outturn variation by Directorate	1% variation by directorate	1.99% variation. This reflects overspends by Children's Services (£8.5m), and Adult Services (£0.6m) partly offset by underspends by Resources (-£0.2m) and Communities (-£0.3m).
			Actual Expenditure for the Council is in line with the latest agreed budget	<1% of net budget	Overall Council underspend of £0.5m. Overall £2.3m contribution to balances when planned movements were taken into account.
			Capital outturn variation compared to original programme	5%	5% variation.
	Improvement following external inspection/audit	↔	Proportion of post-inspection/audit action plan objectives dealt with on time	100%	Her Majesty's Inspectorate of Constabulary and Fire and Rescue have completed their inspection of our service. We expect to receive the preliminary report in May 2019 in order to review and feedback to HMICFRS before the final and public report is sent in June 2019.
			The proportion of social care providers rated as 'outstanding' or 'good' by the Care Quality Commission in Oxfordshire remains above the national average	17-18 nat. av. 80%	End March: 90%
The use of our assets is maximised	Progress with One Public Estate Programme	↔	Q1-2: One Public Estate is on track against agreed programme Q3-4: One Public Estate is on track to deliver business cases and savings	Progress per programme agreed with Government	First phase projects are progressing with some adjustment to the original programme due to longer timescales to agree scope of briefs with partners and delays in the commissioning process. One option appraisal has been completed and is with partners to consider next steps. Government has announced funding for three new projects which demonstrates the success of this new partnership. These projects will be scoped during 2019.

PRIORITY: WE HELP PEOPLE LIVE SAFE AND HEALTHY LIVES AND PLAY AN ACTIVE PART IN THEIR COMMUNITY (performance dashboard to 31 March 2019)

OUTCOME	INDICATOR	OUT-LOOK	MEASURE	TARGET	PERFORMANCE AND COMMENTARY
People are helped to live safe and healthy lives	Number of people helped to live "safe and well"	↔	Number of vulnerable children and adults helped to live more secure and independent lives, supported by safe and well visits	6,248	Trading Standards programmes for vulnerable adults & children: Q4 target 2,500, actual = 2,383 Gypsy & traveller site fire safety visits: annual target 90, 49 complete at end March. Safe & well visits: March target 3,660, actual = 3,681. Work experience placements: Q4 target 4, actual = 7. Fire prevention campaigns: March target 10,946, actual = 60,149. Fire cadets: Q4 target 3,040. actual = 2,742. Trading Standards risk reduction activities for children & young adults: Q4 target 650, actual = 250
			Number of children better educated to live safer and healthier lives	14,168	
	Emergency response times	↔	More people alive as a result of our prevention, protection and emergency response activities	1,000	Road Traffic Collision fatalities: March target 22, actual = 29. We launched 'The Fatal 4 It's Not Worth The Risk' campaign across five sites in the county with great publicity in the media. Our media reach to date is 409,205. We've had 465 views on OCC's webpages which makes it one of the best performing road safety stories this year. Facebook engagement is 15%: one of the most engaging posts this year. The campaign continues to run through April with media events and collaborative events with TVP and FRS Partners. Co-responding calls: March target 863; actual = 151. Co-responding ceased in all but one of our stations (Thame) from September 2017 due to National pay negotiations, which remain unclear. Rescues from primary fires: March target 17, actual = 32. Special service rescues: March target 206, actual = 370. Fatalities from primary fires: March target 5, actual = 2
			% of emergency call attendances made within 11 minutes	80%	% response standards <11mins: March target 80% March actual – 89.57%
			% of emergency call attendances made within 14 minutes	95%	% response standards <14mins: March target – 95% March actual – 96.55%
	Prevalence of healthy lifestyles	↑	% of eligible population 40-74 who have been invited for NHS Health Check since Apr '14	97%	99% Data is published quarterly in arrears – last update March 2019
			% of eligible population 40-74 who have received a NHS Health Check since Apr '14	49%	51% Data is published quarterly in arrears – last update March 2019
	Numbers of people receiving support for drug and alcohol dependency	↔	Rate of successful quitters per 100,000 smokers 18+ (reported a quarter in arrears)	> 2,338	2,929 Data is published quarterly in arrears – last update March 2019
			Number of users of OPIATES that left drug treatment successfully (free of drug(s) of dependence) who do not then re-present to treatment again within 6 months as a percentage of the total number of opiate users in treatment.	>6.6%	9.7% Data is published 2 months in arrears – last update February 2019
			Number of users of NON-OPIATES that left drug treatment successfully (free of drug(s) of dependence) who do not then re-present to treatment again within 6 months as a percentage of the total number of non-opiate users in treatment.	>36.6%	49.4% Data is published 2 months in arrears – last update February 2019
			Number of users of ALCOHOL ONLY that left treatment successfully (free of alcohol dependence) who do not then re-present to treatment again within 6 months as a percentage of the total number of ALCOHOL ONLY users in treatment.	>38.6%	55.6% Data is published 2 months in arrears – last update February 2019
	Proportion of people walking & cycling	↔	% overall levels of cycling	targets not set	New measures will be in use from April 2019
			% of journeys to work by cycling		
			% of journeys to school by walking/cycling		
People play an active part in their communities	Rates of volunteering	↔	Number of environmental volunteer hours generated through county council activities	Reporting only	1784 volunteer hours in 2018-19. TVERC (Thames Valley Environmental Records Centre) activities generated 1264 hours of volunteer time (worth £17,064) and the Lower Windrush Valley Project 520 hours. The Wychwood Project became independent from OCC in 2018, so figures are no longer included.
			Number of volunteer hours contributed to library & history services		Library Volunteer Hours: 2,937 (slight increase on monthly average, reflects continued growth of volunteering). History Centre volunteer hours: 127.5 hours
	Prevalence of services provided by communities	↑	Number of town or parish councils with devolved service responsibilities	Reporting only	129 town or parish councils
			Number of opportunities for daytime care services listed on the Live Well website	Improve on baseline	March: 1780
			% of Councillor Priority Fund monies allocated to a) Community Groups, b) town or parish councils, c) direct services	Reporting only	March: 57% of £945k allocated = £539,008.26, of which: • 63.6% to Community Groups = £342,620.83 • 10.3% to direct services = £55,434.03 • 26.1% to Town/Parish = £140.953.40

PRIORITY: WE PROVIDE SERVICES THAT ENHANCE THE QUALITY OF LIFE AND PROTECT THE LOCAL ENVIRONMENT (performance dashboard to 31 March 2019)					
OUTCOME	**INDICATOR**	**OUT-LOOK**	**MEASURE**	**TARGET**	**PERFORMANCE AND COMMENTARY**
Our quality of life in Oxfordshire is enhanced	Condition of highways	↑	A and B Classified road network where carriageway maintenance should be considered	33%	32.48% - figure at end of Feb 2019. Will be updated in an annual survey due for completion in June/July 2019.
			Defects posing immediate risk of injury are repaired within 24 hours	100%	Q3: 99.77% Jan: 99.78% for Apr 18 to Jan 19. Now includes all City defects. No March update as we are still compiling data from February and March
			Defects creating potential risk of injury repaired within 28 calendar days	90%	Q3 78.83% Apr – Jan 77.17%. Now includes all City defects. This figure continues to be influenced by the adverse weather at the beginning of 2018. No March update as we are still compiling data from February and March.
			Current status of pothole enquiries reported on FixMyStreet during the calendar month prior to reporting date	Reporting only	At 11 April: of 2474 enquiries reported during February: Open or with contractor 20% - Closed (complete or No Further Action) 80%.
			Km of highway resurfaced as % of total	0.6%	2.6% incl. all surface treatments as detailed: 0.3% (12.35Km out of 4182Km) Total Area of Resurfacing; 2.3% (95.04Km out of 4182 Km) Total Surface Treated
			% of highway maintenance construction, demolition and excavation waste diverted from landfill	90%	Feb 99.6%. No March update as we are still compiling data from February and March
	Funding secured through planning obligations	↑	A minimum of 70% of S106 agreements involving contributions to county council infrastructure are completed within 6 months of District Committee resolutions	70%	At end March: 80%
			Monies secured in S106 agreements represent at least 85% of the sums identified as necessary through the corresponding Single Response process	>85%	31 Mar: secured 64% of the level of contributions sought via the Single Response process. Shortfall is from one S106 for the former Didcot A site, which straddles the SODC/Vale border. When the Single Response was submitted CIL (Community Infrastructure Levy) was not operational in either district but had become so in SODC when the application was considered at planning committees. So various non-transport contributions could not be secured in relation to the scale of development within the SODC part of the site. All the corresponding contributions in the Vale part of the site were secured. If this anomaly were removed from the data the specific measure was achieved at 100%.
	Levels of public transport use	↔	% of work trips made by public transport % satisfaction with bus use % bus reliability	targets not set	Baseline and targets for work trips being developed for 2019-20.
	Rates of access to cultural services	↔	Numbers of visitors to our libraries, history and archives services	Reporting only	<u>Number of Library visitors</u>: 193,166 (Daily average: very small increase on monthly average, as expected). <u>New members</u>: 2,062 (slight increase on monthly average). <u>Museums Service visitors</u>: Feb total 9,032. <u>History</u>: Visitors 350; face-to-face enquiries: 352; documents produced: 949; remote enquiries: 346; website hits/visits: 65,557; social media engagements: 640
			Number of new library joiners per quarter	Reporting only	
Our local environment is protected	Percentage of planning decisions on time	↑	80% of District Council planning applications are responded to by us within the agreed deadline	80%	End Feb = 67% (38 of 57)
			50% of Mineral and Waste applications are determined within 13 weeks	50%	We determined 1 out of 1 applications within target during March, 100% vs. the target of 50%. Cumulative total for the year from 1st April 2018 is 28 out of 31 = 90%.
	Levels of carbon emissions	↔	Average 3% year on year reduction in carbon equivalent emissions from county council estates and activities	3%	12% emission reduction achieved across the corporate estate and activities in 2016/17. On track to meet annual target. Activity includes continuing streetlighting upgrades, ongoing monitoring and targeting and installation of electric charging points ready for receipt of new electric pool cars.
	Levels of energy use	↑	% of streetlights fitted with LED lanterns by March 2019	18%	March: 11,565 LED units from 59,858 Street lights (19.32% of asset total).
	Air quality	↔	Establishment of partnership working with District Councils and defining future work programme.	Reporting only	Work continues with the Districts. New measures will be used from April 2019
	Proportion of household waste re-used, recycled or composted	↔	% of household waste recycled, composted and re-used in Oxfordshire	60%	In 2017/18 performance was 58.15% - Oxfordshire was the top County Council Waste Disposal Authority in England. The provisional end of year result for 2018/19 is 58.62%, to be confirmed by Defra in Dec 2019. This shows an increase in performance compared to last year. Nationally there is a trend of plateauing recycling rates. We are working with the District & City authorities and our HWRCs to increase recycling and reduce residual waste. Government has released the Resources & Waste Strategy for England which will impact on future performance
			% of household waste sent to landfill	Under 5%	The provisional end of year result for 2018/19 is 3.23%. Due to be confirmed by Defra in December 2019. A good end of year result largely as a result of a waste shredding trial.
			% of household waste recycled, composted and re-used at Oxfordshire Household Waste Recycling Centres	59%	The provisional end of year result for 2018/19 is 61.73%. Due to be confirmed by Defra in December 2019. A late upturn in the result is due to correcting data from earlier in the year.
			% of people satisfied with Oxfordshire Household Waste Recycling Centres	95%	The annual customer satisfaction survey was completed in March 2019 and 96.3% of those asked, were satisfied or very satisfied with the HWRC service. This is an improvement on the result from March 2018 of 95.2% and reflects the work which has been completed over the previous 12 months to improve customer service and the appearance of the sites

PRIORITY:	WE STRIVE TO GIVE EVERY CHILD A GOOD START IN LIFE AND PROTECT EVERYONE FROM NEGLECT				(performance dashboard to 31 March 2019)
OUTCOME	**INDICATOR**	**OUT-LOOK**	**MEASURE**	**TARGET**	**PERFORMANCE AND COMMENTARY**
Children are given a good start in life	Prevalence of healthy children	↑	Number of expectant mothers who receive a universal face to face contact at 28 weeks	80%	72.2% at end of March.
			Percentage of births that have received a face to face New Birth Visit	95%	98.4% at end of March.
			Percentage of children who received a 12-month review	93-95%	93.4% at end of March.
			Percentage of children who received a 2-2½ year review	93-95%	89.9% at end of March.
			Babies breastfed at 6-8 weeks of age	60%	61.4% at end of March.
			% of Mothers who received a Maternal Mood Review in line with the local pathway by the time the infant is aged 8 weeks.	95%	98.0% at end of March.
	Number of looked after children	↑	Reduce the number of looked after children (LAC) to the average of our statistical neighbours by March 2019	672	780 children (Q2 764, Q3 794). The number has reduced slightly in the quarter but remains above target. All children are safe (see Ofsted), but this has both workload and financial pressures. 60% of children who become looked after do so within a year of them being on CP Plan. Reducing the CP numbers should have a knock-on to LAC numbers (as has been seen in the Herts Family Safeguarding model). In Oxfordshire we can see a clear link between CP numbers 2 years ago and LAC numbers today, so expect the reduction in CP to follow in LAC.
	Numbers of children's social care assessments	↔	Increase the number of early help assessments to 2,100 during 2018-19	2,100	Feb: 1,221 March 1378
			Reduce level of enquiries to the Multi-Agency Safeguarding Hub (MASH) to 12,000 in 2018-19	12,000	17,122 by end March (monitoring only)
			Reduce the level of social care assessments to 6,250 in 2018-19	6,250	End Jan: 5,781 End March: 6154
	Number of children the subject of protection plans	↑	Reduce the number of children who are the subject of a child protection plan to the average of our statistical neighbours by March 2019	629	Feb: 597 March 605
	Number of children's cases held by permanent staff	↔	Reduce caseloads so that by March 2019 over 80% of staff have caseloads at or below the agreed target level	80%	78% at end Jan 74% at end March
			Invest in the workforce so that by March 2019 80% of cases are held by permanent staff	80%	88% at end Jan 91% at end March
Children are able to reach their potential	Percentage of children with a place at their first preference school	↔	% of children offered a place at their first preference primary school	Reporting only	88.7% (academic year 18-19)
			% of children offered a place at their first preference secondary school	Reporting only	93.1% (academic year 18-19)
	Percentage of children at a good/outstanding school	↔	% of children attending primary schools rated good/outstanding by Ofsted	Reporting only	88.4% (academic year 18-19)
			% of children attending secondary schools rated good/outstanding by Ofsted	Reporting only	84.2% (academic year 18-19)
	Rates of school attendance	↔	Persistent absence rates in the best quartile nationally by 2019 for secondary schools	Best quartile	14.5%
			Permanent exclusions to remain in the best quartile nationally	Best quartile	38 YTD (end March)
	Levels of educational attainment	↔	KS2: % of pupils reaching expected standard in reading, writing, maths	65%	63% N.B. targets under this outcome are for school years (September to August) not financial years (i.e. April-March, the basis of the rest of this report). Measures, targets and performance here describe 17/18 academic year, not 18/19.
			Key Stage 2: progress scores for (i) reading (ii) writing (iii) maths	0.6, 0.1, 0.15	(i) + 0.1 (ii) - 0.3 (iii) - 0.5
			Key Stage 4: average attainment 8 score per pupil	48.2	46.2
			Key Stage 4: average progress score	0.07	-0.01
			Key Stage 4: % of pupils achieving a 5-9 pass in English & maths	52%	46%
			16-18: average point score per pupil (A level)	Reporting only	31.18
			16-18: average point score per pupil (Tech level)	Reporting only	79%
			16-18: average point score per pupil (Applied General students)	Reporting only	18%

PRIORITY: WE ENABLE OLDER AND DISABLED PEOPLE TO LIVE INDEPENDENTLY AND CARE FOR THOSE IN GREATEST NEED (performance dashboard to 31 March 2019)					
OUTCOME	**INDICATOR**	**OUT-LOOK**	**MEASURE**	**TARGET**	**PERFORMANCE AND COMMENTARY**
Care services support independent living	Number of home care hours purchased	↑	Maintain the number of home care hours purchased per week	21,779 hours per week	(Q1 21,708; Q2 21,543, Q3 21,353) March: 21,169
	Number of appropriate safeguarding enquiries	↑	% of safeguarding concerns that result in a safeguarding enquiry	25%	(Q1 21%; Q2 23%, Q3 24%) March: 24%
	Number of people with control over their care	↔	Number of people with personal budgets remains above the national average	16-17 nat. av. 89.4%	(Q1 93%; Q2 92%, Q3 92%) March: 92%
			% of people with safeguarding concerns who define the outcomes they want	> 90%	(Q1 94%; Q2 95%, Q3 93%) March: 93%
			% of people using Adult Social Care services who receive a direct payment remains above the national average	16-17 nat. av. 28.8%	(Q1 35%; Q2 35%, Q3 35%) March: 35%
	Number of people delayed leaving hospital awaiting social care	↔	Reduce the number of people delayed in hospital awaiting social care from an average of 15 per day in March 2018 to 13 by March 2019	13 per day	(Q1 12 people per day; Q2 11 people, Q3 6) End Feb: 4 people per day. All delays (including health and both) showed a reduction of 46.5% in the last 12 months compared to a 10% reduction nationally. Social care delays have dropped by 80% in the last year. Nationally 29% of delays are social care delays; in Oxfordshire 4% of delays were social care
			Reduce the number of people delayed in hospital awaiting both health and social care from an average of 50 per day in March 2018 to 42 by March 2019	42 per day	(Q1 41 people per day; Q2 47, Q3 32) End Feb: 48 people per day.
	Proportion of older people supported in the community	↑	Increase from 57% the percentage of older people in long term care who are supported to live in their own home	>57%	(Q1 57.3%; Q2 57%, Q3 56.6%) March: 56.3%
Homes and places support independent living	Percentage of people who report feeling safe	↔	% of people who use Adult Social Care services who say they feel safe to remain above the national average	16-17 nat. av. 70%	ANNUAL MEASURE. Feb: 74%
	Percentage of people living in safe and suitable housing	↔	Ensure the % of working age (18-64) service users with a learning disability support, who are living on their own or with their family, remains above the national average (76%)	>76%	(Q1 89%; Q2 90%, Q3 90%) March: 90%
			900 Extra Care Housing (ECH) units to be delivered by March 2021	900 by March 2021	Individual units being developed have their own RAG rating, the summary of which is rated as Green for March.

PRIORITY: WE SUPPORT A THRIVING LOCAL ECONOMY BY IMPROVING TRANSPORT LINKS TO CREATE JOBS & HOMES FOR THE FUTURE (performance dashboard to 31 March 2019)					
OUTCOME	**INDICATOR**	**OUT-LOOK**	**MEASURE**	**TARGET**	**PERFORMANCE AND COMMENTARY**
Strong investment and infrastructure are secured	Level of investment attracted	↑	Funding secured as % of the yearly investment required to bring the condition of all assets into a good condition (as identified within the Highway Investment Business Case)	95%	(Q3 91% - £32.272m – secured). Feb: 89.4% (£31.725m) secured. Initial investment is lower than expected due to slower growth within the County. Years 2 to 4 will increase to mitigate low year 1 figure.
			Oxfordshire is chosen for 49 new investors/re-investors in total, including 35 Foreign Direct Investments of which are 19 'high value' as defined by Department of International Trade (DIT)	49 and 19	End March 2019: supported over 50 inward investment successes incl. 26 Foreign Direct Investments, 6 of which "higher value" as defined by DIT – supporting at least 1409 jobs in the county.
			We participate in 20 funding bids for innovation submitted to support the Smart Oxford programme	20	Target met
			Businesses given support to grow through Trading Standards interventions or fire risk inspections	3,332	Building Regs consultation responses: March target 1,578, actual 822 Fire safety audits completed: March target 341, actual 408 Trading Standards business interventions: Q4 target 750, Q4 actual 1,814 Trading Standards business advice given: Q4 target 640, Q4 actual 476 Trading Standards business newsletter recipients: Q4 target 100, actual 0 Despite three out of the five measures in this section that have not met target, the overall picture is good. The outturn is 3409 compared to the target of 3332.
	Production of Joint Statutory Spatial Plan	↔	Progress with production of the Oxfordshire Joint Statutory Spatial Plan (JSSP)	Set up and plan	The JSSP Programme is being revised and developed
	Number of new homes	↔	We enable the construction of 100,000 new homes by 2031	100,000 by 2031	
			We enable 148 new affordable housing starts by March 2019	148	
	Levels of disruption to journeys by roadworks	↔	Number of roadworks days saved through active intervention	Reporting only	(Q3 204 days). 1-28 Feb 2019: 283 days saved. 1-31 March: 112 days saved (for 17 formal and 95 informal duration challenges.
	Level of transport connectivity	↔	Journey times by public transport (rail/bus) between main centres: a) between Oxford and main growth locations (Bicester, Witney, Didcot etc), b) Cross-Oxfordshire, e.g. Didcot to Bicester, c) Regional/National, e.g. Oxford to Milton Keynes	Reporting only	Baseline and targets are being developed for use in 2019-20.
	Level of access to online and digital services	↑	The absolute number of premises we have enabled to have access to superfast broadband within Oxfordshire, via our contract with BT	78,000	End Dec: 76,877 End March: 77,114
			The % of premises in Oxfordshire with access (via either our contract or commercial providers) to superfast/ultrafast/full fibre broadband	96.8%	End Dec: 96.96% End March: 97.02%
			The % of premises in Oxfordshire without access to at least Basic Broadband (at least 2Mb/s) or OFCOM 'acceptable' broadband (10Mb/s)	2Mb or gtr. <0.33% 10Mb or gtr. <1.4%	2Mbps or gtr. 0.31% (31 Dec 2018) End March: 0.30% 10Mbps or gtr., 1.28% (31 Dec 2018) End March: 1.23%
Local businesses grow and provide employment	Employment rates	↔	% of Oxfordshire residents aged 16-64 in employment (against GB rate Jul 17 to Jun 18 of 75%)	Reporting only	Jan-Dec 2018: 81.3% of Oxfordshire residents aged 16-64 in employment vs Jan-Dec 2018 GB rate of 75.1%
	Business numbers	↔	Numbers of births, deaths and survivals of businesses in Oxfordshire (annual ONS data)	Reporting only	Dec 2018 figures (next ONS update due in November 2019): Business births: 3,450 in 2017 (down 4% on 2016); business deaths: 3,130 in 2017 (down 2% on 2016). Business survivals: 48.7% surviving 5 years later (was 49.3%).
	Numbers of apprenticeships	↔	Number of apprenticeships employed by the county council and maintained schools	80	March's tally is 121 apprentices. Roles include Civil Engineering, Business Administration, ICT, Paralegal, Surveying, HR, Data Analysis and Digital Media. This includes OCC staff carrying out an apprenticeship as part of CPD.
	Levels of workforce	↔	Oxfordshire County Council Full-Time Equivalent (FTE), excluding schools	Reporting only	End of March 2019: 4023.66 FTE
			Total spend on agency staff as proportion of our annual salary budget	Reporting only	End of March 2019: 2.76% of annual salary budget
			To reduce the turnover rate of direct care staff to beneath the regional average by March 2019	<28.5%	Annual reporting only. Oxfordshire turnover rate has increased, but not as much as elsewhere in the region, so is now below the regional average.

Financial outturn position

Revenue

As set out in the table opposite there was an overall increase in General Balances (County Fund) of £2.3m in 2018/19. This was made up of an overspend of £8.6m on service expenditure offset by additional interest, additional grant funding, additional business rates, lower cost of capital financing and unused contingency totalling £9.1m. This gave an overall Council underspend of £0.5m. During 2018/19 it was also agreed that an additional £2.9m of income relating to divested treasury management funds would be transferred to balances and that £1.1m relating to deficit balances of schools converting to academy status would be funded from balances.

General balances at 31 March 2019 were £28.0m. This is £11.7m above the 2018/19 risk assessed level. As agreed by Council in February 2019, £6.0m was transferred from general balances to the Transformation Reserve on 1 April 2019.

In the Financial Statements, the increase in General balances is split between the impact of the transition to IFRS 9 and the increase in year arising from the provision of services:

£m	
0.365	Restatement on transition to IFRS 9
1.887	Increase in year
2.253	Total Increase in General Balances

	Original Budget £'000	Final Budget £'000	Actual Net Exp £'000	Variation Final Bgt £'000
Directorates				
People	315,517	291,321	300,402	9,081
Communities	98,980	104,804	104,553	-251
Resources	19,063	36,233	36,016	-217
	433,560	**432,358**	**440,971**	**8,613**
Strategic Measures				
Capital Financing	24,065	24,070	23,810	-260
Interest on Balances	-6,015	-6,020	-9,887	-3,867
Unringfenced Government Grants	-13,059	-13,883	-16,248	-2,365
Contingency	7,481	7,340	298	-7,042
Insurance Recharge	0	2,795	2,795	0
Public Health Saving Recharge	-500	0	0	0
	11,972	**14,302**	**768**	**-13,534**
Contributions to/from Corporate Reserves				
Contributions to (+) / from (-) reserves	-10,090	-10,118	-8,061	2,057
	-10,090	**-10,118**	**-8,061**	**2,057**
Funding				
Revenue Support Grant	-5,868	-5,868	-5,868	0
Business Rates Top-up Grant	-39,046	-39,046	-39,046	0
Business Rates	-33,170	-33,170	-33,659	-489
Council Tax Requirement	-352,042	-352,042	-352,042	0
Council Tax Surpluses	-5,316	-5,316	-5,316	0
	-435,442	**-435,442**	**-435,931**	**-489**
Overall Surplus (-) / Deficit (+)	**0**	**1,100**	**-2,253**	**-3,353**
Planned Contribution to balances	0	-1,100	0	1,100
Overall Increase (-) / Decrease (+) in General Balances	**0**	**0**	**-2,253**	**-2,253**

There was an overspend of £8.5m on Children's Services of which £4.6m relates to Children's Social Care. This is in the context of an additional £9.5m budget in 2018/19 to meet the significant increase in demand. Despite this, demand for Children's Social Care continues to rise beyond expectations, both locally and nationally. In addition, there was a £3.4m overspend on Special Educational Needs (SEN) Home to School transport. Student numbers have increased by around 18% in the last 12 months and the number of lone or lower occupancy (5 or less students) has increased significantly. This is due to an increase in the number of students with higher complex needs who need to travel alone or in small groups.

There was also a £5.0m overspend on the Dedicated School Grant (DSG) – High Needs Block. This is mainly due to increasing demand for special school places and the need to place children at independent non-maintained schools. This overspend will be met by using the DSG reserves.

The Adult Services budget overspent by £0.6m. A £1.6m overspend on the Better Care Fund Pool and a £2.9m overspend on the Adults with Care and Support Needs Pool was partly offset by a £3.7m underspend on non-pool services and a £0.3m underspend on Commissioning.

The Communities directorate underspent by £0.3m. Underspends of £1.4m on Community Operations and £0.5m on Community Safety were offset by an overspend of £1.6m on Property & Investment.

Reserves have reduced from £96.6m to £92.3m at 31 March 2019.

Capital

The total capital programme expenditure for the year 2018/19 was £102.5m. This was funded by £89.6m of capital grants and other external contributions, £11.2m of developer contributions, £1.4m of revenue contributions and £0.2m of prudential borrowing.

Expenditure incurred during 2018/19 includes 4 completed basic need projects creating almost 500 additional pupil places across primary, secondary and Special Educational Needs (SEN) provision. Work is on site for the expansion of two secondary schools, which are forecasted to be completed within 2019/20 and will create 450 additional pupil places.

Within the Transport programme, £31.0m was spent on structural highways maintenance and £6.2m on projects in and around Headington to improve access. 3.8km of towpath improvements were carried out from Grandpont Nature Reserve to Hinksey Stream funded through Cycle City Ambition and Oxfordshire Growth Deal.

Outlook

The 2019/20 budget and Medium Term Financial Plan to 2022/23 agreed by Council on 12 February 2019 addresses the demand pressures that are expected to continue into the medium term. The Children's Social Care budget has been increased by £8.6m to address the pressure from 2018/19 and allow for 10% growth in the number of looked after children. An additional £1.6m was also agreed for the SEN Home to School Transport budget in 2019/20 and as the overspend increased significantly towards the end of the Service & Resource Planning process, corporate contingency was also increased by £2.2m to meet the increasing demand.

There are further savings and funding increases in the agreed MTFP which are to be delivered up to 2022/23 totalling £63.7m. Of this, £44.8m savings relate to transformation, and £18.9m relate to non-transformation savings and funding increases. Funding of £13.5m has been made available to support the costs associated with delivering transformation savings from 2019/20. Further funding will be needed to meet the full implementation costs over the programme period, including costs of redundancies. This will need to be considered as part of the Service & Resource Planning process for

2020/21 and will need to be found from reserves, other one-off funding sources, or as a first call against expected savings.

The risks in the budget largely relate to the demand led budgets in particular children's social care, SEN Home to School Transport and services for children with special educational needs and disabilities (funded from the High Needs Block of DSG). There is also a range of pressures and uncertainties in adult social care, particularly in relation to growing demand and the potential consequences of pressures on the health system. To help mitigate these risks, a contingency budget of £7.6m, has been built into the 2019/20 budget, which will provide some degree of a safety net.

The level of the Council's total reserves is sufficient to provide both general balances to manage the impact of unexpected events in line with the risk assessment; and the setting aside of earmarked reserves to meet known or anticipated liabilities.

Balance Sheet

At 31 March 2019 the liabilities of the County Council were more than its assets, resulting in negative net assets of £87.4m. This negative position is a result of a large increase in the pension liability which is explained in more detail on Note 18 (Retirements Benefits).

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 2018/19 are set out on pages 26 to 99.

The accounts bring together all the council's financial statements for the year 2018/19 and show its financial position as at 31 March 2019. 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 31st March 2019 and of its income and expenditure for the 2018/19 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.

Expenditure and Funding Analysis

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.

Financial Statements

Compre-hensive Income and Expenditure Statement	Shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.
Movement in Reserves Statement	Shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'useable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves' (for example the Revaluation Reserve which holds unrealised gains and losses or the Capital Adjustment Account which holds adjustments between the accounting basis and funding basis under regulations). This statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance in the year following those adjustments.
Balance Sheet	The balance sheet shows the values as at 31 March 2019 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 2018/19. 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 County Council's Responsibilities

The County Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For Oxfordshire County Council, that officer is the Director of Finance
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets

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

Signed: ………………………………………

Date ………………

Chairman of the Audit & Governance Committee

The Responsibilities of the Director of Finance

The Director of Finance is responsible for the preparation of the County Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ('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 2019.

Signed:………………………………………

Date …………………

LORNA BAXTER
Director of Finance

A description of the purpose of the Expenditure Funding Analysis note is included in the Narrative

Note: The Council has implemented changes to its accounting policies for financial instruments this year. In accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, prior year comparative figures have not been restated. Instead, the new policies have been adopted in 2018/19, by restating opening balances for the year.

2017/18 (Restated)*					2018/19		
Expenditure chargeable to the County Fund	Adjustments between funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Notes	Expenditure chargeable to the County Fund	Adjustments between funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000			£'000	£'000	£'000
94,208	30,540	124,748	Communities		112,107	44,026	156,132
308,094	65,076	373,170	People		300,402	33,493	333,895
18,204	2,052	20,256	Resources		28,462	8,196	36,658
	-2,778	-2,778	Other Corporate Costs		0	24,061	24,061
420,506	**94,890**	**515,396**	**Service Costs**		**440,970**	**109,776**	**550,746**
-426,255	-35,162	-461,417	Other Income and Expenditure not charged to services		-442,857	-26,858	-469,715
-5,749	**59,728**	**53,979**	**Surplus (-) or Deficit (+) on Provision of Services**	4	**-1,887**	**82,918**	**81,031**
19,970			Opening County Fund Balance at 1 April		25,719		
			Restatement of Opening Balances		365		
			Restated Balance at 1 April		**26,084**		
5,749			Add Surplus (-) or deficit (+) on the County Fund for the year		1,887		
25,719			**Closing County Fund Balance at 31 March**		**27,606**		

* 2017/18 comparative figures have been restated to reflect the change of Accounting Policy for the treatment of capital grant income used to fund REFCUS which is now shown as income within the relevant service costs rather than as other income not charged to services.

Comprehensive Income and Expenditure Statement

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

2017/18 (Restated *)					2018/19		
Gross Expenditure £'000	Income £'000	Net Expenditure £'000		Notes	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
157,881	-33,133	124,748	Communities		200,546	-44,414	156,132
713,953	-340,783	373,170	People	7 & 8	690,305	-356,410	333,895
28,311	-8,055	20,256	Resources	9 & 10	39,390	-2,732	36,658
-2,061	-717	-2,778	Other Corporate Costs		24,620	-559	24,061
898,084	**-382,688**	**515,396**	**Cost of Services**		**954,861**	**-404,115**	**550,746**
32,401	-2,564	29,837	Other Operating Expenditure	14	67,661	-861	66,800
41,474	-8,425	33,049	Financing and Investment Income and Expenditure	15	42,841	-8,292	34,549
0	-524,303	-524,303	Taxation and Non-Specific Grant Income	19	0	-571,064	-571,064
971,959	**-917,980**	**53,979**	**Surplus (-) or Deficit (+) on Provision of Services**	5	**1,065,364**	**-984,332**	**81,031**
			Items that will not be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services				
		-39,621	Surplus or Deficit on revaluation of non-current assets	49			-17,239
		1,101	Impairment losses on non-current assets charges to the revaluation reserve	49			651
		-103,436	Remeasurements of the net defined benefit liability (asset)	18			59,858
		-141,956					43,269
			Items that may be reclassified to the Surplus (-) or Deficit (+) on the Provision of Services				
		-1,316	Surplus or deficit on revaluation of available for sale financial assets				0
		-1,335	Other gains or losses				-3,132
		-2,651					-3,132
		-144,607	**Other Comprehensive Income and Expenditure**				**40,137**
		-90,628	**Total Comprehensive Income and Expenditure**				**121,169**

* 2017/18 comparative figures have been restated to reflect the change of Accounting Policy for the treatment of capital grant income used to fund REFCUS which is now shown as income within the relevant service costs rather than as other income not charged to services.

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

Note: The Council has implemented changes to its accounting policies for financial instruments this year. In accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, prior year comparative figures have not been restated. Instead, the new policies have been adopted in 2018/19, by restating opening balances for the year.

	Notes	County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants and Contbns Unapplied £'000	**Total Usable Reserves £'000**	**Total Unusable Reserves £'000**	**Total Reserves £'000**
Balance at 31 March 2017		19,970	104,381	20,145	42,185	**186,681**	**-269,249**	**-82,568**
Movement in reserves during 2017/18								
Total Comprehensive Income and Expenditure		-53,979	1,335	0	0	**-52,644**	**143,272**	90,628
Adjustments between accounting basis and funding basis under statutory provisions	6	50,578	0	2,435	5,885	**58,898**	**-58,898**	0
Transfers to / from earmarked reserves	44	9,150	-9,150	0	0	**0**	**0**	0
Increase (+) or Decrease (-) In Year		5,749	-7,815	2,435	5,885	**6,254**	**84,374**	**90,628**
Balance at 31 March 2018		25,719	96,566	22,580	48,070	**192,935**	**-184,875**	**8,060**
IFRS 9 Transition								
Remeasurement of impairment	16	-208				**-208**		-208
Reclassification of financial assets	16, 48	573				**573**	**-573**	0
Balance at 1 April 2018		26,084	96,566	22,580	48,070	**193,300**	**-185,448**	**7,852**
Movement in reserves during 2018/19								
Total Comprehensive Income and Expenditure		-81,031	3,132	0	0	**-77,899**	**-43,269**	-121,169
Adjustments between accounting basis and funding basis under statutory provisions	6	75,520	0	881	33,049	**109,450**	**-109,450**	0
Transfers to / from earmarked reserves	44	7,398	-7,398	0	0	**0**	**0**	0
Increase (+) or Decrease (-) In Year		1,887	-4,266	881	33,049	**31,551**	**-152,720**	**-121,169**
Balance at 31 March 2019		27,971	92,300	23,461	81,120	**224,852**	**-338,168**	-113,316

Schools balances are held within Earmarked Reserves (see Note 44).

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

As at 31 March 2018 £'000		Notes	As at 31 March 2019 £'000	£'000
	Long Term Assets			
1,140,086	Property, Plant and Equipment	22	1,109,194	
17,937	Investment Property	23	19,989	
1,656	Intangible Assets	25	1,449	
55,000	Long Term Investments	34	40,000	
6,398	Long Term Debtors	35	6,741	
1,221,077	**Total Long Term Assets**			**1,177,372**
	Current Assets			
0	Assets Held for Sale	24	0	
53,999	Debtors	36	71,506	
296,356	Short Term Investments	34	360,840	
24,664	Cash and Cash Equivalents	37	34,307	
375,019	**Total Current Assets**			**466,652**
	Current Liabilities			
-49,269	Short Term Borrowing	34	-27,059	
-87,687	Short Term Creditors and Revenue Receipts in Advance	39	-120,958	
-4,451	Provisions due within one year	40	-5,219	
-454	Short Term Finance Liability	28,34	-507	
-30,037	Short Term Capital Grants Receipts in Advance	42	-37,704	
-171,898	**Total Current Liabilities**			**-191,446**
	Long Term Liabilities			
-7,745	Long Term Creditors and Revenue Receipts in Advance	39	-9,769	
-4,772	Provisions due over one year	40	-3,563	
-323,383	Long Term Borrowing	34	-321,383	
-980,258	Pension Liability	18	-1,113,706	
-18,018	Long Term Finance Liability	28,34	-17,506	
-8,359	Deferred Income	41	-7,433	
-73,603	Long Term Capital Grants Receipts in Advance	42	-92,535	
-1,416,138	**Total Long Term Liabilities**			**-1,565,893**
8,060	**Net Assets (+) / Net Liabilities (-)**			**-113,316**
	Financed from:			
192,935	**Usable Reserves**	43-46		**224,852**
-184,875	**Unusable Reserves**	47-52		**-338,168**
8,060	**Total Reserves**			**-113,316**

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

2017/18 £'000		Notes	2018/19 £'000
53,979	**Net (surplus) or deficit on the provision of services**		**81,031**
-111,723	Adjust net surplus or deficit on the provision of services for non-cash movements	53	-169,701
88,189	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		141,743
30,445	Net cash flows from Operating Activities	54	**53,072**
-32,035	Investing activities	55	-87,169
24,564	Financing activities	56	24,453
22,974	Net increase (-) or decrease (+) in cash and cash equivalents		**-9,644**
47,638	Cash and cash equivalents at the beginning of the reporting period		24,664
24,664	**Cash and cash equivalents at the end of the reporting period**		**34,308**

1. Summary of Significant Accounting Policies

General

The Statement of Accounts summarises the County Council's transactions for the 2018/19 financial year and its position at the year-end 31 March 2019. It has been compiled in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19* (the *Code)*, published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Except where specifically stated otherwise, the Statement of Accounts is prepared on a historic cost basis, modified by the revaluation of certain categories of assets and financial instruments. The accounts have been prepared on a going concern basis, that is, the accounts have been prepared on the assumption that the functions of the County Council will continue in operational existence for the foreseeable future.

Accruals of Income and Expenditure

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

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

Government Grants and Contributions

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

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

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

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

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

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

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

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

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

Council tax and business rates income

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

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

Employee Benefits

<u>Benefits Payable during Employment</u>
Short-term employee benefits are recognised as an expense in the year in which employees render service to the Council.

<u>Termination Benefits</u>
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.

<u>Post-Employment Benefits</u>
The County Council participates in four pension schemes:

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

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

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

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

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

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

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

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

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

Property, Plant and Equipment

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

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

Assets are initially measured at cost, comprising:

- The purchase price

- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (this only applies when the County Council has an obligation to carry out such activities when the item is acquired, constructed or installed)

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

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

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

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

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

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

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

		Date of Last Revaluation	Date of Next Revaluation
Year 1	Secondary and Special Schools, Other Educational Premises (Children's, Youth and Sports Centres), Surplus Assets and properties not re-valued.	2014/15 for Secondary and Special Schools. 2013/14 for other education premises	2018/19
Year 2	Primary, Nursery, Junior and Infant Schools	2015/16	2019/20
Year 3	Social Care Premises, Libraries, Museums and Adult Learning, Fire & Rescue Service Premises, Community Safety, Staff Housing, Central Offices and Highways Depot	2017/18	2020/21

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

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

Decreases in valuations are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant directorate in the Comprehensive Income and Expenditure Statement

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

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

Depreciation of Property, Plant and Equipment

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

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

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

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

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

Charges to Revenue for Property, Plant and Equipment

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

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. To be classified as an Asset Held for Sale the asset must meet the following criteria:

- Available for immediate sale in its present condition
- The sale must be highly probable
- Actively marketed at a reasonable sale price

- The sale should be expected to be completed within 1 year

Assets Held for Sale are measured at the lower of their carrying value and fair value less costs to sell at initial reclassification. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Decreases in fair value less costs to sell are recognised in Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Depreciation is not charged on Assets Held for Sale.

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

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

When an asset is disposed of, the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

Investment Property

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

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

Revenue Expenditure Funded from Capital Under Statute

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

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

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

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

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

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

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

Leases

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

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

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

Where the County Council is the lessee, property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. The lease payments are apportioned between a charge for the acquisition of the interest in the asset – applied to writing down the liability, and a finance charge – charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Once recognised on the Balance Sheet, assets recognised under finance leases are accounted for in the same way as other Property, Plant and Equipment, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

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

Where the County Council leases an asset to others under a finance lease, the asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the County Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, matched by a long-term debtor in the Balance Sheet. Finance lease rentals receivable are apportioned between a charge for the acquisition of the interest in the property – applied to write down the long-term debtor (together with any premiums received), and finance income credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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

Cash and Cash Equivalents

Cash is represented by cash in hand and bank deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The County Council treats the following as cash equivalents:

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

Financial Assets

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

Financial assets are classified into three types:

- Amortised cost – assets that have fixed or determinable payments but are not quoted in an active market
- Financial assets at fair value through Other Comprehensive Income – assets that have a quoted market price and/or do not have fixed or determinable payments

- Financial assets at fair value through profit or loss – assets that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking

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:

- 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 2018/19 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 Oxfordshire Local Enterprise Partnership). 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, Capita, 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 £32.315m as at 31 March 2019) 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 2019/20 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 £11.813m Local Growth Fund in 2018/19 on behalf of OxLEP, which was applied to capital expenditure during the year. In respect of revenue, the Council received £0.700m core funding from MHCLG, £0.773m relating to European Regional Development Fund grants from MHCLG, £0.205m from the Department for Business, Energy and Industrial Strategy and £0.075m from the Department for Education. OxLEP is preparing financial accounts for

2018/19, along with the Letter of Representation, which are expected to be considered by the OxLEP Board on 25 June 2019. The Board expects to formally adopt these financial accounts at the company's Annual General Meeting in September 2019.

- 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 or joint control of any other entities and therefore has no associates. There is therefore no requirement to prepare joint financial statements for 2018/19. The County Council is party to some joint operations with other local authorities / health bodies and accounts for these as part of single entity financial statements.

- 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 IAS 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 2019 for which there is significant risk of material adjustment in the forthcoming year are as follows:

Property, Plant and Equipment

The financial year 2018/19 was year one of a three-year cycle, a total of £168.298m Property, Plant & Equipment assets were re-valued by Greg Stacy MRICS and Carter Jonas. As at 31 March 2019 the County Council had £603.298m 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 £6.033m (£5.812m in 2017/18). Buildings are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance of those buildings. Reductions in the budget for repairs and maintenance spending brings into doubt the useful lives assigned to buildings. If the useful life of buildings is reduced, depreciation increases and the carrying amount of the building falls. It is estimated that the annual depreciation charge for buildings would increase by £0.130m for every year that useful lives had to be reduced.

Pensions Liability

Estimation of the net liability to pay pensions (£1,113.706m) as at 31 March 2019) 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 18. The County Council uses a firm of actuaries, Hymans Robertson LLP, to provide expert advice about the assumptions to be applied. The discount rate used is based on corporate bond yields that reflect the duration of the employer's liabilities.

The effects on the net pension liability of changes in the discount rate or mortality rates are provided in the sensitivity analysis table in the Retirement Benefits note. However, the assumptions interact in complex ways. During 2018/19, the County Council's actuaries advised that the net pension liability had decreased by £48.799m as a result of the return on plan assets and increased by £106.957m attributable to updating of the assumptions relating to pensions liabilities.

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

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

In December 2018 the Court of Appeal upheld a ruling (“McCloud/Sargeant”) that similar transitional protections in the Judges’ and Firefighters’ Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. 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 as it applies to Oxfordshire County Council is that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be 0.73% higher as at 31 March 2019, an increase of approximately £14.4m.

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

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

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

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

The GMP will be recognised at a 'past service cost'. The actuary has made an assessment for this, and as at 31 March 2019 and has concluded that all GMP increases have already been valued within the liabilities and do not require any further adjustments.

4. Adjustments in the Expenditure and Funding Analysis

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

2017/18 (*Restated)					2018/19			
Adjustments for Capital Purposes (Note 1) £'000	Net Charge for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000		Adjustments for Capital Purposes (Note A) £'000	Net Charge for the Pensions Adjustments (Note B) £'000	Other Differences (Note C) £'000	Total Adjustments £'000
18,885	8,348	3,307	30,540	Communities	37,164	8,505	-1,643	44,026
46,009	16,892	2,175	65,076	People	24,466	16,076	-7,049	33,493
1,745	2,120	-1,813	2,052	Resources	819	5,134	2,243	8,196
-11	-3,033	266	-2,778	Other Corporate Costs	52	21,667	2,341	24,061
66,628	**24,327**	**3,935**	**94,890**	**Service Costs**	**62,501**	**51,383**	**-4,108**	**109,776**
-68,649	25,899	7,588	-35,162	**Other Income and expenditure not charged to services**	-60,416	22,207	11,351	-26,858
-2,021	**50,226**	**11,523**	**59,728**	**Surplus (-) or Deficit (+)**	**2,085**	**73,590**	**7,243**	**82,918**

* 2017/18 comparative figures have been restated to reflect the change of Accounting Policy for the treatment of capital grant income used to fund REFCUS which is now shown as income within the relevant service costs rather than as other income not charged to services.

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

This note provides an analysis of the income and expenditure that comprises the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement.

2017/18 £'000	Income and Expenditure	2018/19 £'000
-65,475	Fees, charges and other service income	-67,028
-481,083	Government grants and contributions	-519,056
-3,346	Interest and investment income	-4,262
-365,512	Income from council tax and non-domestic rates	-393,134
-2,564	Proceeds from the disposal of non-current assets	-854
-917,980	**Total Income**	**-984,332**
345,337	Employee benefits expenses	376,978
513,038	Other service expenses	545,748
33,004	Depreciation, amortisation, impairments and revaluations	30,221
19,828	Interest payable and similar charges	18,886
28,351	Net interest expense on the pension defined liability	26,096
32,401	Costs from the disposal of non-current assets	67,435
971,959	**Total Expenditure**	**1,065,364**
53,979	**Surplus (-) or Deficit (+) on the Provision of Services**	**81,031**

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.

2017/18						2018/19				
County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contbns Unapplied £'000	Unusable Reserves £'000		County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contbns Unapplied £'000	Unusable Reserves £'000
					Adjustments to Revenue Resources					
50,226				-50,226	Pension Costs transferred to (or from) the Pensions Reserve	73,590				-73,590
-2				2	Financial instruments transferred to the Financial Instrument Adjustment Account	-2				2
					Gain or Loss on the valuation of pooled investment funds	2,019				-2,019
965				-965	Council Tax and Business Rates transferred to the Collection Fund Adjustment Account	-2,116				2,116
-36				36	Holiday pay transferred to the Accumulated Balances Account	-215				215
108,821				-108,821	Reversal of entries included in the Surplus of Deficit on the Provision of Services in relation to capital expenditure to the Capital Adjustment Account	148,498				-148,498
					Adjustments between Revenue and Capital Resources					
-2,436		2,436			Transfer of non-current asset sale proceeds to the Capital Receipts Unapplied Reserve	-754		754		
		-514		514	Useable Capital Receipts applied to finance capital expenditure			0		0
-10,015				10,015	Statutory provision for the repayment of debt transferred to the Capital Adjustment Account	-10,220				10,220
-2,386				2,386	Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account	-9,130				9,130
-73,521			-15,154	88,675	Capital grants and contributions applied	-88,957			-4,143	93,100
-21,039			21,039		Capital gains and contributions receivable not applied to finance capital expenditure	-37,192			37,192	
					Adjustments to Capital Resources					
		513		-513	Repayment of loans			127		-127
50,577	**0**	**2,435**	**5,885**	**-58,897**	**Total**	**75,521**	**0**	**881**	**33,049**	**-109,451**

7. Dedicated Schools Grant (DSG)

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

Details of the deployment of DSG receivable for 2018/19 (with comparative figures for 2017/18) are as follows:

2017/18				2018/19		
Central Expenditure £000	ISB £000	Total £000		Central Expenditure £000	ISB £000	Total £000
		451,295	Final DSG before Academy recoupment			469,524
		-230,890	Less Academy figure recouped for the year			-253,794
		220,405	Total DSG after Academy recoupment			215,730
		7,452	Brought forward from previous year			4,765
		-6,748	Less carry forward to next year agreed in advance			-4,765
37,670	**183,439**	**221,109**	**Agreed initial budgeted distribution**			**215,730**
	-865	-865	In year adjustments		348	348
	-1,702	-1,702	Prior year adjustments		87	87
37,670	**180,872**	**218,542**	**Final budget distribution**	**0**	**435**	**216,165**
-40,593		-40,593	Less actual central expenditure	-42,292		-42,292
	-180,636	-180,636	Less Actual ISB deployed to schools		-176,264	-176,264
0	0	0	County Council contribution	0	0	0
-40,593	**-180,636**	**-221,229**	**Total Actual Expenditure**	**-42,292**	**-176,264**	**-218,556**
		7,452	Plus carry forward agreed in advance			4,765
		4,765	**Carry forward to next year**			**2,374**

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	
Partner	Oxfordshire Clinical Commissioning Group		Oxfordshire Clinical Commissioning Group		Oxford Health NHS Foundation Trust	
Purpose	Commissions services for older people and adults with physical disabilities including care home placements, services supporting community resilience and hospital avoidance (eg. care at home and day time services), prevention and carer support.		Commissions services for adults of working age with a learning disability or mental health assessed needs along with support for people with an acquired brain injury. Services include supported living and residential care placements. Some service users receive direct payments and organise their own care.		Provides integrated health and social care support to adults with Mental Health needs.	
Lead Partner	Oxfordshire County Council		Oxfordshire County Council		Oxford Health NHS Foundation Trust	
	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000
Total Gross Expenditure	**208,757**	**227,244**	**151,131**	**158,556**	**11,381**	**10,434**
Funded by:						
Council Contribution *	-76,449	-81,224	-83,007	-86,148	-2,390	-2,135
Partner Contribution	-65,350	-75,075	-62,788	-66,814	-8,991	-8,299
Service User Contributions	-26,710	-29,737	-4,143	-4,501		
Better Care Fund	-36,721	-37,130	0	0		
Other External Contribution	-2,186	-1,684	-1,193	0		
Other Income	-1,341	-2,394	0	-1,093		
Total Gross Income	**-208,757**	**-227,244**	**-151,131**	**-158,556**	**-11,381**	**-10,434**

***Note that the Authority's Contribution to the Adults with Care and Support Needs Pool 2018/19 includes £1.082m (£1.802m in 2017/18) which is passported to the Mental Health Provider Pool and forms part of the Authority's total contribution of £2.135m (£2.390m in 2017/18).**

9. Members' Allowances

Members' Allowances	2017/18 £'000	2018/19 £'000
Allowances	900	930
Travel and Subsistence	29	27
Total	**929**	**957**

10. Audit and Inspection Fee

The County Council's external auditors are Ernst & Young. The following fees were incurred relating to external audit and grant certification work.

Audit and Inspection Fees	2017/18 £'000	2018/19 £'000
Code of Practice Work	94	85
Statutory Inspection	0	0
Certification of grant claims and Returns	12	12
Other Related Costs	0	5
Total	**106**	**102**

11. Senior Officers' Remuneration

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

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

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

In addition to amounts disclosed in the Senior Officer Remuneration Note:
£36,000 received from Cherwell District Council for joint posts
£13,000 paid to Cherwell District Council for joint posts

Band	Number of Employees					
	2017/18			2018/19		
£	School	Non School	Total	School	Non School	Total
50,000-54,999	59	117	**176**	53	140	**193**
55,000-59,999	37	39	**76**	29	52	**81**
60,000-64,999	30	33	**63**	28	39	**67**
65,000-69,999	20	6	**26**	25	12	**37**
70,000-74,999	8	5	**13**	9	16	**25**
75,000-79,999	6	16	**22**	5	20	**25**
80,000-84,999	1	2	**3**	3	4	**7**
85,000-89,999	4	3	**7**	1	2	**3**
90,000-94,999	0	3	**3**	1	4	**5**
95,000-99,999	0	5	**5**	0	2	**2**
100,000-104,999	1	3	**4**	0	6	**6**
105,000-109,999	0	0	**0**	0	0	**0**
110,000-114,999	0	0	**0**	0	0	**0**
115,000-119,999	0	0	**0**	0	0	**0**
120,000-124,999	0	0	**0**	0	0	**0**
125,000-129,999	0	0	**0**	0	1	**1**
130,000-134,999	0	1	**1**	0	0	**0**
135,000-139,999	0	0	**0**	1	0	**1**
140,000-144,999	0	0	**0**	0	1	**1**
Total	**166**	**233**	**399**	**155**	**299**	**454**

2018/19 Post Holder Information	Salary (Including Fees & Allowances) £	Expense Allowances and Other Emoluments £	Compensation for Loss of Employment £	Total Remuneration Excluding Pension Contributions £	Employers Pension Contribution £	Total Remuneration Including Pension Contributions £	Contribution to (+) from (-) Cherwell District Council	Cost to Oxfordshire County Council £
Chief Executive - Yvonne Rees (from Oct 2018)*							74,817	**74,817**
Chief Executive - Peter Clark (to Sept 2019)	185,347	0	154,048	339,394	17,761	357,155		**357,155**
Strategic Director for People & Director for Public Health - (to Jan 2019)	138,357	0	0	138,357	16,797	155,154		**155,154**
Director for Children's Services	128,775	0	0	128,775	25,626	154,401		**154,401**
Director for Adult Services	128,775	0	0	128,775	25,626	154,401		**154,401**
Deputy Director for Public Health (Interim Director from Feb 2019)	110,370	0	0	110,370	15,783	126,153		**126,153**
Strategic Director for Communities	144,228	0	0	144,228	28,701	172,929		**172,929**
Director for Planning and Place	115,600	0	0	115,600	23,004	138,604		**138,604**
Director for Infrastructure Delivery	115,600	0	0	115,600	23,004	138,604		**138,604**
Director for Property, Assets and Investment	102,421	0	0	102,421	21,273	123,694		**123,694**
Director for Community Safety and Chief Fire Officer	137,799	0	0	137,799	29,902	167,702		**167,702**
Strategic Director of Resources (Interim) and Director of Law & Governance**	132,149	0	0	132,149	26,298	158,446	-13,954	**144,492**
Director of Finance	126,109	0	0	126,109	25,096	151,205		**151,205**
Assistant Chief Executive (Interim from Nov 2018)*							43,969	**43,969**
Total	**1,565,529**	**0**	**154,048**	**1,719,576**	**278,872**	**1,998,448**	**104,832**	**2,103,280**

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

2017/18 Post Holder Information	Salary (Including Fees & Allowances) £	Expense Allowances £	Compensation for Loss of Employment £	Other Emoluments £	Total Remuneration Excluding Pension Contributions £	Employers Pension Contribution £	Total Remuneration Including Pension Contributions £
Chief Executive - Peter Clark	180,752	0	0	0	180,752	35,970	216,722
Strategic Director for People - Jonathan McWilliam	183,517	0	0	0	183,517	22,248	205,765
Director for Children's Services	126,250	0	0	0	126,250	25,124	151,374
Director for Adult Services	126,250	0	0	0	126,250	25,124	151,374
Deputy Director for Public Health	105,453	0	0	0	105,453	15,080	120,533
Strategic Director for Communities	141,400	0	0	0	141,400	28,139	169,539
Director for Planning and Place	98,986	0	0	0	98,986	19,698	118,684
Director for Infrastructure Delivery	98,773	0	0	0	98,773	19,656	118,429
Director for Property, Assets and Investment	97,862	0	0	0	97,862	19,474	117,336
Director for Community Safety & Chief Fire Officer	135,350	0	0	2,218	137,568	29,370	166,938
Director of Finance	123,636	0	0	0	123,636	24,603	148,239
Director of Human Resources	123,636	0	0	0	123,636	24,603	148,239
Director of Law and Governance	129,128	0	0	0	129,128	25,696	154,824
Assistant Chief Executive	116,062	0	0	0	116,062	23,096	139,158
Total	**1,787,055**	**0**	**0**	**2,218**	**1,789,273**	**337,881**	**2,127,154**

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	2017/18						2018/19					
	Compulsory		Other		Total		Compulsory		Other		Total	
Band (£)	No.	£'000	No.	£'000	No.	£'000	No.	£'000	No.	£'000	No.	£'000
0 - 19,999	70	328	40	160	**110**	**488**	23	123	32	181	**55**	**304**
20,000 - 39,999	8	215	2	46	**10**	**261**	4	105	5	136	**9**	**241**
40,000 - 59,999	6	292	2	97	**8**	**389**	1	46	3	141	**4**	**187**
60,000 - 79,999	8	568	1	75	**9**	**643**	1	75	2	132	**3**	**207**
80,000 - 99,999	1	81	0	0	**1**	**81**	0	0	0	0	**0**	**0**
100,000 - 149,999	1	109	0	0	**1**	**109**	1	147	0	0	**1**	**147**
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**	1	270	0	0	**1**	**270**
Total	**94**	**1,593**	**45**	**378**	**139**	**1,971**	**31**	**766**	**42**	**590**	**73**	**1,356**
Add new provisions created						**14**						**0**
Less amounts provided for in previous year						**-114**						**-14**
Add unused amount of previous year's provision						**0**						**0**
Adjust for differences between payments and accruals						**-262**						**-282**
Total cost of exit packages in the Comprehensive Income and Expenditure Statement						**1,609**						**1,060**

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 2017/18.

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.

County Council as Lessee	2017/18 Plant, vehicles & equipment	2017/18 Land and buildings	2017/18 Total	2018/19 Plant, vehicles & equipment	2018/19 Land and buildings	2018/19 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Minimum lease payments charged in year	1,723	1,646	**3,369**	1,806	2,170	**3,976**
Contingent rents charged in year	328	97	**425**	282	95	**377**
Sublease payments received in year	0	-724	**-724**	0	-572	**-572**
Future minimum lease payments:						
Within 1 year	1,585	1,530	**3,115**	902	1,975	**2,878**
Within 2nd - 5th years	752	3,780	**4,532**	1,198	4,281	**5,479**
6th year and beyond	648	2,420	**3,068**	861	2,634	**3,495**
Total commitments	2,985	7,730	**10,715**	2,961	8,891	**11,852**
Total future sublease payments receivable	0	-517	**-517**	0	-522	**-522**

County Council as Lessor	2017/18 Plant, vehicles & equipment	2017/18 Land and buildings	2017/18 Total	2018/19 Plant, vehicles & equipment	2018/19 Land and buildings	2018/19 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Minimum lease payments receivable in	0	2,485	**2,485**	0	2,182	**2,182**
Contingent rents receivable in year	0	679	**679**	0	1,133	**1,133**
Future minimum lease payments receivable:						
Within 1 year	0	1,788	**1,788**	0	1,797	**1,797**
Within 2nd - 5th years	0	5,704	**5,704**	0	5,586	**5,586**
6th year and beyond	0	41,212	**41,212**	0	39,936	**39,936**
Total Receivable	0	48,703	**48,703**	0	47,319	**47,319**

Contingent rents include backdated rent increases.

14. Other Operating Expenditure

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

Other Operating Expenditure	2017/18 £'000	2018/19 £'000
Capital Receipts	-2,465	-773
Disposal costs charged against capital receipts	29	19
Net Capital Receipts	-2,436	-754
Other Receipts	-128	-107
Total Receipts	-2,564	-861
Carrying value of non-current assets derecognised	32,339	67,416
Disposal costs charged to the General Fund	62	245
Total Disposal costs	32,401	67,661
Other Operating Expenditure	**29,837**	**66,800**
Adjustments between accounting basis and funding basis	-29,903	-66,662
Net Charge to the General Fund	**-66**	**138**

15. Financing and Investment Income and Expenditure

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

Financing and Investment Income and Expenditure	2017/18 £'000	2018/19 £'000
Surplus/deficit on trading operations	2,209	0
Interest payable and similar charges	19,826	18,886
Interest receivable and similar income	-3,346	-4,262
Income and Expenditure in relation to investment properties and change in their fair value	-10,396	-2,282
Net pensions interest expense	28,351	26,096
Net fire-fighters Pension Fund Top-Up Grant	-3,595	-3,889
Financing and Investment Income and Expenditure	**33,049**	**34,549**
Adjustments between accounting basis and funding basis	-14,360	-19,925
Net Charge to the General Fund	**18,689**	**14,624**

16. Transition to IFRS9

The Council adopted the IRFS9 Financial Instruments accounting standard with effect from 1 April 2018. The main changes include the reclassification and remeasurement of financial assets and the earlier recognition of the impairment of financial assets (and the remeasurement of modified loan liabilities).

The Council has made use of the transitional provisions in IFRS9 to not restate the prior year's financial statements, and the effect of the remeasurement is instead shown as an additional line in the Movement in Reserves Statement.

	IAS 39 31 March 2018 £'000	Reclassification £'000	Remeasurement £'000	Impairment £'000	IFRS 9 1 April 2019 £'000
Financial Assets					
Investments					
Loans & Receivables /Amortised cost	283,632	0	0	0	283,632
Available for sale	57,687	-57,687	0	0	0
Fair Value through Other Comprehensive Income	0	0	0	0	0
Fair Value Through Profit and Loss	10,038	57,687	0	0	67,725
Total investments	**351,357**	**0**	**0**	**0**	**351,357**
Debtors					
Loans & Receivables /Amortised cost	28,638			-208	28,430
Total debtors	**28,638**	**0**	**0**	**-208**	**28,430**
Cash & cash equivalents					
Loans & Receivables /Amortised cost	-1,991				-1,991
Available for sale	26,655	-26,655		0	0
Fair Value Through Profit and Loss	0	26,655		0	26,655
Total cash & equivalents	**24,664**	**0**	**0**	**0**	**24,664**
Total Financial Assets	**404,659**	**0**	**0**	**-208**	**404,451**
Financial Liabilities					
Borrowing					
Amortised cost	-372,652	0	0	0	-372,652
Creditors					
Amortised cost	-65,661	0	0	0	-65,661
Other long-term liabilities					
Amortised cost	-18,472	0	0	0	-18,472
Total Financial Liabilities	**-456,785**	**0**	**0**	**0**	**-456,785**
Net Financial Assets	**-52,126**	**0**	**0**	**-208**	**-52,334**

Reserves	IAS 39 31 March 2018 £'000	Reclassification £'000	Remeasurement £'000	Impairment £'000	IFRS 9 1 April 2019 £'000
Usable Reserves					
General Fund	25,719	573	0	-208	26,084
Other usable reserves	167,216	0	0	0	167,216
Total usable reserves	**192,935**	**573**	**0**	**-208**	**193,300**
Unusable Reserves					
Available for sale reserve	3,578	-3,578	0	0	0
Pooled Fund Adjustment Account	0	3,005	0	0	3,005
Other unusable reserves	-188,453	0	0	0	-188,453
Total unusable reserves	**-184,875**	**-573**	**0**	**0**	**-185,448**
Total Reserves	**8,060**	**0**	**0**	**-208**	**7,852**

17. 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.

2017/18 Financial Liabilities	2017/18 Financial Assets					2018/19 Financial Liabilities	2018/19 Financial Assets			
Liabilities at amortised cost	Loans and Receivables	Available for sale assets	Assets at fair value through profit and loss	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	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
19,388				**19,388**	Interest Expense	18,183				**18,183**
				0	Reductions in fair value					**0**
	439			**439**	Impairment Losses		911			**911**
		182		**182**	Fee expense			178		**178**
19,388	**439**	**182**	**0**	**20,009**	**Total expense in Surplus or Deficit on the Provision of Services**	**18,183**	**911**	**178**	**0**	**19,271**
										0
	-2,216			**-2,216**	Interest Income		-6,980			**-6,980**
				0	Interest income accrued on impaired financial assets					**0**
				0	Increases in fair value			0		**0**
		-1,130		**-1,130**	Gains on derecognition			126		**126**
				0	Fee income					**0**
0	**-2,216**	**-1,130**	**0**	**-3,346**	**Total income in Surplus or Deficit on the Provision of Services**	**0**	**-6,980**	**126**	**0**	**-6,854**
		-1,316		**-1,316**	Gain/losses on revaluation			-3,132		**-3,132**
				0	Amounts recycled to the Surplus or Deficit on the Provision of Services					**0**
0	**0**	**-1,316**	**0**	**-1,316**	**Surplus / deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure**	**0**	**0**	**-3,132**	**0**	**-3,132**
				15,347	**Net gain (-) / loss (+) for the year**					**9,285**

18. 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 141 onwards.

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

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

Employer contributions are set every 3 years as a result of the actuarial valuation of the Fund required by regulations. The actuarial valuation at 31 March 2016 set the contribution rates for the period 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The total contributions expected to be made by the County Council to the Local Government Pension Scheme (LGPS) in 2019/20 are £31.126m for funded benefits (£27.516m was expected for 2018/19). For 2018/19 the estimated duration of the County Council's liabilities is 16.7 years for funded benefits and 3-5 years for unfunded benefits (16.7 years and 3-5 years respectively for 2017/18).

The County Council currently participates in the Oxfordshire County Council pool with 40 other employers with admissions agreements in order to share experience of risks they are exposed to in the Fund. At the 2016 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 2019 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 £0.040m for 2018/19 (£0.130m for 2017/18). 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 £3.319m (£2.823m for 2017/18).

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 at on pages 127 to 128. 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 contributions for the period from 1 April 2015 to 31 March 2019 were set by the actuarial valuation at 31 March 2012. The actuarial valuation as at 31 March 2016 has been completed and sets new rates from 1 April 2019.

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

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

The total of contributions (including government top-up grant) and injury/ill health retirement benefit payments expected to be made by the County Council in 2019/20 is £5.000m (£5.700m in 2018/19). The estimated duration of the County Council's combined liabilities for the fire-fighters' scheme for 2018/19 is 18.7 years (18.2 years for 2017/18). 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 rate for 2018/19 was 16.48% (in 2017/18 16.48%). The total expected payments to beneficiaries for 2019/20 is £3.693m (£3.765m 2017/18).

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:

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

Pension Liability	2017/18 £'000	2018/19 £'000
Present value liabilities:		
Local Government Pension Scheme funded benefits	1,816,463	2,001,105
Local Government Pension Scheme unfunded benefits	21,613	21,545
Fire Fighters' Pension Schemes	258,502	276,691
Teachers' Added Years	55,092	54,752
Total Present value liabilities	**2,151,670**	**2,354,094**
Fair value of assets in the Local Government Pension Scheme	**1,171,412**	**1,240,388**
Net Liabilities in the scheme:		
Local Government Pension Scheme funded	645,051	760,718
Local Government Pension Scheme unfunded	21,613	21,545
Fire Fighters' Pension Schemes	258,502	276,691
Teachers' Added Years	55,092	54,752
Total Net Liabilities	**980,258**	**1,113,706**

The total net liability is £1,113,706,000 at 31 March 2019 (2017/18 £980,258,000. 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
- A reconciliation of the opening and closing balances of the present value of scheme liabilities is as follows:

Liabilities	Local Government Pension Scheme & Teacher's Added Years		Fire Fighters' Pension Schemes		Total	
	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000
Opening Balance at 1 April	**1,898,737**	**1,893,168**	**276,851**	**258,502**	**2,175,588**	**2,151,670**
Current Service Cost	56,820	60,532	7,000	5,400	63,820	65,932
Interest Expense	51,297	49,384	7,800	7,100	59,099	56,484
Contributions by scheme participants	9,145	9,566	1,300	1,400	10,445	10,966
Actuarial gains and losses - demographic assumptions	0	0	19,400	-19,200	19,400	-19,200
Actuarial gains and losses - financial assumptions	-75,951	105,006	-15,700	19,800	-91,651	124,806
Experience gains and losses	7,440	1,951	-31,200	1,100	-23,760	3,051
Other actuarial gains and losses	0	0	0	0	0	0
Benefits Paid	-48,281	-49,461	-3,354	-3,422	-51,635	-52,883
Past Service Costs	80	14,462	0	9,900	80	24,362
(Gain) / Loss from settlements	-6,119	-7,206	0	0	-6,119	-7,206
Fire Fighters pension scheme top-up grant	0	0	-3,595	-3,889	-3,595	-3,889
Closing balance at 31 March	**1,893,168**	**2,077,402**	**258,502**	**276,691**	**2,151,672**	**2,354,094**

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 2016 for the Local Government Pension Scheme and 31 March 2014 for the Fire-fighters Pension Schemes.

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

A reconciliation of the fair value of assets in the Local Government Pension Scheme is as follows:

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

Assets	At 31 March 2018			At 31 March 2019		
	£'000	£'000	%	£'000	£'000	%
Equities						
Consumer	84,041			27,721		
Manufacturing	82,333			17,673		
Energy and Utilities	26,284			15,302		
Financial Institutions	90,486			30,949		
Health and Care	19,512			17,039		
Information and Technology	17,525			22,379		
		320,181	27%		131,064	11%
Debt Securities						
UK Government	119,487			122,031		
Other	20,947			24,141		
		140,434	12%		146,172	12%
Derivatives (quoted in an active market)						
Foreign exchange	458			1,463		
		458	0%		1,463	0%
Cash and cash equivalents						
Cash	49,913			48,527		
		49,913	4%		48,527	4%
Private Equity						
All	46,680			48,730		
		46,680	4%		48,730	4%
Investment Funds and Unit Trusts						
Equities	360,407			589,056		
Infrastructure	1,795			6,626		
Bonds	87,422			85,825		
Other	168,006			184,826		
		617,630	53%		866,333	70%
Total		**1,175,296**	**100%**		**1,242,288**	**100%**

The main assumptions used in the retirement benefit calculations are :

	Local Government Pension Scheme (funded)		Local Government Pension Scheme (unfunded)		Fire-fighters' Pension Schemes		Teachers Added Years	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Longevity Assumptions:								
Base Table*	S2PA with a 90% multiplier	S2PA with a 90% multiplier	S2PA with a 90% multiplier	S2PA with a 90% multiplier	S2NMA/S2NFA with a 80% multiplier	S2NMA/S2NFA with a 80% multiplier	S2PA with a 90% multiplier	S2PA with a 90% multiplier
Men:								
Rate of improvement	1.50%	1.50%	1.50%	1.50%	1.25%	1.25%	1.50%	1.50%
Longevity from 65 (currently aged 65) (yrs)	23.4	23.4	23.4	23.4	29.5	27.3	23.4	23.4
Longevity from 65 (currently aged 45) (yrs)	25.6	25.0	25.6	25.0	30.8	28.4	25.6	25.0
Women:								
Rate of improvement	1.50%	1.50%	1.50%	1.50%	1.25%	1.25%	1.50%	1.50%
Longevity from 65 (currently aged 65) (yrs)	25.5	25.5	25.5	25.5	31.5	29.4	25.5	25.5
Longevity from 65 (currently aged 45) (yrs)	27.8	27.8	27.8	27.8	32.8	30.6	27.8	27.8
Financial Assumptions:								
Retail Price Index (RPI) increases	3.40%	3.50%	3.40%	3.50%	3.40%	3.50%	3.40%	3.50%
Consumer Price Index (CPI) increases	2.40%	2.50%	2.40%	2.50%	2.40%	2.50%	2.40%	2.50%
Rate of increases in salaries	3.60%	3.80%	3.60%	3.80%	3.40%	3.50%	3.60%	3.80%
Rate of increases in pensions and deferred pensions	2.40%	2.50%	2.40%	2.50%	2.40%	2.50%	2.40%	2.50%
Rate for discounting scheme liabilities	2.60%	2.40%	2.60%	2.40%	2.60%	2.40%	2.60%	2.40%

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	9%	183,371	10%	26,437
0.5% increase in Pension Increase Rate	8%	161,308	8%	21,026
0.5% increase in Salary Increase Rate	1%	19,360	1%	2,383
1 year increase in member life expectancy	3% - 5%	58,000 to 100,000	3%	8,016

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

Pension Reserve	2017/18 £'000	2018/19 £'000
Balance as at 1 April	**-1,033,469**	**-980,258**
Net charge made for retirement benefits in accordance with IAS19	-50,226	-73,590
Remeasurements of the new defined liability	103,437	-59,858
Balance as at 31 March	**-980,258**	**-1,113,706**

19. Taxation and non - specific Grant Income

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

Taxation & Non Specific Grant Income	2017/18 £'000	2018/19 £'000
Council Tax Income	333,213	360,074
Non Domestic Rates	32,299	33,059
Non Ringfenced Government Grants	78,522	61,163
Capital Grants and Contributions	80,269	109,039
Total	**524,303**	**563,335**

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

20. Grant Income

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

Grant issuing body	Credited to Taxation and Non Specific Grant Income	2017/18 £'000	2018/19 £'000	Credited to Services	2017/18 £'000	2018/19 £'000
Ministry of Housing, Communities and Local Government	Revenue Support Grant	18,665	5,868	Regional Growth Fund		5,771
Ministry of Housing, Communities and Local Government	Business Rate Top Up Grant	37,821	39,046	Winter Pressures (Adult Social Care)		2,292
Ministry of Housing, Communities and Local Government	New Homes Bonus	4,157	3,366			
Ministry of Housing, Communities and Local Government	Transition Grant	4,463				
Ministry of Housing, Communities and Local Government	Section 31 Grant - Business Rates and Other Reliefs	2,485	3,020			
Ministry of Housing, Communities and Local Government	Levy Accounts Surplus		1,086			
Department of Health and Social Care	Independent Living Fund Grant	3,678	3,562	Public Health Grant	31,334	30,528
Department of Health and Social Care	Adult Social Care Support Grant	2,302	1,432	Better Care Fund	6,276	6,444
Department of Health and Social Care				Improved Better Care Fund		1,060
Department for Education	Education Services Grant	1,057		Dedicated Schools Grant	217,837	216,165
Department for Education				Pupil Premium Grant	8,055	7,508
Department for Education				Universal Infant Free School Meals	5,067	4,738
Department for Education				Sixth Form Funding	1,231	1,053
Department for Education				PE and Sports Grant	2,238	2,603
Home Office				Asylym Seekers	1,737	2,153
Various	Other Revenue Grants	3,893	11,511	Other Revenue Grants	5,810	6,373
Various	Capital Grants	57,729	90,358	Capital Grants	15,735	17,270
Various	Developer Contributions	21,387	17,685			
Various	Other Capital Contributions	1,154	996			
	Total	**158,791**	**177,930**	**Total**	**295,320**	**303,958**

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 County Council's funding in the form of general and specific grants which are set out in Note 20.

Pension Fund	The County Council administers the Oxfordshire Pension Fund and this is a related party. During the year ended 31 March 2019, the County Council made employer contributions totalling £28.652m to the Fund. The County Council charged the Fund £1.441m for expenses incurred in administering the Fund. As at 31 March 2019 £3.344m was due to the Pension Fund and £0.025m by the Pension Fund.

Officers	The Director for Planning and Place is a non-executive board member of The Low Carbon Hub. The Council paid £0.038m to the Low Carbon Hub in 2018/19.
	The Deputy Director for Commissioning is a trustee of SENSE. During 2018/19 the Council commissioned social care services from SENSE with a value of £0.216m.

Elected Members	One councillor is a trustee of the charity running Vale House dementia care home which received payment of £1.369m from the County Council in 2016/17. The councillor receives no remuneration for the trusteeship and had no involvement in the award of the contract.
	Councillor Kieron Mallon is a member of the Thames Valley Police & Crime Panel

Commercial Relationships	The County Council incurred costs of £0.286m in 2018/19 for two interim directors contracted through Penna Plc.
	The County Council incurred costs of £0.110m in 2018/19 for one programme manager contracted through Badenoch & Clark.
	PricewaterhouseCoopers LLP have been contracted to support the County Council with its transformation agenda. In 2018/19 the Council paid PricewaterhouseCoopers LLP £2.664m.

During 2018/19, the County Council has entered a partnership arrangement with Cherwell District Council and an informal working group has been established with elected members from both councils.

A number of elected members of the County Council are also elected members of district councils within the county and these are considered to be related parties. Details for the financial year 2018/19 are as follows:

	Elected members who were also served as Elected Members for District Councils:	2018/19	2017/18
Cherwell	Councillor Hannah Louise Bainfield	✔	✔
	Councillor Maurice Billington	✔	✔
	Councillor Mark Cherry	✔	✔
	Councillor Ian Corkin	✔	✔
	Councillor Surinder Dhesi (to May 2017)		✔
	Councillor Carmen Griffiths	✔	✔
	Councillor Timothy Hallchurch MBE (to May 2017)		✔
	Councillor Tony Ilott	✔	✔
	Councillor Kieron Mallon	✔	✔
	Councillor G.A. Reynolds	✔	✔
	Councillor Dan Sames	✔	✔
	Councillor Les Sibley	✔	✔
Vale of White Horse	Councillor Yvonne Constance OBE	✔	✔
	Councillor Jenny Hannaby	✔	✔
	Councillor Bob Johnston	✔	✔
	Councillor Sandy Lovatt (to May 2017)		✔
	Councillor Judy Roberts	✔	✔
	Councillor Emily Jane Smith	✔	✔

	Elected members who were also served as Elected Members for District Councils:	2018/19	2017/18
West Oxfordshire	Councillor Louise Chapman (to May 2017)		✔
	Councillor Ted Fenton	✔	✔
	Councillor Pete Handley	✔	✔
	Councillor Richard Langridge (to May 2017)		✔
	Councillor Liz Leffman	✔	✔
	Councillor James F. Mills (to May 2017)		✔
	Councillor Neil Owen (to May 2017)		✔
Oxford City	Councillor Jamila Azad	✔	✔
	Councillor Steve Curran (to May 2017)		✔
	Councillor Jean Fooks (to May 2017)		✔
	Councillor Mark Lygo	✔	✔
	Councillor Susanna Pressel	✔	✔
	Councillor Gill Sanders		✔
	Councillor Roz Smith	✔	
	Councillor John Tanner (to May 2017)		✔
South Oxfordshire	Councillor Kevin Bulmer	✔	✔
	Councillor Steve Harrod (to September 2017)		✔
	Councillor Stefan John Gawrysiak	✔	✔
	Councillor Jeanette Matelot	✔	✔
	Councillor David Nimmo Smith (to May 2017)		✔
	Councillor Alan Roy Thompson	✔	✔

22. Movement in the value of Property, Plant and Equipment

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

Componentisation threshold increase to £8m in 2018/19 resulted all of the Plant & Equipment, falling below the componentisation threshold, to be absorbed into the related building asset.

2017/18	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000	Service Concession assets included in PPE £'000
Cost or valuation as at 1 April	**580,755**	**113,296**	**562,856**	**2,904**	**40,995**	**1,300,806**	**33,368**
Additions	8,681	1,969	31,672		17,671	59,994	-549
Donation		22					
Revaluation increases (decreases) recognised in the Revaluation Reserve	29,178			-497		28,681	-292
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	-1,894			431		-1,463	-1,093
Derecognition - disposals	-2,191	-906				-3,097	
Derecognition - other	-25,267	-6,326			-18,500	-50,153	-578
Assets reclassified to / from Held for Sale							
Assets reclassified to / from Investment Properties	-366					-366	
Assets reclassified to / from Intangible assets							
Transfers	-4,704	5,421	10,423	646	-11,786		
Other movements in cost or valuation					-3	-3	
Cost or valuation as at 31 March	**584,192**	**113,476**	**604,951**	**3,484**	**28,318**	**1,334,421**	**30,856**
Depreciation and Impairment as at 1 April	**-2,700**	**-20,031**	**-153,203**	**3**		**-175,931**	**-36**
Depreciation charge	-8,129	-6,726	-17,276	-20		-32,151	-382
Depreciation and impairment written out to the Revaluation Reserve	10,934			6		10,940	246
Depreciation and impairment written out to the Surplus / Deficit on Provision of Services	1,017			13		1,030	173
Impairment losses / (reversals) recognised in the Revaluation Reserve	-1,101					-1,101	
Impairment losses / (reversals) recognised in the Surplus / Deficit on Provision of Services	-169					-169	
Derecognition - disposals	11	834				845	
Derecognition - other	148	2,059		-5		2,202	
Assets reclassified to / from Held for Sale	-178					-178	
Assets reclassified to / from Investment Properties							
Transfers	-2,857	3,036		-1		178	
Other movements in depreciation and impairment							
Depreciation and impairment as at 31 March	**-3,023**	**-20,828**	**-170,479**	**-4**		**-194,334**	**1**
Net book Value at 31 March 2017	**578,055**	**93,265**	**409,653**	**2,907**	**40,995**	**1,124,875**	**33,332**
Net book Value at 31 March 2018	**581,169**	**92,648**	**434,472**	**3,480**	**28,317**	**1,140,086**	**30,857**

The fair value for the surplus assets 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.

23. Investment Properties

Investment Properties	2017/18 Non-current £'000	2017/18 Current £'000	2018/19 Non-current £'000	2018/19 Current £'000
Opening Balance at 1 April	**7,223**	**0**	**17,937**	**0**
Derecognition	0	0	-197	0
Net gain (+) / losses from fair value adjustments	10,347	0	2,200	0
Assets reclassified to / from Investment Properties	367	0	0	0
Other changes	0	0	49	
Closing balance at 31 March	**17,937**	**0**	**19,989**	**0**

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

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

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

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

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

	Fair Value Level	Fair Value at 31 March 2019 £'000	Additional Information for level 3 properties			
			Valuation technique	Unobservable inputs	Range (weighted average used)	Sensitivity
Agricultural units & other level 2 assets	2	15,198				
Office units	3	442	Income approach using an all risks discount rate to asses capital value	Discount Rate	8% - 11% (10%)	Significant changes in market conditions will effect the discount rate and will result in a significantly lower or higher fair value
Commercial units	3	4,350		Discount Rate	5% - 6% (5%)	
		19,990				

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

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

Level 3	2017/18 £'000	2018/19 £'000
Balance at 1 April	971	1,675
Net gains (+) / losses (-) from fair value adjustments	102	-148
Transfers to / from Level 3	0	3,264
Additions	601	0
	1,674	**4,791**

24. Movement in the value of Assets Held for Sale

	2017/18 £'000	2018/19 £'000
Balance at 1 April	**696**	**0**
Assets newly classified as held for sale:		
Property, Plant and Equipment	0	0
Revaluation gains / (losses)	0	0
Impairment losses	0	0
Assets declassified as held for sale:		
Property, Plant and Equipment	0	0
Assets derecognised	-696	0
Additions	0	0
Balance at 31 March	**0**	**0**

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 2018/19 there was no reclassification of Assets Held for Sale.

25. Movement in the value of Intangible Assets

	2017/18 £'000	2018/19 £'000
Gross Carrying value at 1 April	**3,993**	**3,993**
Additions	0	0
Transfers from Assets Under Construction	0	0
Derecognition	0	-1,808
Gross Carrying value at 31 March	**3,993**	2,185
Amortisation and Impairment at 1 April	-2,084	-2,337
Amortisation for the year	-253	-207
Impairment losses		
Derecognition		1,808
Amortisation and Impairment at 31 March	**-2,337**	-736
Net Book Value at 1 April	**1,909**	**1,656**
Net Book Value at 31 March	**1,656**	**1,449**

26. Heritage Assets

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

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

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

Although current valuation information is not available to recognise the heritage assets on the Balance Sheet, contents insurance of £2.8m 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.

As part of the rolling programme 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 were revalued as at 1 April 2018.

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

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

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

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

The council's original 25 year agreement with Oxfordshire Care Partnership will end in 2026/27, however The Oxfordshire Care Partnership will continue to operate the homes until the end of 2031/32.

There is no requirement for the County Council to purchase a set number or value of beds during the years 2027/28 to 2031/32 other than the obligation of both parties to maintain existing placements as at 31 March 2028. After 2026/27 all services will be purchased as spot contracts and numbers will vary, so there will be no further payments under this service concession arrangement.

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

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

	2017/18 £'000	2018/19 £'000
Balance at 1 April	**24,850**	**18,339**
Increase in liability in the year		0
Transfer to Deferred Income	-6,154	0
Liability repaid in the year	-356	-402
Balance at 31 March	**18,340**	**17,937**

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 2018 £'000	At 31 March 2019 £'000	At 31 March 2018 £'000	At 31 March 2019 £'000
Service Concession Arrangement	17,938	17,483	402	454
Finance Leases	80	23	52	53
Investments - Forward Deal	0	0	0	0
Total Finance Liability	**18,018**	**17,506**	**454**	**507**

Details of payments due to be made under the service concession arrangement are as follows, with comparative figures for 2017/18 following on.

		Service Costs £'000	Principal Repayments £'000	Interest Costs £'000	Lifecycle Replacement Payments £'000	Total £'000
2018/19	Within 1 year	20307	454	2,355	890	**24,006**
	2-5 years	84318	2,487	8,750	3,931	**99,486**
	6-10 years	66617	14,997	5,581	3,380	**90,575**
	Total	171242	**17,937**	**16,687**	**8,201**	**214,067**
2017/18	Within 1 year	15,960	402	2,407	856	**19,625**
	2-5 years	66,472	2,202	9,036	3,780	**81,490**
	6-10 years	58,683	15,736	7,651	4,421	**86,491**
	Total	**141,115**	**18,340**	**19,094**	**9,057**	**187,606**

29. Capital Spending

The County Council's total capital spend for 2018/19 was £102.451m. Details of the expenditure are set out in the table below:

Capital Spending by Scheme	£'000
People - Children's Services	
Faringdon Community College	2,357
Bloxham, Warriner 9FE	1,905
East Hanney: St James	1,478
Matthew Arnold - 1FE Expansion	1,214
Schemes under £1m	10,936
	17,890
People - Adult Services	
Better Care Fund Disabled Facilities Grant	5,438
Schemes under £1m	586
	6,024
Communities	
Eastern Arc Ph1 Access-Headington	6,152
HCIP1819 Minor Patching	3,135
HCIP1819 Structural Patching	2,930
Structural Patching 18-19	2,814
HCIP1819 Resurfacing Inlay	2,727
A40 Science Transit (project development)	1,840
Carriageway Structural Maintenance 18-19	1,776
Surface Dressing 18-19	1,481
HCIP1819 Surface Dressing	1,419
Section 42 Routine Surf Dressing	1,362
Witney Downs Road	1,250
Kennington rail substructure	1,181
Oxford riverside routes to city centre	1,118
Skid Resistance Schemes 18-19	1,092
Better broadband project	3,065
Oxford Flood Alleviation Project	5,252
Drayton - Salt Barns	1,251
Schemes under £1m	17,277
	57,122
Resources (including Local Growth Fund LGF)	
Osney Mead Innovation Quarter	4,500
LGF DISC Project	2,543
LGF3 Smart Oxford Culham City	1,173
LGF3 Agritech Centre	1,136
Housing and Growth Deal - Affordable Housing	6,715
LGF - Didcot Station Car Park Expansion	2,216
Schemes under £1m	758
	19,041
Sub Total Capital Programme	**100,077**
Capitalised Purchase Of Vehicles Fire Service	1,371
Capitalised ICT 18/19 >£500,000 ICT Children's Services Phase 1	963
Capitalised ICT 18/19 <£500,000	40
Total Capital Spending	**102,451**

Capital Spending by Asset Class	£'000
Property, Plant and Equipment	49,820
Intangible Assets	0
Revenue Expenditure Funded from Capital under Statute	53,061
Capital Loans	0
Repayment of capital grants and contributions	0
	102,881
Less assets acquired under service concession arrangements	0
Less assets transferred from capital prepayment account	-412
Less assets acquired under finance leases	-18
Total Capital Spending	**102,451**

30. Capital Financing

The capital expenditure has been financed from the following sources:

Capital Financing	2017/18 £'000	2018/19 £'000
Prudential and other unsupported borrowing	3,141	221
Capital Receipts	514	0
Grants & Contributions	88,675	100,830
Revenue	2,388	1,400
Total	**94,718**	**102,451**

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	2017/18 £'000	2018/19 £'000
Capital Financing Requirement as at 1 April	**382,690**	**376,731**
New unsupported borrowing	3,141	221
Assets acquired under finance leases	139	18
Service Concession arrangements - lifecycle prepayments	823	856
Residual interest - asset accumulation prepayments	43	43
Loan repayments and other adjustments	-90	13
Reduction in underlying need to borrow arising from derecognition of finance leases	0	-19
Minimum Revenue Provision for the year	-10,015	-10,220
Increase (+) / decrease (-) in Capital Financing Requirement	**-5,959**	**-9,088**
Capital Financing Requirement as at 31 March	**376,731**	**367,643**

32. Capital Commitments

As at 31 March 2019 the Council was contractually committed to £9.330m (£12.383m as at 31 March 2018) on the following schemes:

Capital Commitments by Scheme	£'000
People - Children's Services	
Matthew Arnold - 1FE Expansion	1,255
Warriner, Bloxham - 2FE Expansion	2,664
Below £500k	672
	4,591
Communities	
Better Broadband	2,585
Below £500k	572
	3,157
Resources	
Bicester Library	725
Local Growth Fund projects	770
Below £500k	87
	1,582
Total Capital Commitments	**9,330**

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

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

Note 3 Transport projects with unspent budgets of £199.729m (individual values over £500k), plus £0.599k (values below £500k) are funded in whole or in part by specific grants, but there is no contract for delivery.

33. Financial Instrument Carrying Values

Financial assets comprise long-term and short-term investments, long-term and short-term debtors (excluding statutory debtors and capital 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 33 – 34 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 2018 £'000	At 31 March 2019 £'000	At 31 March 2018 £'000	At 31 March 2019 £'000
Financial assets at Amortised Cost	57,769	42,625	252,510	295,894
Fair Value through other comprehensive income - designated	0	0	0	101,006
Fair Value through other comprehensive income - other	0	0	84,342	0
Financial assets at fair value through profit and loss	0	0	10,038	39,544
Total Financial assets	**57,769**	**42,625**	**346,890**	**436,444**
Financial Liabilities at amortised cost	341,401	338,889	115,384	120,256
Total Financial Liabilities	**341,401**	**338,889**	**115,384**	**120,256**

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 £6.651m of loans and receivables as at 31 March 2019 secured on property (£7.009m at 31 March 2018). Of this, £1.000m was new in 2018/19 (£1.231m in 2017/18). 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 2019, there were no defaults or breaches relating to loans payable.

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

	2017/18 £'000	2018/19 £'000
Balance at 1 April	**4,482**	**4,706**
Nominal value of new loans granted	153	0
Fair value adjustment on initial recognition	0	0
Loans repaid during the year	-162	-696
Impairment losses recognised	-51	0
Interest credited to the Surplus / Deficit on Provision of Services	0	0
Other changes	284	-49
Balance at 31 March	**4,706**	**3,961**

The soft loans comprise key worker loans for assistance with the purchase of housing, loans under the Children's Act relating to foster care accommodation, loans under the Chronically Sick and Disabled Persons Act for adaptations to homes and deferred payment agreements for clients' care costs entered into prior to the national mandatory scheme introduced from 1 April 2015. The nominal value of the soft loans as at 31 March 2019 was £3.961m (£4.706m at 31 March 2018).

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 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 classified as 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 2018, using the following methods and assumptions:

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

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

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

- The fair values of finance lease liabilities and of service concession liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the rate for new PWLB borrowing.
- No early repayment or impairment is recognised for any financial instrument, other than short-term debtors.

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

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

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

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

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

Financial Liabilities	Fair Value Level	Balance Sheet At 31 March 2018 £'000	Fair Value At 31 March 2018 £'000	Balance Sheet At 31 March 2019 £'000	Fair Value At 31 March 2019 £'000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB*	2	297,525	382,952	295,516	380,299
Long-term LOBO/money market loans*	2	30,444	49,652	30,361	80,973
Finance lease payables and service concession liabilities	3	18,018	33,320	18,013	31,108
Total		**345,987**	**465,924**	**343,891**	**492,381**
Liabilities for which fair value is not disclosed **		110,798		115,255	
Total Financial Liabilities		**456,785**		**459,145**	
Recorded on balance sheet as:					
Short-term creditors		65,661		92,690	
Short-term borrowing		49,269		27,059	
Short-term finance liabilities		453		507	
Long-term borrowing		323,383		321,383	
Long-term finance liabilities		18,019		17,506	
Total Financial Liabilities		**456,785**		**459,145**	

*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 2018 £'000	Fair Value At 31 March 2018 £'000	Balance Sheet At 31 March 2019 £'000	Fair Value At 31 March 2019 £'000
Financial assets held at fair value:					
Money market funds	1	26,655	26,655	39,544	39,544
Bond, equity and property funds	1	57,687	57,687	101,006	101,006
Financial assets held at amortised cost:					
Long-term loans to local authorities*	2	55,173	54,162	40,172	44,336
Long-term debtors	3	2,769	2,873	2,625	2,625
Total		**142,284**	**141,377**	**183,347**	**187,511**
Assets for which fair value is not disclosed ** ***		262,375		295,723	
Total Financial Assets		**404,659**		**479,069**	
Recorded on balance sheet as:					
Long-term debtors		2,769		2,625	
Long-term investments		55,000		40,000	
Short-term debtors ***		25,869		41,298	
Short-term investments		296,357		360,840	
Cash and cash equivalents		24,664		34,307	
Total Financial Assets		**404,659**		**479,069**	

* 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.
*** Prior year comparator corrected in 2018/19.

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.

A comparison of the fair values calculated for all loans and receivables and financial liabilities carried at amortised cost is as follows:

	At 31 March 2018		At 31 March 2019	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Loans and receivables	310,279	309,545	338,519	343,155
Financial Liabilities	456,785	543,845	459,145	607,636

35. Long Term Debtors

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

	At 31 March 2018 £'000	At 31 March 2019 £'000
Key Worker Loans	271	226
Car Loans to Employees	22	22
Chronically Sick and Disabled Persons Act loans	1,880	1,849
Children's Act: Loans to foster carers	572	499
Other	24	28
	2,769	**2,625**
Capital Prepayment Account	3,629	4,116
Total	**6,398**	**6,741**

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 (£0.487m was transferred in 2018/19). 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 2018 £'000	At 31 March 2019 £'000
Government Departments	8,067	8,998
Other Local Authorities	14,383	17,973
Health Authorities	2,470	10,738
Payments in Advance	6,323	5,574
Bodies external to general government (i.e. all other bodies)	34,671	41,192
	65,914	**84,474**
Less Impairment Allowance Account	-11,915	-12,969
Total	**53,999**	**71,506**

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	2017/18 £'000	2018/19 £'000
Brought Forward		-11,915
Transition to IFRS 9		-207
Balance at 1 April	**-10,932**	**-12,123**
Decrease in allowance	440	253
Increase in allowance	-1,423	-1,099
Balance at 31 March	**-11,915**	**-12,969**

37. Cash and Cash Equivalents

Cash and cash equivalents comprises 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 2018 £'000	At 31 March 2019 £'000
Cash at bank and in hand	-2,163	-5,238
Call Accounts	172	299
Money Market Funds	28,655	39,246
Total	**24,664**	**34,307**

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).

As there has been no significant increase in credit risk since initial recognition, a 12-month expected credit loss allowance model has been adopted for loans and deposits. At 31 March, no credit loss allowance (impairment) has been recognised due to the high credit nature of the investments resulting in any loss allowance being immaterial.

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

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

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

		At 1 April 2018		At 31 Marach 2019	
	Allowance set aside based on historic rate	Gross Receivable £000	Loss allowance £000	Gross Receivable £000	Loss allowance £000
Corporate Debtors:					
Trade receivables under £10k after 120 days	60%	517	313	280	148
		517	**313**	**280**	**148**
Adult Social Care debtors:					
Debtors with an account balance under £20k after 6 months	50% of total customer balance	1,893	1,484	1,516	898
		1,893	**1,484**	**1,516**	**898**
Total		**2,410**	**1,797**	**1,796**	**1,046**

The following receivables are individually assessed for impairment:

	At 1 April 2018		At 31 Marach 2019	
	Gross Receivable £000	Loss allowance £000	Gross Receivable £000	Loss allowance £000
Corporate Debtors:				
Individuals and sole traders - all debts over £10k after 120 days	321	321	262	258
Organisations - all debts over £10k after 120 days	978	529	1,576	297
	1,299	**850**	**1,838**	**555**
Adult Social Care debtors:				
Adult social care debtors with an account balance over £20k after 6 months	902	472	2,258	1,714
	902	**472**	**2,258**	**1,714**
Total	**2,201**	**1,322**	**4,096**	**2,269**

The next table summarises the nominal value (excluding accrued interest) of the Council's investment portfolio at 31 March 2019 and confirms that all investments were made in line with the Council's approved credit rating criteria at the time of placing the investment. The table includes money market funds and call accounts classed as cash & cash equivalents at 31 March 2019.

Counterparty	Credit Rating Criteria Met When Investment Placed? YES / NO	Credit Rating Criteria Met on 31 March 2019? YES / NO	Balance Invested as at 31 March 2019 Up to 1 month £000	≥ 1 month and < 3 months £000	≥ 3 months and < 6 months £000	≥ 6 months and < 12 months £000	≥ 12 months and < 24 months £000	≥ 24 months and < 36 months £000	Total £000
Banks									
UK	Yes	Yes		6,000	5,000				**11,000**
Banks non-UK									
Australia	Yes	Yes		5,000					**5,000**
Netherlands	Yes	Yes			5,000				**5,000**
Singapore	Yes	Yes	5,000	5,000	5,000				**15,000**
Total Banks			**5,000**	**16,000**	**15,000**	**0**	**0**	**0**	**36,000**
Local Authorities and Police Authorities	Yes	Yes	20,000	57,000	60,000	56,000	36,000	4,000	**233,000**
Notice Accounts			29,800						**29,800**
Bond Funds	Yes	Yes	75,661						**75,661**
Property Funds	Yes	Yes	25,345						**25,345**
Money Market Funds	Yes	Yes	29,232						**29,232**
Call Accounts	Yes	Yes	10,313						**10,313**
Total			**195,350**	**73,000**	**75,000**	**56,000**	**36,000**	**4,000**	**439,350**

The above analysis shows that all deposits outstanding as at 31 March 2019 met the County Council's credit rating criteria at that date.

Within the £84.474m short-term debtors classified at amortised cost, £26.770m were past due at 31 March 2019 (£17.456m at 31 March 2018). The past due amount can be analysed by age as follows:

Aged Debtors	At 31 March 2018 £000	At 31 March 2019 £000
Less than 1 month	5,078	13,101
Between 1 and 3 months	2,781	2,758
Between 3 and 6 months	1,725	2,222
Between 6 month and 1 year	2,242	2,775
Between 1 and 3 years	3,974	3,973
Over 3 years	1,656	1,943
Total	**17,456**	**26,770**

None of these past-due short-term debtors have been individually impaired. An impairment allowance of £3.314m has been provided for past due debtors that are financial instruments based on past and current experience (£2.911m at 31 March 2018). 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 (£0.184m), overpaid allowances to foster carers (£0.117m) and for overdue library fines (£0.130m). Debt collection rates have stabilised following the initial period of transition to the new arrangements with the Hampshire County Council Integrated Business Centre, however the current estimate of uncollectability remains higher than the average for the previous 5 years. The past due debtors analysis and impairment allowance quoted above exclude those for statutory debtors as these are not considered to be financial instruments.

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

Liquidity Risk

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

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

Amount at 31 March 2018 £000		Amount at 31 March 2019 Fixed Rate £000	Variable Rate £000	Other Finance Liabilities £000	Total £000
49,724	Less than 1 year	6,142	20,917	507	**27,566**
7,512	Between 1 and 2 years	6,000	5,000	525	**11,525**
56,769	Between 2 and 5 years	31,000	20,000	1,985	**52,985**
92,736	Between 5 and 10 years	83,000	0	14,997	**97,997**
184,383	More than 10 years	176,383	0	0	**176,383**
391,124		**302,525**	**45,917**	**18,013**	**366,456**

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:

2017/18 £,000		2018/19 £'000
0	Increase in interest payable on new borrowings	0
0	Increase in interest receivable on variable and structured investments	0
-314	Increase in interest receivable on new fixed rate investments	-846
-563	Increase in the gain arising from the revaluation of assets held at fair value through profit & loss	-1,304
-878	**Impact on CIES**	**-2,150**

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

2017/18 £,000		2018/19 £'000
0	Decrease in interest payable on new borrowings	0
0	Decrease in interest receivable on variable and structured investments	0
202	Decrease in interest receivable on new fixed rate investments	816
563	Decrease in the gain arising from the revaluation of assets held at fair value through profit & loss	1,304
765	**Impact on CIES**	**2,120**

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 assets held at fair value through profit and loss.

Price Risk

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

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. A 5% fall in commercial property prices at 31st March 2019 would result in a £1.3m (2018: £1.0m) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. A 5% fall in share prices at 31st March 2019 would result in a £3.8m (2018: £0.9m) 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 2018 £'000	At 31 March 2019 £'000
Receipts in Advance		
Government Departments	1,686	2,053
Other Local Authorities	1,083	1,244
Health Authorities	100	368
Bodies external to general government (i.e. all other bodies)	5,272	5,808
	8,141	**9,474**
Creditors		
Government Departments	7,508	8,433
Other Local Authorities	6,935	5,200
Health Authorities	3,074	4,105
Bodies external to general government (i.e. all other bodies)	62,029	93,746
	79,546	**111,484**
Short Term Creditors and RIA	**87,687**	**120,958**
Long Term Receipts in Advance	**7,745**	**9,769**
Total	**95,432**	**130,726**

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

	Balance at 31 March 2017 £'000	Reclassification between short and long term £'000	Additional provisions made in 2017/18 £'000	Amounts used in 2017/18 £'000	Unused amounts reversed in 2017/18 £'000	Balance at 31 March 2018 £'000
Provision due within 1 year						
Insurance	726	1,665	1,082	-946	-1,680	847
Pooled Budgets	436	0	1,039	-1,475	0	0
Redundancy	114	0	14	-114	0	14
MMI Scheme of Arrangement	180	0	45	-95	-76	54
Business Rates	2,776	0	3,537	0	-2,776	3,537
	4,232	**1,665**	**5,717**	**-2,630**	**-4,532**	**4,452**
Provision due after 1 year						
Insurance	4,678	-1,665	2,040	-219	-62	4,772
	4,678	**-1,665**	**2,040**	**-219**	**-62**	**4,772**
Total	**8,910**	**0**	**7,757**	**-2,849**	**-4,594**	**9,224**

Details of the provisions held at 31 March 2019 are as follows:

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

- The County Council has claims outstanding with Municipal Mutual Insurance Plc. (MMI). In November 2012 the directors of MMI triggered a process to wind up the business. This means the County Council may have to repay all or part of the insurance claims settled since the company ceased to trade, as well as fund any outstanding claims. A levy of 15% has been paid since 2012, and this was increased to 25% in 2016. A provision of £0.001m has been allocated as per the actuary's report of April 2019 and adjustment for updated outstanding claims figures.

- Under the Business Rates Retention Scheme the County Council is required to account for its share of the billing authorities' provision for appeals on business rates valuations.

41. Deferred Income

The deferred income balance of £7.433m at 31 March 2019 (£8.359m at 31 March 2018) 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 2018/19, split between short term and long term is as follows:

2017/18*					2018/19			
Capital Grants £'000	Developer Contributions £'000	Other Contributions £'000	Total £'000		Capital Grants £'000	Developer Contributions £'000	Other Contributions £'000	Total £'000
				Short Term:				
4,668	**18,880**	**975**	**24,523**	**Balance as at 1 April**	**11,674**	**18,364**	**0**	**30,038**
11,677	-616	0	11,061	Received/refunded during the year	4,522	1,173	164	5,859
-4,671	-16,311	-975	-21,957	Transferred to the Comprehensive Income and Expenditure Statement during the year	-4,044	-10,852	0	-14,896
0	16,410	0	16,410	Transfer between short and long term	0	16,704	0	16,704
11,674	**18,363**	**0**	**30,037**	**Balance at 31 March**	**12,151**	**25,389**	**164**	**37,704**
				Long Term:				
0	**66,139**	**65**	**66,204**	**Balance as at 1 April**	**0**	**73,537**	**65**	**73,602**
0	23,621	0	23,621	Received/refunded during the year	0	35,108	0	35,108
0	188	0	188	Transferred to the Comprehensive Income and Expenditure Statement during the year	0	528	0	528
0	-16,410	0	-16,410	Transfer between short and long term	0	-16,704	0	-16,704
0	**73,538**	**65**	**73,603**	**Balance at 31 March**	**0**	**92,469**	**65**	**92,534**
11,674	**91,901**	**65**	**103,640**	**Total Balance at 31 March**	**12,151**	**117,858**	**229**	**130,239**

*2017/18 figures include £0.368m adjusted between capital grants and other contributions

43. County Fund Balance

The balance on the County Fund at 31 March 2019 was £27.971m (£25.719m at 31 March 2018) as shown in the Movement in Reserves Statement on page 23.

44. Earmarked Reserves

	Balance at 1 April 2017 £'000	In year movement 2017/18 £'000	Balance at 31 March 2018 £'000	In year movement 2018/19 £'000	Balance at 31 March 2019 £'000
School Reserves	18,373	-3,196	15,177	2,132	17,309
Vehicle and Equipment Reserve	3,332	-572	2,760	142	2,901
Grants and Contribution Revenue Reserve	15,387	-1,848	13,539	1,168	14,707
Government Initiatives	418	169	587	737	1,324
Trading Accounts	293	365	658	-334	325
Council Elections	718	-560	158	170	328
Partnership Reserves	199	455	654	2,004	2,659
On Street Car Parking	2,790	-479	2,311	-314	1,997
Transition / Transformation Reserve	2,122	360	2,482	711	3,193
Budget Prioritisation Reserve	16,871	95	16,966	-12,077	4,889
Insurance Reserve	8,080	435	8,515	2,132	10,647
Business Rates Reserve	117	33	150	405	555
Capital Reserve	34,476	-3,160	31,316	-129	31,188
Budget Equalisation Reserve	1,205	88	1,293	-1,013	280
Total Earmarked Reserves	**104,381**	**-7,815**	**96,566**	**-4,266**	**92,300**

The purposes of the earmarked reserves are as follows:-

School Reserves

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

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

	Balance at 31 March 2018		Balance at 31 March 2019	
	No. of schools	Balance £'000	No. of schools	Balance £'000
Primary Schools				
Schools in surplus	140	10,397	134	11,502
Schools in deficit	16	-592	10	-358
Secondary Schools				
Schools in surplus	1	182	0	0
Schools in deficit	2	-2,239	1	-1,438
Special Schools				
Schools in surplus	7	979	8	1,193
Schools in deficit	2	-294	1	-112
Sub-Total Revenue	**168**	**8,433**	**154**	**10,787**
Closed schools, schools contingency and schools forum		6,571		6,376
Total		**15,004**	**154**	**17,163**

The reserve also contains a small balance of £0.146m of relating to miscellaneous education activities (£0.173m at 31 March 2018).

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 unspent grants and contributions committed to be spent in future years. £2.374m of the balance at 31 March 2019 relates to the Dedicated Schools Grant.

Government Initiatives Reserve

This reserve is used to hold underspends on budgets funded by unringfenced 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 2017.

The actuaries projected the standard claims arising in future years in respect of the period up to 31 March 2019 at £1.881m. 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 £1.786m. The sum of £0.519m has been included in the reserves to cover MMI clawback noted as a contingent liability.

	At 31 March 2018 £'000	At 31 March 2019 £'000
Standard claims likely to be received as at 31 March	1,753	1,881
Additional IBNR/Latent claims as assessed by Actuarial review	1,807	1,786
MMI clawback as assessed by actuarial review	849	519
Risk management	4,106	6,461
Total	**8,515**	**10,647**

Business Rates Reserve

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

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

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

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

Transition/Transformation Reserve
This reserve was established as part of the 2016/17 budget process to utilise one-off grant funding from the Government to fund the Council's Fit for the Future transformation programme.

45. Usable Capital Receipts

	2017/18 £'000	2018/19 £'000
Balance at 1 April	**20,145**	**22,580**
Net receipts from sale of assets	2,436	754
Net receipts from repayment of loans	513	127
Receipts applied to finance capital expenditure	-514	0
Balance at 31 March	**22,580**	**23,461**

This reserve has been established for the purpose of financing capital expenditure in future years. Unutilised capital receipts at 31 March 2019 have been earmarked for future schemes.

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

Net Capital Receipts from the sale of assets	2017/18 £'000	2018/19 £'000
St Edburg's primary school site	1,417	
Other receipts from the sale of assets under £500,000	1,019	754
Total	**2,436**	**754**

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.

	2017/18 £'000	2018/19 £'000
Balance at 1 April	**42,185**	**48,070**
Applied during the year	-15,154	-4,479
Recognised as income but not applied during the year	21,039	37,528
Balance at 31 March	**48,070**	**81,120**

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 2018 £'000	Restated IFRS 9 Implementation 1 April 2018 £'000	31 March 2019 £'000
Available for Sale Financial Instruments Reserve	3,578	0	0
Pooled Fund Adjustment Account		3,005	986
Pensions Reserve	-980,258	-980,258	-1,113,706
Revaluation Reserve	189,036	189,036	191,878
Capital Adjustments Account	600,267	600,267	577,839
Financial Instruments Adjustment Account	-239	-239	-238
Collection Fund Adjustment Account	5,860	5,860	7,976
Accumulated Absences Account	-3,119	-3,119	-2,904
Total	**-184,875**	**-185,448**	**-338,168**

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

48. Financial Instruments Revaluation Reserve

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.

Prior to the adoption of IFRS 9 these assets were categorised as Available for Sale and movements were held in the Reserve. The transition is set out in Note 16.

Available for Sale Reserve 2017/18 £'000		Available for Sale Reserve 2018/19 £'000	Pooled Funds Adjustment Account 2018/19 £'000
2,262	**Balance at 1 April**	**3,578**	**0**
1319	Increase in value of available for sale financial assets		
-3	Decrease in value of available for sale financial assets		
	Transition to IFRS 9 - transfer to Pooled Funds Adjustment Account	-3,005	3,005
	Transition to IFRS 9 - accumulated gains transferred to CIES	-573	
	Increase in value of assets held at Fair Value through Profit and Loss		749
	Decrease in value of assets held at Fair Value through Profit and Loss		-448
0	Amounts released to the CIES on disposal		-2,320
3,578	**Balance at 31 March**	**0**	**986**

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

2017/18		Revaluation Reserve	2018/19	
£'000	£'000		£'000	£'000
	158,413	**Balance as at 1 April**		**189,036**
28,681		Revaluation of assets	16,789	
-1,101		Impairment of assets	-651	
9,388		Write back of accumulated depreciation on revaluations	261	
1,552		Write back of accumulated impairment on revaluations	189	
	38,520	Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services		**16,589**
-3,220		Difference between fair value depreciation and historical cost depreciation	-3,455	
-4,677		Accumulated gains on assets sold or scrapped	-10,292	
	-7,897	Amounts written off to the Capital Adjustment Account		**-13,747**
	189,036	**Total Balance at 31 March**		**191,878**

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.

2017/18		Capital Adjustment Account	2018/19	
£'000	£'000		£'000	£'000
	600,115	**Balance as at 1 April**		**600,267**
		Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):		
-32,151		Charges for depreciation for non-current assets	30,903	
-169		Charges for impairment for non-current assets	-64	
-433		Revaluation losses / subsequent gains on Property, Plant and Equipment	953	
-253		Amortisation of Intangible Assets	-207	
-53,823		Revenue Expenditure funded from capital under statute	-53,061	
-31,643		Amounts of non-current assets written off on disposal or sale as part of the gain/ loss on derecognition	-67,238	
0		Removal of finance liability on derecognition of assets held under finance leases	19	
	-118,472			**-150,501**

		Adjusting amounts written out of the Revaluation Reserve:		
3,220		Difference between fair value depreciation and historical cost depreciation	3,455	
4,653		Accumulated gains on assets sold or scrapped	10,292	
	7,873			**13,747**
		Capital Financing applied in year:		
514		Use of the Capital Receipts Reserve to finance new capital expenditure	0	
75,031		Capital grants and contributions credited to the CIES that have been applied to capital financing	88,957	
13,644		Application of grants to capital financing from the Capital Grants Unapplied account	4,143	
0		Reversal of grants and contributions applied in previous years	0	
10,015		Statutory provision for the financing of capital investment charged against the County Fund balance	10,220	
2,388		Capital expenditure charged against the County Fund balance	9,130	
-3		Reversal of revenue applied to capital financing in previous years	0	
	101,589			**112,450**
	10,347	**Movements in the market value of Investment Properties debited or credited to the CIES**		**2,200**
	0	**Amounts of Investment Properties written off on disposal or sale as part of the gain/loss on derecognition**		**-197**
	0	**Revaluation losses / subsequent gains on Assets held for Sale**		**0**
	0	**Impairment Losses on Assets held for Sale**		**0**
	24	**Accumulated gains on Assets held for Sale or scrapped**		**0**
	-696	**Amounts of Assets held for Sale written off on disposal or sale as part of the gain/loss on derecognition**		**0**
	-513	**Repayment of loans treated as capital receipts**		**-127**
	600,267	**Total Balance at 31 March**		**577,839**

51. Collection Fund Adjustment

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

Collection Fund Adjustment Account	2017/18 £'000	2018/19 £'000
Balance as at 1 April	**6,826**	**5,860**
Decrease in Council Tax and Business Rate surpluses/increases in deficits	-1,589	-727
Increases in Council Tax and Business Rate surpluses/reductions in deficits	623	2,844
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	-966	2,116
Balance as at 31 March	**5,860**	**7,976**

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 2017 relates to teachers' accumulated holiday pay, no accruals have been made for non-teaching staff in 2016/17 as the amounts involved are not considered to be material to the accounts. The balance for teachers' accumulated holiday pay has increased because of the Easter 2017 holiday all falling in the 2017/18 financial year.

Accumulated Absences Account	2017/18 £'000	2018/19 £'000
Balance as at 1 April	**3,155**	**3,119**
Settlement or cancellation of previous year's accrual	-3,155	-3,119
Amount accrued at the end of the current year	3,119	2,904
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in the year under statute	-36	-215
Balance as at 31 March	**3,119**	**2,904**

53. Cash Flow Statement – Non-Cash Movements

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

Non-cash Movements	2017/18 £'000	2018/19 £'000
Depreciation/amortisation of fixed assets	-32,404	-31,110
Impairment charges/revaluation losses	-602	888
Retirement benefit adjustments	-50,227	-76,303
Debt write-offs and Impairment allowances	-439	-911
Other financial instrument adjustments	2	2
Provisions set aside in the year	-1,648	3,474
Deferred income released	-5,228	926
Movement in value of investment properties	10,347	2,200
Carrying amount of non-current asset sold	-32,339	-67,416
Transfers from Capital Grants Receipts in Advance	21,769	14,368
Previous years' capitalised spend written-off	-3	0
Donated assets	22	0
Other non cash adjustment	296	644
Increase/decrease(-) in inventories	0	0
Increase/decrease(-) in debtors	-10,414	-2,242
Increase(-)/decrease in creditors	-10,855	-14,221
Total adjustments for non-cash movements	**-111,723**	**-169,701**

54. Cash Flow Statement – Operating Activities

The cash flows for operating activities are as follows:

2017/18 £'000	Operating Activities	2018/19 £'000	£'000
	Cash outflows		
320,770	Cash paid to and on behalf of employees	328,231	
513,522	Other operating costs	533,678	
834,292			**861,909**
	Cash inflows		
-335,341	Council tax receipts	-357,358	
-30,945	Non-domestic rate incomes	-33,659	
-18,666	Revenue Support grant	-5,868	
-37,821	Business rate top up grant	-39,046	
-332,565	Other government grants and contributions	-335,471	
-63,516	Other cash received for goods and services	-52,219	
-818,854			**-823,622**
	Cash outflows		
15,797	Interest paid	15,778	
2,465	Interest element of finance lease rental payments	2,407	
18,262			**18,185**
	Cash inflows		
-3,255	Interest received	-3,398	
-3,255			**-3,398**
30,445	**Total Operating Activities**		**53,073**

55. Cash Flow Statement – Investing Activities

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

Investing Activities	2017/18 £000	2018/19 £000
Purchase of property, plant and equipment, investment property and intangible assets	52,412	34,463
Purchase of short-term and long-term investments	278,000	430,962
Other payments for investing activities	1,023	899
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	- 2,436	- 854
Capital grants	- 120,435	- 181,856
Proceeds from short-term and long-term investments	- 240,000	- 370,639
Other receipts from investing activities	- 599	- 144
Total adjustments for investing activities	**- 32,035**	**- 87,169**

56. Cash Flow Statement – Financing Activities

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

Financing Activities	2017/18 £'000	2018/19 £'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	6,564	453
Repayments of short- and long-term borrowing	18,000	24,000
Other payments for financing activities	0	0
Total adjustments for financing activities	**24,564**	**24,453**

57. Contingent Liabilities

Nettlebed School Land

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

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

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

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

Municipal Mutual Insurance Plc

The County Council has claims outstanding with Municipal Mutual Insurance (MMI) Plc. In November 2012 the directors of MMI triggered a process to wind up the business. This means the County Council may have to repay all or part of the insurance claims settled since the company ceased to trade, as well as fund any outstanding claims. The current levy of 25% has been paid against settled claims, therefore as at 30 September 2018 the Council has a potential liability of £3.505m 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. This is in addition to the small short-term provision of £0.001m recognised at year end for the 15% levy which will be due on outstanding claims figures.

Mandatory Relief for NHS Trusts

Along with other NHS Trusts across the Country, the Oxford Health NHS Foundation Trust has made a claim for backdated mandatory relief of business rates (NNDR). Business rates are collected by the District Councils and pooled with the County Council and Central Government. The County receives 10% of the rates collected and would be liable for 10% of the claim. The claim period is from February 2012 to 2019 and exceeds £25m. If the claim is successful, the County Council has a potential liability in excess of £2.5m and would see a future reduction in annual income from NNDR of about £0.400m.

58. Material Post Balance Sheet Events

Events after the balance sheet date have been considered up until 31 May 2019, when the accounts were authorised for issue.

Two schools converted to academy status since 31 March 2019, none of which are recognised on the County Council's balance sheet.

These are non-adjusting events.

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the end of the reporting period (31 March 2018) and the date the Statement of Accounts is authorised for issue. There are two types of event:

- those that provide evidence of conditions that existed at the Balance Sheet date – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the Balance Sheet date – the Statement of Accounts is not adjusted to reflect such events, but a disclosure is made if the event has a material effect.

59. Changes in accounting policy

The County Council is required to disclose information relating to the impact of an accounting change on the financial statements as a result of the adoption by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) of a new standard that has been issued but is not yet required to be adopted by the County Council for the current reporting year (2018/19).

New standards that have been adopted by the Code for 2019/20 which will apply from 1 April 2019 are as follows:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

Assessments of the impact of the of accounting standards to be adopted in 2019/20 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.

60. Authorisation of the Accounts

The draft Statement of Accounts was authorised for issue by Lorna Baxter, Director of Finance on 29 May 2019.

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

Fund Account

Fund Account for the Year Ended 31 March 2019

	Notes	2018 £'000	2019 £'000
Contributions and Benefits			
Contributions Receivable	6	-95,440	-93,726
Transfers from Other Schemes	7	-7,562	-9,949
Other Income	8	-506	-465
Income Sub Total		**-103,508**	**-104,140**
Benefits Payable	9	83,215	88,195
Payments to and on Account of Leavers	10	7,746	10,655
Expenditure Sub Total		**90,961**	**98,850**
Net (Additions)/Withdrawals From Dealings With Members		**-12,547**	**-5,290**
Management Expenses	11	10,925	11,030
Net (Additions)/Withdrawals From Dealings With Members		**-1,622**	**5,740**
Returns on Investments			
Investment Income	12	-75,246	-32,698
Commission Recapture		-1	0
Profits and Losses on Disposal of Investments and Changes in Market Value of Investments	16a	-21,600	-132,586
Less Taxes on Income	12	239	244
Net returns on Investments		**-96,608**	**-165,040**
Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		**-98,230**	**-159,300**
Opening Net Assets of the Scheme		2,257,120	2,355,350
Closing Net Assets of the Scheme		**2,355,350**	**2,514,650**

Net Assets

Net Assets as at 31 March 2019

	Notes	2018 £'000	2019 £'000
Investment Assets			
Bonds	16b	279,802	296,805
Equities	16b	713,313	360,807
Pooled Investments	16b	1,069,635	1,581,636
Pooled Property Investments	16b	161,441	172,306
Derivative Contracts	16c	480	1,111
Cash Deposits	16d	9,698	3,567
Other Investment Balances	16d	13,229	7,429
Long-Term Investment Assets	16b	840	840
Investment Liabilities			
Derivative Contracts	16c	-752	-384
Other Investment Balances	16d	-5,821	-869
Total Investments		**2,241,865**	**2,423,248**
Assets and Liabilities			
Current Assets	17	110,040	91,324
Current Liabilities	18	-3,227	-4,419
Net Current Assets		**106,813**	**86,905**
Long-Term Assets	19	6,672	4,497
Net Assets of the scheme available to fund benefits at year end		**2,355,350**	**2,514,650**

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 2018/19 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 2018	As at 31 March 2019
Number of Contributory Employees in Scheme		
Oxfordshire County Council	8,646	8,529
Other Scheduled Bodies	10,600	11,156
Admitted Bodies	764	606
	20,010	**20,291**
Number of Pensioners and Dependants		
Oxfordshire County Council	8,809	9,095
Other Scheduled Bodies	5,414	5,710
Admitted Bodies	931	993
	15,154	**15,798**
Deferred Pensioners		
Oxfordshire County Council	17,058	16,114
Other Scheduled Bodies	11,260	9,993
Admitted Bodies	1,360	1,340
	29,678	**27,447**

Unprocessed leavers are included as Deferred Pensioners.

Thirty-six Admitted Bodies and three Scheduled Bodies joined the scheme in 2018/19. In addition, one Admitted Body left the scheme and three academies joined multi-academy trusts in 2018/19. There was no significant impact on the membership of the scheme because the Academies' members were transferred to a multi-academy trust employer and the other new bodies all transferred from an existing scheme employer or were small.

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 2019 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 2016 and determined the contribution rates to take effect from 01 April 2017. Employer contribution rates currently range from 12.2% to 28.4% of pensionable pay.

Benefits

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

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

From 1 April 2014 the scheme became a career average scheme, where members accrue benefits based on their pensionable pay in any given year at an accrual rate of 1/49th. Accrued pension is indexed annually in line with

the Consumer Prices Index. The normal retirement age is linked to each individual member's State Pension Age.

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

Note 2 – Basis of Preparation

The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

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.

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 2019.

(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 2019.

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

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

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

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

Foreign Currencies

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

Contributions

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

   Employers' pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

   The Actuary determines the contribution rate for each employer during the triennial valuations of the Fund's assets and liabilities. Employees' contributions have been included at rates required by the Local Government Pension Scheme Regulations.

Benefits, Refunds of Contributions and Transfer Values

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

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

Investment Income

5. Dividends and interest have been accounted for on an accruals basis. Dividends from quoted securities are accounted for when the security is declared ex-div. Interest is accrued on a daily basis. Investment income is reported net of attributable tax credits but gross of withholding taxes. Irrecoverable withholding taxes are reported separately as a tax charge. In the majority of cases, investment income arising from the underlying investments of the Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicles and reflected in the unit price. It is reported within 'Changes in Market Value of Investments'. Foreign income has been translated into sterling at the date of the transaction. Income due at the year-end was translated into sterling at the rate ruling at 31 March 2019.

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 2019 was £93.621m (£75.443m at 31 March 2018).

Pension Fund Liability

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

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

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

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

Item	Uncertainties	Potential Impact
Actuarial Present Value of Promised Retirement Benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on fund assets. The fund engages an actuarial firm to provide expert advice on the assumptions to be applied.	The actuarial present value of promised retirement benefits included in the financial statements is £4,096m. There is a risk that this figure is under, or overstated in Note 26 to the accounts. Sensitivities to the key assumptions are as follows: A 0.5% p.a. increase in the pension increase rate would result in an approximate 8% increase to liabilities (£342m). A 0.5% p.a. increase in the salary increase rate would result in an approximate increase to liabilities of 1% (£53m). A 0.5% decrease in the real discount rate would result in an approximate 10% increase to liabilities (£420m). A one-year increase in member life expectancy would approximately increase the liabilities by 3-5%.
Unquoted Private Equity	Unquoted private equity and infrastructure investments are valued at fair value using recognised valuation techniques. Due to the assumptions involved in this process there is a degree of estimation involved in the valuation.	Unquoted private equity and infrastructure investments included in the financial statements total £93.621m. 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.

Note 6 – Contributions

	2017/18 £'000	2018/19 £'000
Employers		
Normal	-50,903	-53,554
Augmentation	0	0
Deficit Funding	-21,099	-15,821
Costs of Early Retirement	-1,417	-1,320
	-73,419	-70,695
Members		
Normal	-21,771	-22,709
Additional *	-250	-322
	-22,021	-23,031
Total	**-95,440**	**-93,726**

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.

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

	Employer Contributions		Members Contributions	
	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000
Oxfordshire County Council	-28,920	-28,652	-8,943	-9,360
Scheduled Bodies	-41,098	-33,409	-11,872	-11,124
Resolution Bodies	-862	-4,868	-250	-1,558
Community Admission Bodies	-956	-2,034	-387	-385
Transferee Admission Bodies	-1,583	-1,732	-569	-604
Total	**73,419**	**-70,695**	**-22,021**	**-23,031**

Note 7 – Transfers In	2017/18 £'000	2018/19 £'000
Individual Transfers In from other schemes	-7,562	-7,868
Group Transfers In from other schemes	0	-2,081
Total	**-7,562**	**-9,949**

Note 8 – Other Income

Other Income for 2018/19 of £0.465m (2017/18 £0.506m) includes £0.192m (2017/18 £0.253m) reflecting the interest resulting from the unwinding of the discount for the long-term receivable recognised for transfers to Magistrates' Courts. The long-term receivable was calculated on a discounted cash flow basis. This resulted in a charge to the fund account in the year the long-term receivable was originally recognised representing the value of the discount. The discount is being written down over a ten-year period. Further information regarding the deferred asset is included in Note 19.

Note 9 – Benefits

	2017/18 £'000	2018/19 £'000
Pensions Payable	67,756	71,839
Lump Sums – Retirement Grants	13,866	13,132
Lump Sums – Death Grants	1,593	3,224
Total	**83,215**	**88,195**

	Pensions Payable		Lump Sums	
	2017/18	2018/19	2017/18	2018/19
	£'000	£'000	£'000	£'000
Oxfordshire County Council	33,541	35,222	6,523	6,980
Scheduled Bodies	29,841	31,745	7,273	7,128
Resolution Bodies	560	630	254	712
Community Admission Bodies	3,225	3,451	682	669
Transferee Admission Bodies	589	791	727	867
Total	**67,756**	**71,839**	**15,459**	**16,356**

Note 10 – Payment to and on account of leavers

	2017/18 £'000	2018/19 £'000
Refunds of Contributions	375	651
Payments for members joining state scheme	-17	-19
Group Transfers Out to other schemes	1,671	0
Individual Transfers Out to other schemes	5,717	10,023
Total	**7,746**	**10,655**

Note 11 – Management Expenses

	2017/18 £'000	2018/19 £'000
Administrative Costs	2,013	2,242
Investment Management Expenses	8,186	7,334
Oversight & Governance Costs	726	1,454
Total	**10,925**	**11,030**

Within oversight and governance costs are fees paid to the Pension Fund's external auditors of £0.030m (2017/18 £0.045m) for the audit of the Pension Fund's Annual Report and Accounts. No other external audit fees were paid in 2018/19.

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

Note 12 – Investment Income

	2017/18 £'000	2018/19 £'000
Bonds	-3,979	-3,750
Equity Dividends	-66,460	-25,002
Pooled Property Investments	-3,126	-3,331
Pooled Investments – Unit Trusts & Other Managed Funds	-1,349	-9
Interest on cash deposits	-296	-553
Other – securities lending	-36	-53
	-75,246	-32,698
Irrecoverable withholding tax - equities	239	244
Total	**-75,007**	**-32,454**

Note 13 – Investment Management Expenses

	2017/18 £'000	2018/19 £'000
Management Fees	8,129	7,332
Custody Fees	57	2
Total	**8,186**	**7,334**

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 £0.053m in 2018/19 (2017/18 £0.036m). This is included within investment income in the Pension Fund Accounts. At 31 March 2019 £5.344m (31 March 2018 £18.448m) of stock was on loan, for which the fund held £6.006m (31 March 2018 £20.157m) 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 2018/19, 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 £0.111m was paid to Oxfordshire County Council in respect of key management compensation during the financial year as follows:

	2017/18 £'000	2018/19 £'000
Short Term Benefits*	93	95
Long Term/Post Retirement Benefits	16	16
Total	**109**	**111**

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

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

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

For the 12 months ended 31 March 2019, employer contributions to the Pension Fund from the County Council were £28.652m (2017/18 £28.920m). At 31 March 2019 there were receivables in respect of contributions due from the County Council of £3.344m (2017/18 £3.232m) and payables due to the County Council of £0.025m (2017/18 £0.221m) for support services.

The County Council was reimbursed £1.441m (2017/18 £1.301m) 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:

	2017/18 £'000	2018/19 £'000
Income	-235	0
Expenditure	840	685
Receivables	235	263
Payables	0	0

Note 16 – Investments

	Value at 31 March 2018 £'000	Value at 31 March 2019 £'000
Investment Assets		
Bonds	279,802	296,805
Equities	713,313	360,807
Pooled Investments	1,069,635	1,581,636
Pooled Property Investments	161,441	172,306
Derivatives:		
- Forward Currency Contracts	480	1,111
Cash Deposits	9,698	3,567
Long-Term Investments	840	840
Investment Income Due	5,076	3,966
Amounts Receivable for Sales	8,153	3,463
Total Investment Assets	**2,248,438**	**2,424,501**
Investment Liabilities		
Derivatives:		
- Forward Currency Contracts	-752	-384
Management Expenses Due	-4,347	-869
Amounts Payable for Purchases	-1,474	0
Total Investment Liabilities	**-6,573**	**-1,253**
Net Investment Assets	**2,241,865**	**2,423,248**

Note 16a – Reconciliation of Movements in Investments and Derivatives

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

Included within the above purchases and sales figures are transaction costs of £0.113m. Costs are also borne by the scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

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

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

	Value at 1 April 2017 £'000	Purchases at Cost & Derivative Payments £'000	Sales Proceeds & Derivative Receipts £'000	Change in Market Value £'000	Cash Movement £'000	Increase in Receivables / (Payables) £'000	Value at 31 March 2018 £'000
Bonds	202,883	512,013	-431,171	-3,923			279,802
Equities	780,002	113,944	-159,530	-21,103			713,313
Pooled Investments	1,031,626	262,237	-254,340	30,112			1,069,635
Pooled Property Investments	144,421	8,812	-6,461	14,669			161,441
Long-Term Investments		840					840
Derivative Contracts							
FX	81	607,381	-609,347	1,613			-272
Other Investment Balances							
Cash Deposits	8,027	220,748	-257,860	232	38,551		9,698
Amounts Receivable for Sales of Investments	6,101					2,052	8,153
Investment Income Due	4,303					773	5,076
Amounts Payable for Purchases of Investments	-3,266					-2,555	-5,821
Total	**2,174,178**	**1,725,975**	**-1,718,709**	**21,600**	**38,551**	**270**	**2,241,865**

Note 16b – Analysis of Investments (Excluding Derivative Contracts)

Long-Term Investment Assets

	2017/18 £'000	2018/19 £'000
Brunel Pension Partnership Ltd	840	840
Total	**840**	**840**

Bonds

	2017/18 £'000	2018/19 £'000
UK Public Sector	101,440	90,463
UK Other	-	-
Overseas Public Sector	41,106	56,335
UK Public Sector Index Linked	137,256	150,007
Total	**279,802**	**296,805**

Equity Investments

	2017/18 £'000	2018/19 £'000
UK Equities	490,007	112,286
Overseas Listed Equities:		
North America	149,110	166,787
Japan	13,952	9,947
Europe	49,614	49,621
Pacific Basin	0	0
Emerging Markets	10,630	22,166
Total	**713,313**	**360,807**

Pooled Investment Vehicles

	2017/18 £'000	2018/19 £'000
UK Registered Managed Funds – Property	29,184	36,649
Non UK Registered Managed Funds – Property	21,536	19,522
UK Registered Managed Funds – Other	589,352	1,053,116
Non UK Registered Managed Funds – Other	189,157	209,540
UK Registered Property Unit Trusts	87,015	90,716
Non UK Registered Property Unit Trusts	23,706	25,418
Non UK Registered Unit Linked Insurance Fund	291,126	318,981
Total	**1,231,076**	**1,753,942**

Total Investments (excluding derivative contracts)

	2017/18 £'000	2018/19 £'000
	2,225,031	**2,412,394**

Note 16c – Derivative Contracts

Objectives and policies

The Pension Fund Committee have authorised the use of derivatives by some of their Investment Managers as part of the investment strategy for the pension scheme.
The main objectives and policies followed during the year are summarised as follows:
Forward Foreign Exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

Forward Foreign Exchange (FX)

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

Contract	Settlement Date	Currency Bought £'000	Currency Sold £'000	Asset value at year end £'000	Liability value at year end £'000	Net Forward currency Contracts £'000
Forward OTC	3 months	25,184 GBP	29,310 EUR		-141	
Forward OTC	1 month	27,237 GBP	30,961 EUR	556	-12	
Forward OTC	1 month	9,546 EUR	100,000 SEK	101	-148	
Forward OTC	1 month	13,880 GBP	18,007 USD	97	-25	
Forward OTC	1 month	75 GBP	873 SEK	3		
Forward OTC	1 month	969 GBP	1,750 AUD	15		
Forward OTC	1 month	15,359 GBP	26,537 CAD	135	-14	
Forward OTC	1 month	8,781 GBP	1,236,500 JPY	204		
Forward OTC	1 month	6,200 EUR	5,361 GBP		-16	
Forward OTC	1 month	6,070 USD	4,682 GBP		-28	
Forward Currency Contracts at 31 March 2019				**1,111**	**-384**	**727**
Prior Year Comparative						
Forward Currency contracts at 31 March 2018				**480**	**-752**	**-272**

Note 16d – Other Investment Balances

	2017/18 £'000	2018/19 £'000
Receivables		
Sale of Investments	8,153	3,463
Dividend & Interest Accrued	5,007	3,742
Inland Revenue	69	224
Other	0	0
	13,229	**7,429**
Payables		
Purchase of Investments	-1,474	0
Management Fees	-4,335	-850
Custodian Fees	-12	-19
	-5,821	**-869**
Total	**7,408**	**6,560**

Cash Deposits

	2017/18 £'000	2018/19 £'000
Non-Sterling Cash Deposits	9,698	3,567
Total	**9,698**	**3,567**

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

	2017/18 £'000	% of Total Fund	2018/19 £'000	% of Total Fund
UBS Life Global Equities All Countries Fund	291,126	12.36	318,980	12.68
L&G World (ex-UK) Equity Index	212,755	9.03	0	0.00
L&G World Developed Equity Index Fund	0	0.00	252,406	10.04
L&G UK FTSE All-Share Equity Index	182,948	7.77	179,064	7.12
L&G Core Plus Bond Fund	176,716	7.50	183,473	7.30
Brunel UK Equity Fund	0	0.00	438,172	17.42

Note 17 – Current Assets

	2017/18 £'000	2018/19 £'000
Receivables:		
Employer Contributions	7,625	7,922
Employee Contributions	1,844	1,930
Rechargeable Benefits	1,045	1,113
Transferred Benefits	1,116	1,832
Cost of Early Retirement	707	724
Inland Revenue	185	78
Other	746	566
Cash Balances	96,772	77,159
Total	**110,040**	**91,324**

Note 18 – Current Liabilities

	2017/18 £'000	2018/19 £'000
Transferred Benefits	-278	-1,351
Benefits Payable	-918	-1,100
Inland Revenue	-899	-987
Costs of Early Retirement	-737	-808
Staff Costs	-179	-2
Consultancy	-80	-94
Other	-136	-77
Total	**-3,227**	**-4,419**

Note 19 – Long-Term Assets

	2017/18 £'000	2018/19 £'000
Employer Contributions	6,186	4,189
Costs of Early Retirement	486	308
Total	**6,672**	**4,497**

Long-Term assets for 2018/19 include deferred receivables in relation to the transfer of staff to Magistrates' Courts for which a payment of £21.860m is due to be received in ten equal annual instalments, in line with the national agreement reached between Actuaries on behalf of Pension Funds, and the Government Actuary Department on behalf of the Government.

Note 20 - Assets under External Management

The market value of assets under external fund management amounted to £2,310.101m as at 31 March 2019. The table below gives a breakdown of this sum and shows the market value of assets under management with each external managed.

	31/03/2018		31/03/2019	
Fund Manager	**Market Value £'000**	**%**	**Market Value £'000**	**%**
Brunel Pension Partnership	417,824	19.35	877,323	37.98
Legal & General	867,755	40.18	493,564	21.36
UBS	423,662	19.62	458,305	19.84
Wellington	247,662	11.47	267,194	11.57
Insight	113,714	5.27	115,919	5.02
Adams Street Partners	40,499	1.87	49,697	2.15
Partners Group	48,433	2.24	48,099	2.08
Total	**2,159,549**	**100.00**	**2,310,101**	**100.00**

Note 21 – Top 5 Holdings

Value of the Fund's Top Five Holdings at 31 March 2019	£'000	% of Fund
HG Capital Trust Plc	40,034	1.59
Standard Life European Private Equity Trust	16,445	0.65
BMO Private Equity Trust Plc	14,144	0.56
3i Group Plc	11,278	0.45
UK Index Linked Gilt 1.25% 2055	9,539	0.38

Note 22 – Taxation

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

Note 23 – Additional Voluntary Contributions

	Market Value 31 March 2018 £'000	Market Value 31 March 2019 £'000
Prudential	13,825	13,575

AVC contributions of £1.639m were paid directly to Prudential during the year. (2017/18 - £1.621m).

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 2019 the fund had outstanding capital commitments (investments) totalling £92.894m (31 March 2018 - £92.602m). 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

	2018 £m	2019 £m
Present Value of Funded Obligation	3,638	4,096

The movement from March 2018 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 £153m (2018 - £163m increase).

There has been an increase in the present value of the Funded Obligation of £305m (2018 - £121m 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 2.5% from 2.4% (net effect an increase in Present Value of Funded Obligation)
- An increase in the assumed level of salary increases to 3.7% from 3.6% (net effect an increase in Present Value of Funded Obligation)
- A reduction in the discount rate to 2.4% from 2.7% (net effect an increase in Present Value of Funded Obligation).

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.

	2017/18			2018/19		
	Fair Value through Profit & Loss £'000	Financial Assets at Amortised Cost £'000	Financial Liabilities at Amortised Cost £'000	Fair Value through Profit & Loss £'000	Financial Assets at Amortised Cost £'000	Financial Liabilities at Amortised Cost £'000
Financial Assets						
Bonds	279,802			296,805		
Equities	713,313			360,807		
Pooled Investments	1,069,635			1,581,636		
Pooled Property Investments	161,441			172,306		
Derivatives	480			1,111		
Cash		106,470			80,727	
Long-Term Investments	840			840		
Other Investment Balances	13,160			7,205		
Receivables		699			520	
	2,238,671	**107,169**	**0**	**2,420,710**	**81,247**	**0**
Financial Liabilities						
Derivatives	-752			-384		
Other Investment Balances	-5,821			-869		
Payables			-375			-109
	-6,573	**0**	**-375**	**-1,253**	**0**	**-109**
Total	**2,232,098**	**107,169**	**-375**	**2,419,457**	**81,247**	**-109**

Note 27b – Net Gains and Losses on Financial Instruments

	31 March 2018 £'000	31 March 2019 £'000
Financial Assets		
Fair Value through Profit and Loss	21,368	132,355
Loans and Receivables	232	231
Financial Liabilities		
Fair Value through Profit and Loss	0	0
Financial Liabilities Measured at Amortised Cost	0	0
Total	**21,600**	**132,586**

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

Value at 31 March 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial Assets at Fair Value through Profit and Loss	925,581	1,202,455	110,633	2,238,669
Loans and Receivables	107,170	0	0	107,170
Total Financial Assets	**1,032,751**	**1,202,455**	**110,633**	**2,345,839**
Financial Liabilities				
Financial Liabilities at Fair Value through Profit and Loss	-5,821	-751	0	-6,572
Financial Liabilities at Amortised Cost	-375	0	0	-375
Total Financial Liabilities	**-6,196**	**-751**	**0**	**-6,947**
Net Financial Assets	**1,026,555**	**1,201,704**	**110,633**	**2,338,892**

Reconciliation of Movement in Level 3 Financial Instruments

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

Level 3 Investments	UK Equities £'000	Pooled Private Equity Funds £'000	Pooled Property Funds £'000	Pooled Infrastructure Funds £'000	Long-Term Investments £'000
Market Value 31 March 2017	1,949	75,495	28,774	0	0
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Purchases	0	9,793	5,890	4,062	840
Sales	0	-18,157	-5,953	0	0
Unrealised Gains/(Losses)	-226	909	3,666	-416	0
Realised Gains/(Losses)	81	3,757	0	0	0
Market Value 31 March 2018	**1,804**	**71,797**	**32,377**	**3,646**	**840**

Level 3 Sensitivities

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

Level 3 Investments	Valuation Range +/-	Value at 31 March 2018 £'000	Valuation on Increase £'000	Valuation on Decrease £'000
UK Equities	10%	1,804	1,984	1,624
Pooled Private Equity Funds	10%	71,797	78,977	64,617
Pooled Property Funds	3%	32,377	33,348	31,406
Pooled Infrastructure Funds	5%	3,646	3,828	3,464
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 2016 Valuation estimated that the current Funding Level is 90%, and set contribution rates to address the deficit over the next 22 years.
- The Investment Strategy Statement which sets out the Fund's approach to the investment of funds, and specifically sets out the approach to the mitigation of investment risk.
- The review of the Strategic Asset Allocation 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 fixed income securities, the behaviour of which most closely mirrors that of the Fund liabilities. The allocation to fixed income securities is constantly reviewed with the proposal 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, the Fund can afford to seek the higher investment returns associated with the more volatile asset classes.

- Maintaining an element of the asset allocation in passive equity funds which remove 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 ESG factors are taken into account in investment decisions.

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. Recently, changes to the scheme have been made 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 2016 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 90% down to 88% or up to 91%. A change in the CPI assumption of 0.1% per annum would lead to a reduction in the funding level to 89% or an increase to 91%. A change to the rate of mortality improvement of 0.25% would move the funding level down to 89% or up to 91%.

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 2019 the Fund's exposure to credit risk predominantly related to the following investments:

Investment Category	31 March 2018	31 March 2019
	£'000	£'000
UK Government Gilts	101,440	90,463
UK Corporate Bonds	176,716	183,473
UK Index Linked Gilts	137,256	150,007
Overseas Government Bonds	41,106	56,335
Non-Sterling Cash Deposits	9,698	3,567
Cash Balances	96,772	77,159
Total	**562,988**	**561,004**

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 2018 was deposited in short-term notice cash accounts and money market funds as shown in the table below:

	Rating	Balance at 31 March 2018	Rating	Balance at 31 March 2019
		£'000		£'000
Money Market Funds				
Aberdeen Standard	AAA	19,650	AAA	21,000
State Street Global Advisors	AAA	80,004	AAA	57,644
Bank Current Accounts				
Lloyds Bank Plc	A+	6,548	A+	1,950
State Street Bank & Trust Co	AA+	268	AA+	132
Total		**106,470**		**80,726**

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 2018/19 the Pension Fund received/accrued income related to dealings with members of £104.1m (2017/18 £103.5m) and incurred expenditure related to dealings with members of £109.9m (2017/18 £101.9m). There were further receipts/accruals of £32.7m (2017/18 £75.2m) in respect of investment income, against which need to be set taxes of £0.2m (2017/18 £0.2m). The net inflow was therefore £26.7m (2017/18 £76.6m).

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

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

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

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

Market Risk

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

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

Interest Rate Risk

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

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

Asset Type	Carrying Amount as at 31 March 2018	Change in Year in the Net Assets Available to Pay Benefits	
		+1%	-1%
	£'000	£'000	£'000
Cash and Cash Equivalents	9,698	97	-97
Cash Balances	96,772	968	-968
Bonds	456,518	4,565	-4,565
Total Change in Assets Available	**562,988**	**5,630**	**-5,630**

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 2019	Change in Year in the Net Assets Available to Pay Benefits	
		+10.0%	-10.0%
	£'000	£'000	£'000
Overseas Equities	248,521	24,852	-24,852
Pooled Global Equities	571,387	57,139	-57,139
Pooled Private Equity (LLPs)	69,957	6,996	-6,996
Pooled Property	44,940	4,494	-4,494
Infrastructure	13,058	1,306	-1,306
Cash	3,567	357	-357
Total Change in Assets Available	**951,430**	**95,144**	**-95,144**

Currency Exposure - Asset Type	Asset Values as at 31 March 2018	Change in Year in the Net Assets Available to Pay Benefits	
		+10.0%	-10.0%
	£'000	£'000	£'000
Overseas Equities	223,306	22,331	-22,331
Pooled Overseas Equities	503,881	50,388	-50,388
Pooled Private Equity (LLPs)	63,750	6,375	-6,375
Pooled Property	45,242	4,524	-4,524
Infrastructure	3,646	365	-365
Cash	9,698	970	-970
Total Change in Assets Available	**849,523**	**84,953**	**-84,953**

Other Price Risk

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

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

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

Asset Type	Value as at 31 March 2019 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
UK Equities	112,286	10.0	123,514	101,057
Pooled UK Equities	617,237	10.0	678,960	555,513
Global Equities	248,521	10.0	273,373	223,669
Diversified Growth Fund	115,920	3.0	119,397	112,442
Pooled Global Equities	571,387	10.0	628,526	514,248
UK Bonds	90,463	5.0	94,986	85,940
Overseas Bonds	56,335	5.0	59,152	53,518
UK Index Linked Bonds	150,007	5.0	157,508	142,507
Pooled Corporate Bonds	183,473	5.0	192,646	174,299
Infrastructure	13,057	5.0	13,711	12,405
Pooled Private Equity (LLPs)	80,562	10.0	88,619	72,507
Pooled Property	172,306	3.0	177,475	167,136
Long-Term Investments	840	0.0	840	840
Cash	80,726	0.0	80,726	80,726
Total Assets Available to Pay Benefits	**2,493,120**		**2,689,433**	**2,296,807**

Asset Type	Value as at 31 March 2018 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
UK Equities	653,148	10.0	718,463	587,833
Pooled UK Equities (Small Cap)	16,932	10.0	18,626	15,239
Global Equities	243,113	10.0	267,425	218,802
Diversified Growth Fund	113,714	3.0	117,126	110,303
Pooled Global Equities	291,126	10.0	320,239	262,013
Pooled Overseas Equities	212,755	10.0	234,031	191,480
UK Bonds	101,440	5.0	106,512	96,368
Overseas Bonds	41,106	5.0	43,161	39,050
UK Index Linked Bonds	137,256	5.0	144,119	130,394
Pooled Corporate Bonds	176,716	5.0	185,552	167,880
Infrastructure	3,646	5.0	3,828	3,463
Pooled Private Equity (LLPs)	71,797	10.0	78,976	64,617
Pooled Property	161,440	3.0	166,284	156,597
Long-Term Investments	840	0.0	840	840
Cash	106,470	0.0	106,470	106,470
Total Assets Available to Pay Benefits	**2,331,499**		**2,511,652**	**2,151,349**

Note 29 - Actuarial Valuation

The contribution rates within the 2018/19 Pension Fund Accounts were determined at the actuarial valuation carried out as at 31 March 2016.

This valuation showed that the required level of contributions to be paid to the Fund by the County Council for the year ended 31 March 2018 was 19.9% of Pensionable Pay. The corresponding rates of contribution that are required from the major participating employers for this period are:

	% Pay	Additional Monetary Amounts £'000
South Oxfordshire District Council	12.9	793
West Oxfordshire District Council	15.8	468
Cherwell District Council	14.9	1,697
Oxford City Council	20.6	-
Vale of White Horse District Council	13.2	699
Oxford Brookes University	14.4	1,775

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

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

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

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

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

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

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

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

Fund Account	2017/18 £'000	2018/19 £'000
Contributions Receivable		
From Employer:		
Normal	-1,600	-1,589
Early Retirements	0	0
Other (ill health retirement contribution)	-59	-55
From members	-1,356	-1,392
	-3015	-3,037
Transfers In	-1	0
Benefits Payable		
Pensions	5,211	5,463
Commutations & lump sum retirement benefits	1,192	1,256
Lump sum death benefits	0	0
Other (ill health lump sums)	90	12
	6,493	6,730
Payments to and on account of leavers		
Individual transfers out to other schemes	0	0
Miscellaneous		
Annual Allowance Charge	84	195
Interest Payments	28	0
Refunds due to employee contribution holiday (including interest)	6	0
	118	196
Net amount paybale/receivable for the year before top-up grant receivable / payable to sponsoring department	**3,595**	**3,889**
Top-up grant receivable	**-3,595**	**-3,889**
Net amount payable / receivable for the year	**0**	**0**

Net Assets Statement	2017/18 £'000	2018/19 £'000
Net Current Assets and Liabilities		
Contributions due from employer	0	0
Pension top-up grant receivable form sponsoring department	0	0
Other current Assets	0	0
Pension top-up grant payable to sponsoring department	1,317	419
Other current liabilities (other than liabilities to pay pensions and other benefits in the future)	25	13
Cash balance	-1,342	-432
Total	**0**	**0**

Basis of Preparation

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

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

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

Payment of the employers and employees' contributions towards pension liabilities

Fire & Rescue Authorities are required to make a payment into their pension fund of 4x average pensionable pay in respect of all higher tier ill health retirements and 2x average pensionable pay in respect of all lower tier ill-health retirements.
As the number of firefighters who retire on grounds of ill health varies from year to year and will cause financial volatility authorities are required to spread the charges over a period of 3 years. Oxfordshire Fire & Rescue Service had 2 ill health retirements in 2018/19.

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 2019.

Membership numbers	1992 Scheme	2006 Scheme	2015 Scheme
Contributors	26	9	507
Pensioners	38	408	194
Preserved Pensions	316	48	3
Total	**380**	**465**	**704**

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 18 to the core financial statements.

INTRODUCTION

1. This is Oxfordshire County Council's Annual Governance Statement for 2018/19. 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 2018/19
- A *conclusion* in relation to the effectiveness
- A review of the *action plan* from last year's statement
- An *action plan* for 2019/20
- An *annex* summarising our governance framework

2. The Statement will be published on the Council's website and will also form part of the Council's Statement of Accounts. The Annual Governance Statement is required by Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015. This statement covers all services including the Fire & Rescue Service. However, the Fire & Rescue Service are required to produce a separate Statement of Assurance which will supplement this statement. A copy of the Fire and Rescue Service Annual Statement of Assurance for 2018/19 can also be found on our public website here.

STATEMENT OF OPINION

It is our opinion that the Council's governance arrangements in 2018/19 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2019/20.

SIGNATURES

Signed on behalf of Oxfordshire County Council:

……………………………….	Date ………	……………………………….
Yvonne Rees Chief Executive		Lorna Baxter Chief Finance Officer
……………………………….	Date ………	……………………………….
Councillor Ian Hudspeth Leader of the Council		Nicholas Graham Monitoring Officer

APRIL 2018
SIGNIFICANT GOVERNANCE ISSUES
Progress in 2018/19

3. This is a review of the progress on the priorities for 2018/19:

Actions that were planned for 2018/19	Original Timescale	Outcome
Mental Health: Carry out the remaining governance actions identified in the follow-up audit (March 2018)	March 2019	Actions to improve the delivery of services to people who require support from a mental health perspective are ongoing, having made considerable progress. The difficulties identified in the shared delivery of services, and in the commissioning, quality and purchasing processes identified by the audit in 2016/2017 are being addressed as required through the Action Plan. Seven agreed management actions are fully implemented, the remaining five were on target for implementation by the end of April 2019. The mental health service is delivered through a section 75 partnership agreement with Oxford Health NHS Foundation Trust, with some shared commissioning and transactional work delivered from finance and commissioning teams within the County Council. In 2017, officers carried out a strategic review of the Section 75 arrangements to consider how service users' needs are best met and to ensure that our statutory duties are being delivered. Following the review, a decision was taken to move staff in the older adults' mental health service back into the County Council where they are now currently working as a separate team. This arrangement enables a single point of access for social care mental health ensuring social care is delivered for the whole population to a single set of standards, processes and procedures in line with the social work provision in the locality teams. The adults of working age mental health service is still provided by Oxford Health and will be governed by a variation to the section 75 agreement. A draft of that agreement has been produced but is not yet finalised as it is affected by the proposed changes to mental health budgets. The Council and Oxford Health are working closely together to determine the future of Working Age Adults' service.

Actions that were planned for 2018/19	Original Timescale	Outcome
General Data Protection Regulations: Action plan for ensuring compliance with the incoming GDPRs – including policy review, organisational awareness. Action plan for reviewing and monitoring ongoing compliance	May 2018 March 2019	Work started in 2017 to prepare for GDPR implementation, researching as much as we could by attending conferences, webinars, talking to other local authorities and keeping up to date with news from the Information Commissioners Office. The information gathered along with the ICO guidance - "Preparing for the General Data Protection Regulations (GDPR) 12 steps to take now" – was used to create the implementation plan. • The main actions to ensure compliance were: • All relevant policies were revised • All Information Asset Registers were updated • A new privacy notice was created • A process for handling individual rights requests was created • The information security investigation process was revised, • A template was created for Data Privacy Impact Assessments (DPIA's) • The Information Management Risk Assessment (IMRA's) template was updated • Guidance created for privacy by design • Coordination of contacting of all providers and suppliers to ensure their GDPR compliance • All consent guidance was revised and updated • The data protection e-learning was re-written, very strong completion rate achieved and annual re-testing for all users introduced for 2019/20. • A GDPR toolkit was created for the intranet • 60 individual team briefings were done • 8 site surgeries were held • 8 briefings o providers were held • 4 briefings to schools • 4 briefings to transport providers • 2 stakeholder workshops to senior managers • Monthly intranet headlines, regular Yammer posts Work did not stop on 25 May; the new regulations have increased staff awareness of data protection which has resulted in an increase in risk assessments and staff queries. Other changes such as the reporting period for information security breaches being reduced to 72 hours and the delivery period for subject access requests being reduced from 40 days to 30 days has placed a greater pressure on resource to deliver to the new deadlines. However, the increased awareness is positive for the council as it helps to ensure that we are complying with the requirements of the GDPR.

Actions that were planned for 2018/19	Original Timescale	Outcome
"Fit for the Future" Programme Implementation of the *Fit for the Future Programme* under sound project governance and to explore/feature governance as a key layer of the new Target Operating Model	July 2018 – decision making on preferred target operating model July 2018 – March 2019: implementation of the planned two-year delivery of the model	The overall accountable body for the programme is CEDR (senior management meeting, 'Chief Executive Direct Reports'). The governance of the Transformation Programme (no longer called Fit for the Future) has been established gradually during the second half of 2018/19 following approval of the business case in September 2018. In terms of member governance, the Joint Audit & Governance and Performance Scrutiny (Transformation) Sub-Committee has been established and met for the first time on 21/1/19. The Transformation Cabinet Advisory Group has been established and met for the first time on 18/12/18. The officer governance arrangements for the programme have been put in place and follow the internationally recognised methodology known as 'Managing Successful Programmes (MSP)'; and as new projects are established project teams are also established. The governance framework of the programme is based on an overarching transformation programme board and three thematic workstream groups. Deliberately the governance has been designed not to reflect our directorate structures and instead to encourage better 'whole council' management. There is cross organisational representation on the board and workstream groups and specific projects and activities have allocated senior accountable officers. The programme board and all three thematic workstreams have met and have mapped out the catalogue of projects and activities within their remit. Transformation related expenditure and savings are managed by the board, the section 151 officer is a member. From April a monthly update report is being published. The Transformation Programme Board met for the first time on 24/1/19 in order to begin to co-ordinate the overall programme of work and in particular to fulfil two important standard programme functions – as the Design Authority (ensuring changes are in line with the business case and the design principles that were set) and as the Benefits Realisation Board (ensuring the improvements and savings are made / delivered). Further programme and project arrangements will be implemented when there is an identified need. Standard project and programme methodologies are being deployed, with the Programme Management Office ensuring consistency of practice and rigour. A quarterly programme review document will be published. The first version of this report reflected a slightly longer period of time (from November 2018 until end March 2019) and will be published on a quarterly basis thereafter. The document will be publicly available and will cover progress in terms of both service improvement, technology and savings

<table>
<tr><th>Actions that were planned for 2018/19</th><th>Original Timescale</th><th>Outcome</th></tr>
<tr><td>Corporate Security:
Early appointment of a designated project lead to drive a planned series of activity to build and test the Council’s corporate security.

Delivery of the planned programme.</td><td>May 2018

May 2018 – March 2019</td><td>Project in place led by Assistant Director (Facilities Management) to:
Review the level of security requirements for each type of buildings we have i.e. corporate, children’s centres, adult centres, museums, libraries, fire stations, depots etc.
Look into the different components linked to security for each type of building:
Infrastructure i.e. suitability of buildings to carry out current services, building layouts etc
CCTV and surveillance
Manned guarding
IT systems to support requirements
Staff training and awareness
Review all incidents (reported into the system and not) relating to H&S and security for the last 2-3 years so that we get an idea of type of issues/incidents we are dealing with
Link/align all of security requirements going forward with relevant OCC security policy, Emergency Planning, Business Continuity Plans, Communication Plans etc
Review and consolidate in one place the current different security provisions across OCC i.e. Facilities Management (FM) providing certain services to some buildings, Estates team carrying out keyholding, individual arrangements from historic key sites and request of manned guarding using their own budgets etc. In that way we can see the whole picture OCC wide and how we can bring everything together to be provided as a service from one focal point across all sites.
Procurement strategy in sourcing the best providers to fit security scope going forward
Explore any links with Health and Safety
A lead Officer (Senior Area Facilities Manager) has been tasked with this Corporate Security initiative and the review by site / Service has begun along with the engagement with Corporate Finance and Procurement teams.</td></tr>
</table>

Actions that were planned for 2018/19	Original Timescale	Outcome
Financial Management Deliver a detailed refresh of the assurance framework to ensure its effectiveness; and to follow through the 'case for change' under the Fit for the Future Programme in respect of streamlining systems and processes.	April 2018 – March 2019	In July -October 2018, the CIPFA Financial Management Toolkit was used to undertake a self-assessment of Financial Management across the council. This confirmed that Financial Management was adequate but from the feedback from respondents there were a number of areas highlighted for improvement. An action plan was established and was originally scheduled to be completed by the end of March 2019. The Financial Management improvement is now included as one of the workstreams under the Finance Review, part of the Transformation Programme, which is due to conclude on 31 May 2019. Extending the deadline and aligning the work within the overall Finance Review is enabling additional activity, looking at financial management structures and behaviours. The outcome of that work will be to strengthen the governance and framework that underpins Financial Management, and the principle of self service.
Property Deliver property compliance project to review, monitor and prioritise via Key Performance Indicators.	April 2018 – March 2019	Significant progress has been made in relation to achieving full statutory compliance across the corporate estate. Early last year audits to establish our compliance position post Carillion took place and identified substantial gaps (i.e. non-compliance). Compliance programmes were subsequently put in place to ensure full statutory compliance in these areas. A full set of compliance KPIs is in place covering all the main compliance areas. Much higher levels of statutory compliance have been achieved across the corporate estate, particularly in non-leased properties with some compliance areas at or close to 100% statutorily compliant. Several compliance programmes are still in place to bring the corporate estate up to full compliance (e.g. water hygiene risk assessments, electrical fixed wire safety and a Radon safety programme). In addition, work is also underway to ensure a robust management of an increasingly large number of remedial recommendations arising out of recent and historic risk assessments, safety certificates and surveys (all with target BAU dates between Jan and March 2019 to comply with end of April 2019 target date). A framework of remedial KPIs is being put in place to track progress in this area.

Actions that were planned for 2018/19	Original Timescale	Outcome
And, particularly in the post-Carillion environment, this will include: • a refresh, and strengthening, of systems for the assessment and tracking of health and safety risks across the Council's property and within schools • a refreshed approach to the effective use and management of the Council's properties	April 2018 – March 2019	Related activities have focused on the need to review governance, policy, procedure and process. For example, site manuals/logs, processes, policy and systems relating to the management of significant compliance risk have been reviewed and updated. We have been introducing both the general compliance site manual and a fire safety site manual since February 2019: both are being introduced via training courses and introductory sessions and a number are already in use across the corporate estate (with similar plans for schools). We hope to complete the programme in the Summer of 2019. We have also started looking at the organisational structure in relation to management of compliance to provide a more robust operating model that will deliver and sustain compliance moving forward along with a more vigorous performance reporting framework in key compliance areas. To ensure that the council can discharge its health & safety responsibility in respect of property compliance there is also a need to re-establish capacity for effective monitoring and development of technical policy and practice across both the corporate and schools' estate. There is a proposal to re-establish the required resource within a newly formed Health & Safety team within FM. Closer working with the Schools health and safety team in relation to property health and safety compliance within the school's estate is now embedded. However, for a longer-term solution it is proposed that this is re-established and located within the FM team
External Reports Implement a robust and effective mechanism for the co-ordination and consideration of, and action plans for implementing, any governance issues arising from External Reports about the Council and its performance.	December 2018	A mechanism has been put in place whereby an identified point in Law & Governance is now the key contact point for co-ordinating and liaising with Directorates on external reports that are taking place or planned. Keeping a log of planned and reactive external reports will continue during 2019/20. The governance implications will be noted and tracked and referred to the monthly meetings of the Corporate Governance Assurance Group of key statutory officers. Progress reports will be made in-year to the Audit Working Group and Audit & Governance Committee, with reference to the action plans under each External Report.

Actions that were planned for 2018/19	Original Timescale	Outcome
Procurement: As part of the new Target Operating Model for the Council: • Develop / implement a refreshed Procurement Strategy and Policy • develop and deploy the electronic Contract Management Systems (eCMS) • refresh contract management skills within the new Model	August 2018 Jan 2019 Aug – Dec 2018	Work on this was rescheduled to link to the Transformation Programme work schedule: • Provision Strategy – the new operating model identified through the transformation programme will inform a new strategy for the council which is anticipated to span the entire cycle including strategic commissioning, procurement and contract management. A new strategy is expected to be developed by September 19 which will then be subject to appropriate approval steps. Target completion date – Quarter 3, 2019. • Electronic Contract Management System (ECMS) – Usage of the eCMS to date has been fragmented across the council. A core aim of the Provision Cycle will be identity a consistent approach across the full cycle and thus will include the development of a consistent, corporate approach to contract management. To support this our systems will be assessed and developed to meet the future needs of the new approach. The eCMS system is expected to meet the future contract management requirements but its full functionality is not fully understood or utilised. A workshop is planned with the provider better to understand the system's capabilities and the appropriate changes required to meet the needs of the future operating model. As part of the anticipated roll out, a new communication plan and training will be provided. Target completion date – Quarter 3, 2019. • Contract Management Skills Development – In addition to the development of a new Provision Strategy covering contract management and the implementation of a new improved contract management system, a skills development will be required. This will take the form of formal training and skills/information exchange between stakeholders across the council. Target completion date – Quarter 3, 2019.

Action Plan for 2019/20

4. This is an Action Plan of specific governance priorities that the Council will address during 2019/20. We propose over the coming year to take steps to address the following matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Action now planned for 2019/20	Timescale for Completion	Responsible Officer	Monitoring Body
1. Property and Security Deliver on the remaining outcomes of the property audit (health and safety), which established the compliance position, post-Carillion: meet the Key Performance Indicators that have has been put in place to address all the main compliance areas, Establish greater integration between the property and corporate security functions, at managerial and project level. Achieve and maintain prompt renewals of rentals and leases; together with greater level of reporting on the use of properties.	May 2020 March 2020 March 2020	Assistant Director Community Facilities Management	Chief Executive Direct Reports
2. Business Continuity Embed sound business continuity framework across the Council to monitor awareness and compliance. In particular to: - increase the evidence base for Business Continuity Plans - achieve a documented business continuity testing strategy / plan - implement a testing exercise plan and programme - identify training needs across the council based on the evidence of testing and plan quality	 March 2020 May 2019 – May 2020 May 2019 May 2019	Assistant Chief Fire Officer - Strategic Lead for Safeguarding and Collaboration	Business Continuity Steering Group
3. ICT and Digital Back Up of data reliability. The system which provides this function is aged and may fail. Replacement of Computer, Storage and backup datacentre provision is a primary action identified as part of the ICT Health Check.	March 2020	Will Harper, Interim Head of ICT	ICT Governance Board
4. Procurement Atamis eCMS Contract Management system is neither fully developed nor fully deployed across the Council. The electronic Contract and Supplier Management System (eCMS) will be reviewed as part of the Provision Cycle transformation programme with the expectation to develop and implement a system that will provide management and controls across the full cycle of Commissioning, Procurement and Contract Management. This will enable a consistent, council-wide approach enabling 100% visibility of requirements.	The development will be iterative and ongoing but target to implement by Dec 19	Head of Procurement & Contract Management	Directorate Leadership Team and Corporate Governance Assurance Group

REVIEWING OUR EFFECTIVENESS

1. We have reviewed our overall effectiveness. Key points are that we have made progress on implementing our Action Plan for 2018/19.

2. In overview, our formal decision taking processes remain clear;
   i. Key management roles have continued to be defined and to operate as part of the council's leadership team - Head of Paid Service, Chief Finance Officer, Monitoring Officer and Chief Internal Auditor, even during times of change (such as the partnership with Cherwell District Council, mentioned below)
   ii. The council operates within a budget that included a modest council tax increase and delivers year on year savings despite significant financial pressures.
   iii. Financial management systems and processes are subject to regular review and actions taken where areas for improvement are identified to ensure good value for money is achieved.
   iv. We monitored key governance issues through a system of Corporate Lead Officers reporting into a Corporate Governance Assurance Group of senior officers and to the council's Audit & Governance Committee,
   v. Through the governance assurance framework, issues and unacceptable risk exposures are being highlighted with action plans devised and implementation monitored on a timely basis. This will ensure that the level of risk is returned to acceptable levels as soon as possible.

3. The effectiveness of the Council's governance has been further demonstrated by the Council's active project-planning to meet in-year governance issues. For instance, clear governance has been essential to the following notable matters in 2018/19.

Partnership with Cherwell District Council ('Section 113 Agreement')

4. During the year the Council formally entered into a partnership arrangement with Cherwell District Council. A 'Section 113 Agreement' (under the Local Government Act 1972) was entered into to define the purpose and governance of the arrangement. A Section 113 Agreement effectively expresses each Council's willingness to put its staff at the disposal of the other for certain agreed purposes.

5. This Agreement and the suite of governance policies to which it gave rise, were endorsed by this Council's Audit and Governance Committee and Full Council. The Partnership appointed a shared Chief Executive, Yvonne Rees, and joint Monitoring Officer, Nick Graham. It expressed an ambition to achieve a Joint Management Team. Certain other joint appointments have been made. The governance arrangements to deliver and support these arrangements included:
   - A Chief Executive's Protocol
   - Protocol on managing interests
   - Ethical walls procedure

6. A Partnership Working Group of members of both councils was set up under the S113 Agreement to make recommendations to the respective authorities on the areas of potential joint working. A Joint Shared Services and Personnel Committee was also set up to take forward any employment-related issues. Terms of reference of each body was agreed by the Audit & Governance Committee and Full Council.

7. The governance arrangements are working well so far in facilitating the project (in terms of the first appointments and implementation of the first sharing of services). The arrangements also have the balance of member and officer involvement. The Audit & Governance Committee intend to review the governance arrangements at its meeting on 8 May 2019.

CONCLUSION
The Council's governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework

Transformation

8. The Council's Transformation Programme (no longer called Fit for the Future) was established gradually during the second half of 2018/19 following approval of a Business Case in September 2018. Governance arrangements have been put in place at both a member and project level. Member bodies include a Joint Audit & Governance and Performance Scrutiny (Transformation) Sub-Committee; and a Transformation Cabinet Advisory Group. A Transformation Programme Board has been established to co-ordinate the overall programme of work, supported by three thematic workstream groups.

Peer Review

9. The Council commissioned a corporate Peer Review from the Local Government Association which was led, in March 2019, by experienced cross-party range of councillors and senior local government officers. This was the Council's first corporate (whole Council) peer review. 'Leadership and governance' was one of the five key corporate areas considered by the review.

10. As regards governance, feedback from the peers highlighted that the new Chief Executive was viewed positively as a change agent; that there were strengths in senior management, that bold leadership (e.g. with the Cherwell partnership) was taking place; and that there were good member/officer relationships and a strong and valued scrutiny function. Opportunities still remained for establishing a stable senior management structure and for using non-Cabinet councillors more fully through the scrutiny function and indeed their role as community leaders in developing locality working.

Horton Health Overview and Scrutiny Committee

11. In response to the Oxfordshire Clinical Commissioning Group's proposals regarding consultant-led maternity services at the Horton General Hospital, the Secretary of State and Independent Reconfiguration Panel (IRP) advised that a new overview and scrutiny committee be formed covering the area of patient flow for these services. The area of patient flow for obstetric services at the Horton General Hospital covers Oxfordshire, Northamptonshire and Warwickshire. Therefore, the County Councils of Oxfordshire, Northamptonshire and Warwickshire formed the statutory joint Horton Health Overview and Scrutiny Committee. It has been chaired since it commenced by an Oxfordshire County Councillor. The Committee's duration is expected to last only as long as necessary for this specific matter above to be considered. Responsibility for all other health scrutiny functions and activities remain with the respective local authority Health Scrutiny Committees. The Council therefore complied effectively and in a timely fashion with the statutory requirement and is delivering sound governance arrangements.

County Council By-elections

12. During the late summer and early Autumn of 2018, three county councillors resigned their positions due to personal circumstances. Three by-elections were therefore held in October and November (in the divisions of Iffley Fields & St Marys, Grove & Wantage and Wheatley). Each of the by-elections were successfully held and were compliant with electoral legislation and Electoral Commission guidance to Returning Officers. Deputy Returning Officers were appointed in the three district councils concerned to assist in the delivery of the polls and the counts. Three new County Councillors were duly elected and bespoke induction sessions were held. The electoral governance was therefore sound.

Governance Review Task Group on involving councillors

13. The cross-party group of County Councillors met during 2018/19 to work up proposals for Cabinet on ways in which constituency councillors (particularly those not on the Council's executive) could be further informed about and involved in the Council's policy formulation and decision making. A survey and a whole council workshop were arranged, and the Group conducted visits to a range of authorities operating differing decision-making structures. A report was produced, considered by Cabinet. It was determined that with the Council undertaking a Transformation programme it made sense to review the Group's recommendations when that programme was further advanced. The Peer Review (above) also reflected that further emphasis should be given to developing a closer integration of members and their locality perspective.

Independent Remuneration Panel on Members' Allowances

14. The Council convened its Independent Remuneration Panel during the last quarter of 2018/19 to gain recommendations from it regarding three specific matters, two about special responsibility allowances and one regarding the application of an index for uprating members' allowances. The Panel met and considered the issues in line relevant regulations and comparative evidence. Council was then able to receive the recommendations and decide upon them at its meeting in April 2019. The Remuneration Panel processes were therefore sound and compliant with Regulations,

General Data Protection Regulations

15. The General Data Protection Regulations came into force during the year and the Council's advance planning and project management, informed by the Information Commissioner's guidance, has ensured effective compliance through the transition. All related policies and asset registers were updated. A mandatory e-learning course for staff, along with briefing sessions for staff and councillors also increased awareness as evidenced through an increase in risk assessments and queries.

Property and Security

16. During the year the Council has made progress to achieving full statutory compliance as regards health and safety, across the corporate property estate, particularly since the ending of the Carillion contract. Audits established the compliance position, post-Carillion, identified gaps and full set of Key Performance Indicators has been put in place to address all the main compliance areas. The updated priority action of 2018/19 sets out some of the detail. However, the Corporate Governance Assurance Group is of the view that this area of work should continue to have the visibility and emphasis of inclusion in the priority Actions for 2019/20, as on page 12 above.

17. There are of course links with the Council's work on ensuring corporate security of the Council's estate. In that regard a settled senior management lead for corporate security (Assistant Director for Facilities Management) and project lead (Senior Area Facilities Manager) have been achieved to drive improvements. This is also reflected under the priority Action for 2019/20 as on page 12 to ensure visibility of this workstream as it is embedded.

Measuring and Managing Service Performance

18. Oxfordshire County Council has used a performance management framework, centred on quarterly reporting and an exception-based escalation of issues. Priorities are identified in the Corporate Plan and related performance indicators are agreed with directorates, as part of the service and resource planning process. Progress is reported by the use of dashboards with Red, Amber or Green (RAG) ratings.

19. Accountability for performance runs from the individual to corporate level through directorate leadership teams and then on to the Council's

senior management group – Chief Executive Direct Reports (CEDR) Public reports are made to Performance Scrutiny Committee and Cabinet. Performance Scrutiny Committee met 7 times in 2018/19 to consider performance across the Council focusing on a directorate in detail at each meeting. The Committee can call for additional reports from directors and examine issues in detail to ensure that improvements are made. The Committee also challenges proposed indicators and targets to ensure they are realistic and in line with strategic priorities.

Compliance, Risks and Complaints & Whistleblowing

Compliance

20. The County Council has used a range of measures to ensure compliance with established policies, procedures, laws and regulations including:
    - Notification of changes in the law, regulations and practice to directorates by Legal Officers;
    - Induction training for officers and managers on key governance responsibilities
    - Specific training carried out by Legal Officers and external experts;
    - The drawing up and circulation of guidance and advice on key procedures, policies and practices;
    - Proactive monitoring of compliance by relevant key officers including the Chief Finance Officer, the Monitoring Officer and the Chief Internal Auditor;
    - ‘Protocol for Implementing New Legislation’ ensures that there are Directorate Leads who have a specific obligation to ensure appropriate dissemination of legal, policy and professional information within their Directorates.

21. Guidance and advice on all our key policies and procedures are reviewed and updated on an ongoing basis. All policies and guidance have been given visibility on the Intranet within the Corporate Governance Library as well as separate pages for Human Resources and Finance, Budgets and Procurement and news items

22. Compliance with our policies was monitored by the relevant corporate lead officers. Their assessment was incorporated in the year end ‘Certificate of assurance’ signed off by each corporate lead officer.

23. Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to the County Council where, in his opinion, a proposal, decision or omission by the County Council, its Members or Officers is or is likely to be unlawful and also to report on any investigation by the Local Government Ombudsman. No such reports have been necessary in 2018/19.

24. The Monitoring Officer provides an report annually 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 2018.

Risks

25. Oxfordshire County Council has a Risk Management Strategy which aims to ensure that there is continuous improvement in the arrangements for managing risk across all directorates. The Chief Finance Officer was the CEDR Risk Champion during 2018/19.

26. Oxfordshire County Council has in place a process for identifying, assessing, managing and reviewing the key areas of risk that could impact on the achievement of County Council’s objectives and service priorities. Reports to committees to support key policy decisions or major projects include an assessment of both opportunities and risks.

27. A strategic risk register is in place that is owned and reviewed by CEDR. In most parts of the Council risk registers were owned at directorate level

and reviewed by each Director with their management teams on a quarterly basis. Additional risk registers were also held and managed at service, team or project level according to business needs. An escalation process is in place to report significant service risks upwards as necessary, including up to CEDR as part of the quarterly performance reporting process and separately to the Audit Working Group. The Strategic Risk Register has been established in 2018/19 and each risk is owned by a member of CEDR. CEDR has begun reviewing the risk register quarterly.

28. Risk Management in projects is required in our Corporate Project Management Framework. It includes the requirement for risk registers to be maintained as part of the project management process.

Complaints & Whistleblowing

29. Oxfordshire County Council has continued to operate formal complaints and whistleblowing procedures which has allowed staff, service users, contractors, suppliers and the public to confidentially raise concerns about any aspect of service provision or the conduct of staff, elected councillors or other people acting on behalf of the Council.

30. An annual review of reports and incidents of whistleblowing was undertaken by the Monitoring Officer and reported to the Audit & Governance Committee via the report of the Audit Working Group.

Internal audit

31. In 2010 CIPFA issued a Statement on the "Role of the Head of Internal Audit in public service organisations". This outlines the principles that define the core activities and behaviours that belong to the role of the 'Head of Internal Audit' and the governance requirements needed to support them. The Council's arrangements conform with the governance requirements of the CIPFA statement as our Chief Internal Auditor:

- Objectively assesses the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments;
- Gives an objective and evidence-based opinion on all aspects of governance, risk management and internal control;
- Is a Senior Manager with regular and open engagement across the organisation, including the Council's Leadership Team (CEDR – Chief Executive Direct Reports) and the Audit & Governance Committee; and
- Leads and directs an internal audit service that is resourced to be fit for purpose; and is professionally qualified and suitably experienced.

32. The Monitoring Officer sought feedback on the quality and effectiveness of the Internal Audit Service from Senior Managers across the council, reporting back to the Audit and Governance Committee. The conclusion from the survey was that management find the internal audit service effective in fulfilling its role.

33. The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual self-assessment against the standards is completed on an annual basis. It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This took place in November 2017 and the results were reported to the Audit & Governance Committee in January 2018. This confirmed that the "service is highly regarded within the Council and provides useful assurance on its underlying systems and processes".

34. The Chief Internal Auditor prepared an Annual Report on the work of Internal Audit which concludes for the 12 months ended 31 March 2019, there is **satisfactory** assurance regarding Oxfordshire County Council's overall control environment and the arrangements for governance, risk management and control. Where weaknesses have been identified

through internal audit review, they have worked with management to agree appropriate corrective action and timescale for improvement.

35. 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 an annual assurance statement to Oxfordshire County Council on the adequacy and effectiveness of the framework of governance, risk management and control from the work carried out by Hampshire. The Chief Internal Auditor takes account of the assurance obtained from SIAP, when forming the overall assurance opinion. For 2018/19 the statement of assurance report received from SIAP concluded that the framework of governance, risk management and management control is 'Adequate' and audit testing has demonstrated controls to be working in practice.

36. 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.

Checking the Effectiveness of our Governance

37. Oxfordshire County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness has been informed by the work of the senior managers within the County Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, whistleblowing reports and comments made by the external auditors and other review agencies and inspectorates. A report on the effectiveness of Internal Audit was received and endorsed by the Audit & Governance Committee in March 2019.

Audit & Governance Committee

38. The Chairman of our Audit & Governance Committee produced an Annual Report to Council. The Annual Report also covers the work of the Audit Working Group. This group has met regularly throughout the year and reviewed specific areas of governance, risk and control, reporting any significant issues identified to the Committee. The Chairman's report for 2018/19 is scheduled for consideration by Full Council in May 2019.

Scrutiny Committees

39. Oxfordshire County Council has four scrutiny committees. They cover the following areas: Education; Performance; Joint Health Overview including district council and co-opted lay members; and Joint Horton Health Overview and Scrutiny Committee with members from Oxfordshire, Northamptonshire and Warwickshire County Councils

40. The good governance of the council has been further enhanced by the work of the Cabinet Advisory Groups. These groups can be set up to examine topics selected by Cabinet which align to corporate council priorities.

41. CIPFA guidance indicated that Audit Committees *'should have clear reporting lines and rights of access to…. for example scrutiny committees'.* The Chairman of the Performance Scrutiny Committee has had a standing invitation to attend our Audit & Governance Committee to provide advice in relation to the work of the Scrutiny Committees. Similarly, the Chairman of Audit & Governance Committee has a reciprocal standing invitation to attend the meetings of the Performance Scrutiny Committee. An annual report on the key achievements of all Scrutiny Committees is considered by our Audit & Governance Committee in draft and submitted for agreement by Council. Full Council

considered the annual report of scrutiny committees in May 2017. Scrutiny and Audit Committee Chairmen meet regularly to coordinate their work and forward plans.

Corporate Governance Assurance Group (CGAG)

42. This Group has monitored the corporate governance framework. It reviewed the Annual Governance Statement action plan, as well as monitoring and challenging the assurance framework owned by designated Corporate Leads. The Group has been reconstituted to comprise only the Council's most senior governance officers with a view to liaising with governance contacts/leads within services. The Group continues to identify, challenge and track improvements to any weaknesses in the internal control environment. It has primary responsibility for collating all of the evidence and producing the first draft of the Annual Governance Statement.

Key Deliverables

43. Updates on projects are reported quarterly, with information reported through existing quarterly business management (performance / risk / projects) reporting procedures. The forecast financial position is reported monthly to Leadership Teams and through the regular Financial Monitoring and Business Strategy Delivery Reports to Cabinet which are considered by the County Leadership Team (CLT).

44. Further to these monitoring arrangements, the Chief Finance Officer and the meets with senior managers. They review the delivery of budget savings, check progress on the delivery of projects and ensure that support is targeted to projects as necessary. The policy and finance teams work with service areas to monitor delivery of agreed savings and escalate issues for consideration to the Council's Extended Leadership Team as required.

Other external reviews

45. Oxfordshire County Council receives external reports and inspections from a range of sources that can provide assurance or indicate any issues related to internal control and governance. These are generally ad-hoc and are reported to CGAG so that governance issues can be reported to Audit & Governance Committee. However, following a steer from the Audit & Governance Committee, a centralised record is made of the governance requirements or recommendations arising from external reports so that these can be co-ordinated and reported to the Committee. For completeness Directors are also asked to set out feedback from external reviews in their annual Statement of Assurance.

ANNEX
SUMMARY OF OUR GOVERNANCE FRAMEWORK

A vision for Oxfordshire

1. Oxfordshire County Council's ambition, as set out in the updated 2019-2022 Corporate Plan, is for a county where local residents and businesses can flourish - a thriving Oxfordshire.

Equalities

2. Oxfordshire County Council is committed to making Oxfordshire a fair and equal place in which to live, work and visit. We want our services to effectively meet the needs of all local residents, including those in rural areas and areas of deprivation. The Council has an Equalities Policy and we aim to ensure that our staff are equipped with the knowledge and skills to meet the diverse needs of customers, that our services are accessible, and to encourage supportive and cohesive communities through our service delivery. A public consultation has been held to inform the review of the Equalities Policy and to inform the Equalities Policy 2018-2022.

Consultation and Communication

3. The council ensures it meets its statutory consultation duty by using a consistent approach to consulting service users and other stakeholders about proposed service change.

4. We also have well established consultation and involvement arrangements to specifically engage the community and its staff. There is a council-wide Consultation & Involvement Strategy, a research governance framework covering consultation, evaluation and research with adult social care customers and a dedicated engagement team working with children and young people and vulnerable adults.

Decision making structures

5. Oxfordshire County Council's Constitution sets out the roles of and relationships between the full Council, the Cabinet, Scrutiny and other Committees in the budget setting and policy and decision-making processes. It notes the legal requirements. The County Council's Corporate Plan supplements our Policy Framework. These formal policies are approved by full Council in accordance with the provisions of Oxfordshire County Council's Constitution.

6. The Constitution also sets out a scheme of delegation. The Chief Finance Officer approves the financial scheme and the Monitoring Officer approves the decision-making scheme. The Constitution also records what responsibility each Oxfordshire County Council body or individual delegate (councillor or officer) has for particular types of decisions or areas or functions. The Constitution requires that all decisions taken by or on behalf of the County Council are made in accordance with given principles.

7. The Constitution also sets out how the public can take part in the decision-making process. The Cabinet's Forward Plan alerts the public to what business the Cabinet will be undertaking to give members of the public the right to make representations before a decision is taken. Some of the responsibilities of the County Council committees require statutory consultation to precede a decision being taken. representations before a decision is taken. Some of the responsibilities of the County Council committees require statutory consultation to precede a decision being taken

8. The Constitution is reviewed annually by the Monitoring Officer with recommendations of changes being made to Full Council for consideration and adoption.

9. Oxfordshire County Council has an Audit & Governance Committee which operates in accordance with the CIPFA guidance 2013 and normally meets six times a year. The County Council also operates an Audit Working Group, made up of members of the Committee and Senior Officers, chaired by a co-opted member of the Audit & Governance Committee. The Audit Working Group looks in detail at specific areas of governance, risk or control under the direction of the Audit & Governance Committee.

10. The Monitoring Officer monitors and reviews the operation of the Constitution to ensure that its aims, principles and requirements are given full effect and makes recommendations on any necessary amendments to it to Full Council.

Senior Management

11. The Chief Executive (as Head of Paid Service) is responsible for co-ordinating the different functions of the council, staff appointment, organisation, management, numbers and grades. Additional responsibilities are set out in the Constitution include supporting councillors and the democratic process, overall corporate management and promoting our objectives, performance management, strategic partnership, the community strategy, media and communications.

12. Our Chief Finance Officer holds the statutory role of ‘Chief Financial Officer’ within the Council. Our Chief Finance Officer is professionally qualified and suitably experienced.

13. The Financial Procedure Rules are part of the Constitution and are published on the Council’s website. These ‘Rules’ and the supporting Financial Regulations are reviewed by the Chief Finance Officer. Schemes of Financial Delegation and Delegation of Powers are reviewed and updated each year.

14. Oxfordshire has a Director of Law and Governance who is also the Monitoring Officer. His role, in summary, includes meeting all legal requirements, ensuring effective administration and compliance with statutory responsibilities around the councillors’ code of conduct and the ethical standards of officers.

Controls on Information, Projects and ICT

15. The Council has a Data Protection Group comprising the key statutory information governance leads. Reporting into this is an Information Governance Group which reviews and implements corporate policies, including the new Information Governance Policy, the Data Sharing Policy and new tools and methods of work evaluated by ICT Business Delivery to improve the security of data transfer.

16. Oxfordshire County Council requires projects to be managed using their Project Management Framework which gives a comprehensive structure, standard paperwork and defined processes. Progress of Major Programmes is reported to DLTs and to the Delivery Board, and the Chief Executive.

Codes of Conduct

17. Oxfordshire County Council has developed and adopted separate Codes of Conduct for Councillors and Officers; both Codes define the standards of behaviour expected by the County Council and the duty owed to the public. Training on the requirements of the codes is provided by the Council’s Monitoring Officer for both Councillors and Officers. Both codes form part of the County Council’s Constitution and are readily accessible via the council’s Internet and Intranet websites.

18. Each Council must adopt a local Code of Conduct and have arrangements in place to investigate complaints made against Members. Our Council has agreed to include standards within the terms of reference of the Audit & Governance Committee.

19. During 2018-2019, the Council's Audit & Governance Committee engaged with the consultation from the Committee on Standards in Public Life on *Ethical Standards in Local Government* and the outcomes of that report were considered by the Council's Committee with a view to implementing appropriate actions. The Monitoring Officers of Oxfordshire's County and District Councils met regularly throughout the year and the sharing of best practice as regards ethical standards is part of this Group's remit.

WORKING WITH OTHERS

Schools

20. Section 48 of the Schools Standards and Framework Act 1998 requires the authority to prepare a scheme setting out the financial framework for local authority-maintained schools, known as the Scheme for Financing Schools.

21. It is the responsibility of each school's governing body to set down and oversee proper governance arrangements for the school. The governing body in maintained schools is accountable to the local authority for the way the school is run.

22. Academies are legally separate entities and therefore their effective governance does not fall within the control or responsibilities of the County Council. The County Council retains responsibilities including ensuring that special educational needs are met, safeguarding, and that the free entitlement to early year's education is provided by academies where applicable.

Partnerships

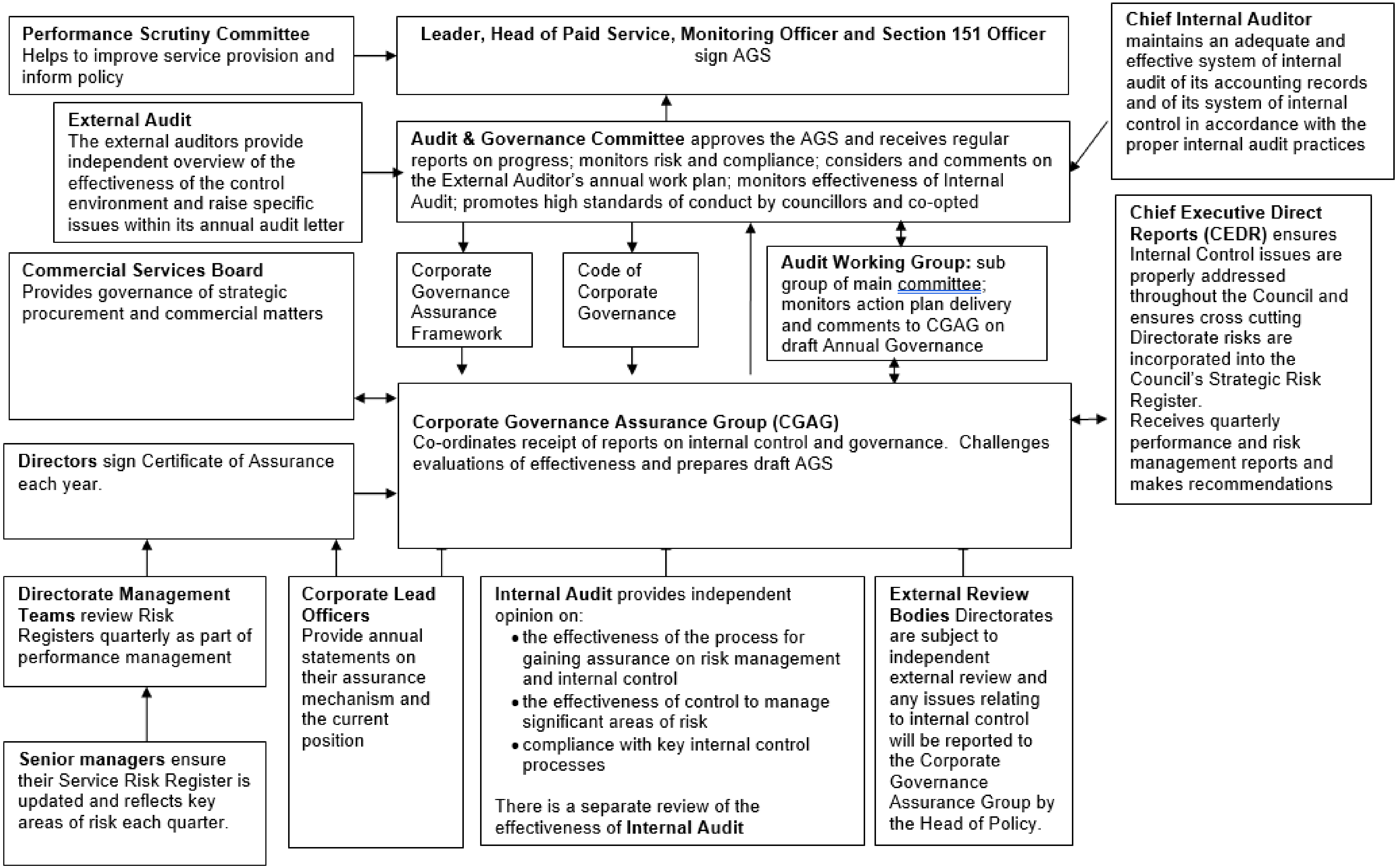
23. Oxfordshire County Council works together with other bodies and organisations, in a number of different partnerships governed by specific terms of reference. Overall accountability for partnership working rests with Council which is responsible for examining formal and informal feedback mechanisms. Each partnership presents an annual report and a yearly summary of the work of the partnerships set out below is discussed at the September meeting of the County Council. This is also considered by Performance Scrutiny Committee.

24. During 2018/19, the Council specifically entered into a formal partnership with Cherwell District Council. This is referenced in the Council's Annual Governance Statement.

25. The key partnerships that Oxfordshire County Council is part of and plays a formal role in are:

- Cherwell-Oxfordshire Partnership
- Oxfordshire Partnership
- Oxfordshire Local Enterprise Partnership (OxLEP)
- Oxfordshire Skills Board
- Oxfordshire Growth Board
- Oxfordshire Local Transport Board.
- Oxfordshire Safeguarding Children Board (OSCB),
- Oxfordshire Safeguarding Adults Board
- Oxfordshire Health and Wellbeing Board
- Oxfordshire Stronger Communities Alliance Oxfordshire Safer Communities Partnership

Overview of Corporate Governance Assurance Framework



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		2017/18 Value of Fund £'000	2018/19 No. of funds	2018/19 Value of Fund £'000
Children's	Funds for the Development of Hill End Residential Centre	102	1	104
	Criminal Injuries Compensation Awards	22	1	6
	Other (under £10,000)	1	1	1
Resources	Bequest of Property at Watlington	78	1	78
Total		**203**	**4**	**189**

Trust Funds Where Oxfordshire County Council acts as joint trustee		2017/18 Value of £'000	2018/19 No. of funds	2018/19 Value of £'000
Children's	Other (under £10,000)	1	1	1
Adults	Junior Citizens Trust	7	1	4
Total		**8**	**2**	**6**

Other Funds		2017/18 Value of £'000	2018/19 No. of funds	2018/19 Value of £'000
Children's	City Lectureship Scholarship	18	1	18
	Other (under £10,000)	24	6	24
Adults	Other (under £10,000)	9	1	8
Total		**51**	**8**	**51**

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.