

BUILDING PRIDE IN OUR CITY

Financial & Asset Management

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Statement of Accounts 2006/07



Independent auditors' report to the Members of Oxford City Council

Opinion on the financial statements

- 1 I have audited the financial statements of Oxford City Council for the year ended 31 March 2007 under the Audit Commission Act 1998, which comprise the Explanatory Foreword, Income and Expenditure Account, Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund, and the related notes. These financial statements have been prepared under the accounting policies set out within them.
- 2 This report is made solely to Oxford City Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and auditors

- 3 The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.
- 4 My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).
- 5 I report to you my opinion as to whether the financial statements present fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.
- 6 I review whether the statement on internal control reflects compliance with CIPFA's guidance 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003' issued in April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.
- 7 I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

- 8 I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.
- 9 I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

- 10 In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended.



Maria Grindley
District Auditor
Unit 5, Isis Business Centre,
Horspath Road
Cowley,
Oxford OX4 2RD

12 October 2007

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

Authority's Responsibilities

- 11 The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.
- 12 Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor's Responsibilities

- 13 I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.
- 14 I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:
 - certifying that I have done so;
 - stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
 - where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

- 15 I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Oxford City Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007, except that it did not put in place:

- arrangements to manage and improve value for money; and
- arrangements to manage its significant business risks.

Best Value Performance Plan

- 16 I issued my statutory report on the audit of the authority's best value performance plan for the financial year 2006/07 on 13 December 2006. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

- 17 I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



Maria Grindley
District Auditor
Unit 5, Isis Business Centre,
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Oxford OX4 2RD
12 October 2007

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1. DIRECTOR'S REPORT

1.1 Introduction

This set of published accounts looks different from previous years. That is because the UK accountancy profession has undertaken a major overhaul in the way local authority financial statements are presented. The intention is to make them more comparable with equivalent private sector reports.

One benefit is that most of the key financial statements are brought together at the start of the financial report in section six. The exception is the Housing Revenue Account which, whilst forming part of the main accounts, is also analysed separately in section eight.

We also now provide more information about our Pension Fund accounts than in previous years, though in practice these form part of the fund managed by the County Council on our behalf.

Finally, as in previous years, we provide an additional non-statutory supplement about finances at the end of this report (and in some parts in the main report). This additional data doesn't follow any national format, but hopefully gives useful information.

1.2 The key messages

- ❖ The Council spent £157 million over the year ended 31st March 2007, on general services, housing benefits and council houses. We received £114 million in fees, charges and specific grants, meaning our "net cost of services" was £43 million, almost exactly the same as the year before.
- ❖ We started the year with £817 million of net assets and at 31st March 2007 this figure had risen to £824 million.
- ❖ At the end of the year we held £4.7 million of general fund reserves, £4.0 million of Housing reserves, £2.0 million of earmarked reserves, £3.9 million of specific provisions.

1.3 Our day-to-day spending and income

We show our day-to-day (also called revenue) spending in note 6.1 (page 14). At the end of the year we show a deficit of just over £17 million. This is a figure that has only arisen because we draw information together under new accounting rules that are, frankly, not designed to reflect how local government is currently financed.

We have reconciled this figure back to the council tax accounts in note 6.2 (page 16). This shows that we drew on £1.086 million of reserves (in line with our original budget for the year). This is the more relevant figure.

Our net spending on cultural environmental and planning services rose by 10% to £23.6 million. Our spend on housing services fell by £4.4 million to a net figure of £11.3 million.

We generated £2.2 million in interest on our cash holdings, slightly down from the £2.5 million the year before. This is because whilst interest rates have risen our cash holdings have steadily reduced.

We also paid £1.5 million of housing capital receipts into a central pool. This is because under central government regulations, when a tenant buys their council house - we have to pay 75% of the proceeds we receive over to central government.

The government also changed the way they calculate how much subsidy every local authority receives, as a result our share of business rates and Revenue Support Grant figures are not comparable between last year and this. The key is to look at the sum of the figures, which rose by 7.7% to a total of £15.7 million.

The various notes (from 7.1 page 22 onwards) show different details about spending. Note 7.6 (page 24) sets out Members' allowances - which totalled £254,000 in the year, note 7.9 (page 26) shows in the same period we spent £340,000 on various external audits and inspections.

We are spending steadily less each year on leases (note 7.11 page 27) as we now use those budgets to buy vehicles and equipment outright.

1.4 Cash flow

The cash flow statement (note 6.6 page 20) gives some of the same information but in a different way. This table looks at all payments made and receipts received in the year (including when we collect money on behalf of the County Council and Central Government).

The table does not take account of amounts we were due to pay or receive, but is a good way of seeing how our cash holdings are changing.

Our cash payments (related to revenue activities) were £250.1 million in the year, up 9% on the £229.7 million the year before. The largest increase was in business rates where, having collected £71 million we then paid £67 million into central government; 20% more than the previous year. There are three main reasons for this substantial increase:

- ❖ New business set up in our area - and were liable for business rates
- ❖ Business rates were re-valued - and the amount businesses have to pay increased as a result
- ❖ The business rate in the pound (set by Government) increased

We paid £47 million in wages (and other wage related costs), up from £43 million the year previous, and we generated £30.4 million cash receipts for goods and services (rent on buildings and sales from different services - e.g. car park income).

Overall we paid out £6.6 million more than the receipts we collected in the year and our cash holdings fell as a result.

1.5 What we owned and owed at the end of the year

The first two statements show what has happened over the past 12 months, the balance sheet (note 6.5 page 19) is, in contrast, a snapshot of what we owe and own at the start and end of the year.

Our largest asset (by far) is our stock of 7,967 council houses - which were worth £574 million at the end of March 2007. On top of this we have operational buildings (e.g. the Town Hall) and investment properties (e.g. the Covered Market). Together these are valued at a further £207 million.

We revalue our buildings on a rolling five-year basis and our investment properties and non-housing operational properties increased by £24.1 million.

We have included details of the largest increases and reductions in our assets in note 13.4 (page 61). These show the value of Westgate Car Park increased from £8.3 million in 2002 to £14.0 million in 2007. On the other hand the court decision that the Trap Grounds could not be used for housing reduced its value from £936,000 in 2001 to zero today.

Total debts (net of provisions) owed to us dropped from £15.1 million in March 2006 to £13.2 million a year later, whilst the amounts we owe sundry creditors fell from £9.9 million at the start of the year to £7.2 million at March 2007.

We've gone through a major set of changes in accounts in order to make them more commercially comparable so I thought I'd highlight a private-sector "accounting ratio" at this point.

At the end of the year we had current assets of £46.7 million and short-term liabilities of £20.9 million; a healthy ratio of 2.23 to 1.

1.6 Pensions

Our staff have a "final salary" pension and the costs of contributing to this fund are shown in section 10.0 (page 53).

The city council made pension contributions of £6.8 million last year, but as note 10.1 (page 53) shows, this will have to steadily rise over the next few years if the fund is to be kept in balance.

1.7 In conclusion

Several people have worked really hard to draft these accounts together, and I wanted to thank them all at this point. I hope the information is helpful in allowing you to have a clear understanding of how council money has been spent.

We've tried hard to put information in as clear a manner as possible, but if you do want to find out more about these accounts you can:

- ❖ Write to the Finance Business Managers (Sarah Fogden and Penny Gardner) at sfogden@oxford.gov.uk or pgardner@oxford.gov.uk
- ❖ Write to myself at mluntley@oxford.gov.uk
- ❖ Contact our auditors via j-bull@audit-commission.gov.uk

Mark Luntley
Strategic Director Finance and Corporate Services

2. EXPLANATORY FOREWORD

2.1 Introduction

The accounts for 2006/07 set out on the following pages have been prepared in accordance with 'The Code of Practice on Local Authority Accounting in the United Kingdom 2006: A Statement of Recommended Practice' (SoRP).

The purpose of the published statement of accounts is to give electors, local taxpayers, members of the authority and other interested parties clear information about the Council's finances. These accounts are supported by details of the accounting policies of the Council, a glossary of terms and by appropriate notes to the accounts to provide readers with further explanations and information. The SoRP specifies the minimum standards and information that must be included in the statement. The Council has, wherever practical, included further information and sought to achieve a higher standard.

The following statements are included:

Income and Expenditure Account	A summary of the resources generated and consumed by the authority in the year.
Statement of the Movement on the General Fund Balance	A reconciliation showing how the balance of resources generated and consumed in the year, links in with statutory requirements for raising council tax.
Statement of Total Recognised Gains and Losses	Demonstration of how the movement in net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/deficit and to other unrealised gains and losses.
Housing Revenue Account (HRA)	Details the income and expenditure attributable to the provision of Council owned houses included within the Income and Expenditure Account.
Collection Fund	Shows the transactions in relation to collection of Council Tax and National Non-domestic Rates and how the amounts collected have been distributed.
Balance Sheet	Summarises the overall financial position of the Council at the 31 st March 2007 showing its assets, liabilities and reserves.
Cash Flow Statement	Records the movements of cash into and out of the Council arising from transactions with third parties.

2.2 Commentary on 2006/07

General Fund

The Council set a budget for spending on General Fund services of £28.3 million, to be financed partly from a Government Grant of £2.5 million and a share of the National Non-Domestic Rates of £13.2 million. Of the remainder, £10.4 million was to be raised through Council Tax and £0.2 million was a contribution from the previous year's Collection Fund surplus, with £1.9 million being taken from balances. The average Council Tax for a Band D property was set at £233.52.

During the year the approved budget was increased by £0.5 million, in part utilizing the underspend from 2005/06. At the end of the year, net spending was £28.4 million, £0.4 million less than planned. The largest single factor was an underspend of £0.7 million on Local Cost of Benefits as a result of improvements in the speed of benefits claims processing and in the rate of recovery of overpaid housing benefits. In addition the receipt of Local Authority Business Growth Incentive

grant of £0.6m and the return to balances of several provisions no longer required led to a net reduction of only £1.1 million in general balances, which stood at £4.7 million at 31st March 2007.

Housing Revenue Account

The Council set a budget for the Housing Revenue Account to achieve a broadly break-even position for the year. In the event a surplus of £1.2 million was achieved, resulting in a Housing Revenue Account balance of £4.0 million at 31st March 2007. A carryforward of £0.7 million has been approved to be spent in 2007/08. Balances in excess of the minimum requirement of £2 million will contribute to the funding of capital expenditure in future years.

Capital

Capital expenditure of £23.4 million was initially planned for 2006/07. The programme was reviewed regularly during the course of the year to take account of changing priorities and new opportunities resulting in actual expenditure of £18.3 million. Just under two thirds of the capital programme was spent on the programme of renovations to Council housing to meet the Decent Homes standard by 2010. Other major projects included £1.6 million towards the start up costs of the recycling scheme.

At 31st March 2007, the Council had total external borrowing of £11.3 million.

Treasury Management

The Council has significant cash reserves which it invests through the Money Market. The interest earned is credited to the Income and Expenditure Account thus helping to maintain Council Tax increases at reasonable levels.

Changes in cash flow and higher interest rates resulted in investment income slightly above original budget by £0.2 million.

Audit

The first draft of these accounts was approved for publication on 28th June 2007. These accounts are an amended version of the accounts presented to Audit & Governance Committee on 28th September 2007.

Approved by

.....
Councillor Clark Brundin
The Chair
Audit & Governance Committee
12th October 2007

3. STATEMENT OF ACCOUNTING POLICIES

3.1 General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2006: A Statement of Recommended Practice (SoRP). The fundamental principles of relevance, reliability, comparability, understandability and materiality underpin the accounts. Three pervasive concepts of accruals, going concern and the primacy of legislative requirements have been given precedence and used in the selection and application of accounting policies and estimating techniques and in the exercise of professional judgement.

There have been three material changes in accounting policies which have been introduced in 2006/07:

- ❖ capital financing charges for the use of fixed assets are no longer made to service revenue accounts, supporting accounts and trading accounts
- ❖ credits for government grants deferred are now posted to service revenue accounts, support accounts and trading accounts rather than credited as a corporate income item
- ❖ gains and losses on the disposal of fixed assets are recognised in the Income and Expenditure Account

3.2 Basis of Accounting

The Council has adopted a historical costs basis, modified by the revaluation of land and buildings, for the presentation of its accounts.

3.3 Provisions and reserves

Provisions have been made for all liabilities where the precise timing or values cannot be determined. Reserves are set aside by the Council for specific policy purposes, or to cover contingencies to meet general rather than specific future expenditure.

3.4 Tangible Fixed Assets

Expenditure on fixed assets is capitalised, provided that the fixed asset yields significant benefits to the Authority, and the services it provides, for a period of more than one year.

Assets included in the balance sheet at current value are subject to a rolling programme that ensures that they are formally re-valued at intervals of not more than five years. The Council departs from the SoRP in valuing infrastructure and community assets. Details of how we value our assets can be found in section '7.18 Information on Assets Held'.

Where depreciation is charged, it is calculated using the straight-line method, over the finite useful life of the asset. Assets, other than land, with an expected life of 50 years or more that are not depreciated, are reviewed annually to assess whether their value is impaired either through falling prices or due to their condition and use. Depreciation is charged in the first full year after the acquisition or change in valuation of an asset. Where assets are acquired or re-valued after the start of the financial year no adjustment is made to the depreciation calculation until the following year. A full year of depreciation is charged on assets disposed of during the financial year.

Revenue accounts are charged a provision for depreciation for all fixed assets used in the provision of services.

De minimis levels have been set with effect from 1st April 2005:

- ❖ Vehicles - £5,000 unless a vehicle licence is required
- ❖ Furniture & Equipment - £10,000

3.5 Intangible Assets

When capital expenditure is incurred, which does not result in the creation of an asset belonging to the Council (for example when improvement grants are made), or when the asset has no disposable value (for example computer software), an intangible fixed asset results. In the first case, a deferred charge is created which is written off in the year the expenditure is incurred to the appropriate service account. In 2006/07 the Council had no intangible fixed assets such as software and licenses as these are all charged to revenue, in full, in the year of acquisition.

3.6 Receipts arising from sale of assets

When an asset is disposed of, the value of the asset in the balance sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Useable Capital Receipts reserve, and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the Statement of Movement on the General Fund Balance.

3.7 Grants

Revenue Grants are matched to the expenditure to which they relate. Grants for capital purposes are credited to a Grants Deferred account and written off over the useful life of the asset to which they relate to offset the depreciation charge.

3.8 Interest Charges

Interest paid on external loans and received on investments is accounted for according to the period to which it relates. In those cases where there is a statutory or legal obligation, for example where the Council holds deposits for specific purposes on behalf of third parties, it makes contributions in lieu of interest on cash balances in hand.

3.9 Leases

Items previously acquired under finance leases are included within fixed assets. All these leases are within their secondary period and the annual payments are charged to the relevant service account that uses the assets. This is a departure from the requirements of FRS18, which requires the payments to be split between principal and interest.

Annual payments under operating leases are charged to the revenue accounts at the date of payment. This is a departure from FRS18, which requires charges to be made evenly throughout the period of the lease.

In both cases however, the effect of the departure from the SoRP is not material to the Council's financial position.

3.10 Long-term contracts

Where the Council has entered into contracts that run for longer than one year, the liability or benefit arising is included in the balance sheet as a long-term creditor or debtor respectively.

3.11 Debtors and Creditors

Provision is made within the accounts for all goods and services provided to or supplied by the Council by 31st March. Where invoices have not been received or issued by that date accruals are made for the amounts due to creditors and due to be received from debtors.

3.12 Stock

Stock is normally valued at the lower of cost or net realisable value where practical. However for small value stocks current purchase price may be used. This is a departure from the SoRP, but the effect is not material to the Council's accounts.

3.13 Work in Progress

Where significant works for other bodies are not fully completed at 31st March, the value carried out at that date is estimated and income is accrued within the appropriate service account.

3.14 Overheads

The costs of Support Services (for example Information Systems and Financial Services) are charged to individual service accounts in accordance with CIPFA's 'Best Value Accounting Code of Practice', based upon the best estimates of where activity occurs.

3.15 Pensions

The Council complies with the requirements of FRS17. The current year pension costs are shown within net cost of services, with past year, curtailment and settlement costs included under other operating costs. A transfer to or from the pension reserve is made to negate the effects of the pensions adjustments on council tax.

3.16 Financial relationships with companies and related party interests

Under the terms of FRS9 where the Council has an interest in any other entity it is required to prepare a Group Income and Expenditure Account and Group Balance Sheet. The Council holds no interest in any other entity and therefore no group accounts have been produced.

Where either the Council, or its Members or Senior Officers, is connected with any other entity that it transacts any business with, it is required to disclose these as related party interests. These are shown in the Notes to the Core Financial Statements – 7.8 Related Parties.

3.17 Other investments

The Council invests its surplus cash in accordance with its treasury management policy and the CIPFA Code of Practice on Treasury Management.

For further information on the above accounting policies contact:

Sarah Fogden or Penny Gardner
Financial & Asset Management Business Unit Managers
Tel: 01865 252708
Email: sfogden@oxford.gov.uk or pgardner@oxford.gov.uk

4. RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

4.1 The Authority's Responsibilities

The authority is required:

- ❖ To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Section 151 Officer (as set out in the Local Government Act 1972)
- ❖ To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

4.2 The Section 151 Officer's Responsibilities

The Section 151 Officer is legally and professionally responsible for the preparation of the authority's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice'), is required to present fairly, the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2007.

In preparing this Statement of Accounts, the Section 151 Officer has:

- ❖ Selected suitable accounting policies and then applied them consistently;
- ❖ Made judgements and estimates that were reasonable and prudent; and
- ❖ Complied with the Code of Practice.

The Section 151 Officer has also:

- ❖ Kept proper and up to date accounting records; and
- ❖ Taken reasonable steps for the prevention and detection of fraud and other irregularities.

.....
Mark Luntley
Strategic Director, Finance & Corporate Services
Section 151 Officer

.....
Date

5. STATEMENT OF INTERNAL CONTROL

5.1 Scope of Responsibility

Oxford City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty to secure continuous improvement in the services it provides to the community.

In discharging this responsibility, the Council must ensure there is a sound system of internal control that facilitates the effective exercise of all of its functions; including the management of risk.

5.2 The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control described below has been in place at the Council for the year ended 31 March 2007 and up to the date of approval of the annual Statement of Accounts.

5.3 The Internal Control Environment

The key elements of the Council's internal control environment are as follows:

- ❖ A local "Code of Corporate Governance" which sets out how the Council aims to demonstrate effective governance across the five dimensions; Community Focus, Service Delivery Arrangements, Structures & Processes, Risk Management and Internal Control and Standards of Conduct
- ❖ A Standards Committee to promote maintenance of high standards throughout the authority and to monitor the operation of the Members Code of Conduct
- ❖ An Audit & Governance Committee that provides independent assurance that there are adequate controls in place to mitigate key risks and that the authority, including the scrutiny function, is operating effectively.
- ❖ A "cabinet" decision-making structure, with a Council Leader, Executive Board and five Scrutiny Committees, to facilitate policy and decision-making. Where possible, local decisions are made by Area Committees.
- ❖ A Constitution which sets out the roles and responsibilities and delegation of authority for how the Council is to be managed. It also includes a set of financial and contract rules. The Constitution sets out decisions that must be made by Council, Executive Board and Area Committees and how other decisions are delegated to senior managers.
- ❖ A forward plan, updated and published monthly, which contains details of key decisions to be made.

- ❖ The Council's two Statutory Officers who have specific responsibilities; the S151 Officer for Finance related issues and the Monitoring Officer for legal related issues. The Constitution, sets out the role of the Monitoring Officer and S151 Officer (Chief Finance Officer). All reports are approved by nominated representatives from Finance and Legal Services prior to their presentation to the Executive Board.
- ❖ The Council's vision and high-level objectives, are set out in the Corporate Plan which was established through wide consultation. The "Oxford Plan" is founded on two underpinning values: stable finances and high quality services. It identifies six strategic priorities that are built into plans for each Directorate that also contain performance targets designed to measure progress against the priorities and commitments.
- ❖ The business planning and budget setting process involves consultation with the public through Area Committees, Tenant Forums and Business Ratepayers. Each month Managers monitor and report on spending, year end financial projections and selected performance measures. These reports go to all Councillors and Senior Managers. Every third month a more in-depth financial projection is made picking out future and in-year financial pressures. More detailed performance information is reported at the same time.
- ❖ The Best Value Performance Plan, published annually, which sets out how the Council will aim to ensure the economic, effective and efficient use of resources.
- ❖ A risk strategy and a risk register have been developed and are embedded within business plans that provide the basis for budget planning. Business Managers are required to provide assurance statements for their areas of responsibility that identify any weaknesses of areas of potential risk. For each item a plan detailing the responsible officer and timetable for action is drawn up. Strategic Directors provide a similar assurance statement covering cross-cutting issues within their areas of responsibility.
- ❖ A corporate training plan, linked to job descriptions and person specifications for every post, identifying the key requirements of staff across all business units and setting out priorities for meeting these needs.
- ❖ The Council commissions an internal audit service that operates to the standards set out in the "Code of Practice for Internal Audit in Local Government in the UK".

5.4 Review of Effectiveness

The Council is responsible for conducting, at least annually, a review of the effectiveness of the system of internal control. The review is informed by the work of the internal auditors and the senior management, as well as comments from external auditors and other review agencies.

The process that has been applied in maintaining and reviewing the effectiveness of the internal control system includes:

- ❖ The Monitoring officer has a duty to monitor and review the operation of the constitution to ensure its aims and principles are given full effect. Following re-drafting by the Monitoring Officer, an updated Constitution was approved by Council on 30th April 2007 to be adopted with effect from 1st June 2007.
- ❖ The Audit and Governance Committee approves the internal audit plan and monitors progress. It receives executive summaries of all internal audit reports and looks at the detailed reports in those cases where the overall assessment is less than satisfactory.

- ❖ The Council's Scrutiny Committees have undertaken work programs to consider matters referred by the Executive Board, Executive Board decisions and analysis of policy issues identified by the Committees themselves. They can call in a decision made by Executive Board, requiring the Executive Board to reconsider whether the decision is appropriate.

- ❖ The Standards Committee has a new code of conduct for members incorporating the mandatory requirements of the model code. This will be adopted with effect from 1st July 2007. The Committee has monitored the outcome of complaints, including those referred to the local government ombudsman.

- ❖ The internal audit service is responsible for monitoring the quality and effectiveness of systems of internal control. A risk-based approach is used in drawing up annual and longer-term audit plans. The audit plan has been delivered including follow up audits for those areas where controls were previously graded as weak. In 2005/06 weaknesses in Leisure systems were disclosed as a significant control issue and these controls have now been reassessed as satisfactory.

- ❖ The Council's external auditor places reliance on the work of the internal auditors for assurance on the performance of key financial processes. Following a review of progress over the past two years a cyclical approach has been agreed for 2007/08 onwards involving walkthrough and compliance testing over three years rather than a full compliance audit every year.

- ❖ A database of recommendations and agreed actions arising from internal audit reports is maintained and monitored to ensure that weaknesses identified are addressed. Progress is reported regularly to Audit & Governance Committee.

- ❖ Senior Management meets regularly with the Council's external auditor and received assurance from their work. Arrangements are in place to ensure that recommendations made by auditors and inspectors are responded to appropriately.

5.5 Significant Internal Control Issues

The following significant internal control issues have been identified:

Issue	Action
Although the 2005/06 accounts were published within the deadlines and an unqualified opinion was issued, Use of Resources Auditor judgements for 2006 made recommendations to improve the closedown process.	<ul style="list-style-type: none"> • Improved supervisory review to achieve higher quality in closedown of 2006/07 accounts • Publication of an annual report or similar document
The Use of Resources Auditor judgement highlighted Value for Money as an area where the Council needs to make significant progress.	<ul style="list-style-type: none"> • Continue programme of Value for Money reviews • Continue progress on understanding costs for cross party challenge process as part of preparation for 2008/09 budget
Risk management embedded across the organisation. Progress has been made in 2006/07 and further actions are being implemented in 2007/08.	<ul style="list-style-type: none"> • Programme of workshops for managers implemented in 2006/07 and will be ongoing in 2007/08 as mandatory training • Risk register to be reviewed regularly by Audit and Governance Committee and Senior Management Board • Risks recognised, actions to be taken to mitigate them and sources of assurance assessed at business unit and Directorate level for 2007/08
Requirement to fund a capital programme into the medium/long term	<ul style="list-style-type: none"> • A Value for Money review of the management of the capital programme was carried out in 2006/07 by KPMG and its recommendations are being incorporated into revised arrangements for prioritising capital expenditure during 2007/08. • Reviews of property income and property maintenance are also taking place as part of preparation for the budget setting for 2008/09.
Reviews of the controls in place within the Human Resource business unit identified that policies are in need of updating and related systems and processes are not operating effectively.	<ul style="list-style-type: none"> • The Human Resources Business Manager has developed an action plan which will be implemented in 2007/08. Consultation on this is underway.

Chief Executive Date

Leader of the Council Date.....

6. CORE SINGLE ENTITY FINANCIAL STATEMENTS

6.1 Income and Expenditure Account

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

	Gross Expenditure 2006/07 £000's	Gross Income 2006/07 £000's	Net Expenditure 2006/07 £000's	Restated Net Expenditure 2005/06 £000's
Central Services to the Public	11,724	(9,726)	1,998	2,240
Cultural, Environmental & Planning Services	40,169	(16,550)	23,619	21,411
Highways, Roads & Transport Services	7,602	(7,267)	335	(184)
Housing HRA	34,813	(29,854)	4,959	8,596
Housing Other	55,613	(49,241)	6,372	6,697
Corporate & Democratic Core	5,465	(365)	5,100	4,424
Non Distributed Cost	1,850	(1,312)	538	(167)
Net Cost of Services	157,236	(114,314)	42,921	43,017
Parish Council Precepts			162	136
Surplus on Trading undertakings not included in Net Cost of Services			(228)	(82)
Interest payable and similar charges			1,297	1,412
Contribution of housing capital receipts to Government Pool			1,549	2,051
Interest & investment income			(2,243)	(2,467)
Pensions interest cost and expected return on pensions assets			1,070	1,730
Net Operating Expenditure			44,527	45,796
Demand on the Collection Fund			(10,744)	(10,265)
Revenue Support Grant			(2,543)	(10,480)
Local Authority Business Growth Incentive			(653)	(548)
Non-domestic rates redistribution			(13,175)	(4,112)
Deficit for year			17,413	20,392

In these accounts, the Council has adopted three significant new accounting policies in 2006/07. The three policies that impact on the comparative figures for 2005/06 in the Income and Expenditure Account are:

- ❖ capital financing charges for the use of fixed assets are no longer made to service revenue accounts, supporting accounts and trading accounts
- ❖ gains and losses on the disposal of fixed assets are recognised in the Income and Expenditure Account
- ❖ credits for Government Grants Deferred are now posted to service revenue accounts, support service, and trading accounts rather than credited as a corporate income item.

These changes have had the following impact on the comparative figures for 2005/06 compared with those published in the 2005/06 Statement of Accounts (only figures that have changed are included in the table):

	Consolidated Revenue Account in 2005/06 Statement of Accounts £000's	Relocation of Government Grants Deferred credits £000's	Removal of capital financing charges £000's	Other including reallocation of AMRA entries £000's	2005/06 Comparatives in Income and Expenditure Account £000's
Central Services to the Public	2,258		(18)		2,240
Cultural, Environmental & Planning Services	23,060	(112)	(1,538)		21,411
Highways, Roads & Transport Services	614	(164)	(634)		(183)
Housing HRA	31,457		(21,477)	(1,384)	8,596
Housing Other	7,582	(1,039)	(60)	214	6,696
Corporate & Democratic Core	4,678	(12)	(290)	48	4,424
Non Distributed Cost	77	(70)	(174)		(167)
Impact on Net Cost of Services	69,726	(1,396)	(24,191)	(1,122)	43,017
Asset Management Revenue Account	(23,761)		24,209	(448)	0
Surplus on Trading undertakings not included in Net Cost of Services	(65)		(17)		(82)
Interest payable and similar changes				1,411	1,411
Impact on Net Operating Expenditure	45,900	(1,396)	0	(159)	44,347

£159,000 has been moved to the Statement of Movement on the General Fund Balance under Voluntary Revenue Provision for Capital Financing.

6.2 Statement of the Movement on the General Fund Balance

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- ❖ capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- ❖ retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits earned.

The General Fund Balance shows whether the Council has over or under spent against the council tax that it raised for the year, taking into account the use for reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income & Expenditure Account and the General Fund Balance.

	2006/07 £000's	2005/06 £000's
Deficit for the year on the Income & Expenditure Account	17,413	20,392
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund balance for the year	(16,326)	(21,090)
<u>(Increase)/decrease in General Fund balance for the year</u>	<u>1,086</u>	<u>(699)</u>
General Fund balance brought forward	(5,798)	(5,099)
<u>General Fund balance carried forward</u>	<u>(4,712)</u>	<u>(5,798)</u>

6.3 Note of Reconciling Items for the Statement of Movement on the General Fund

	2006/07 £000's	2005/06 £000's
Amounts included in the Income & Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
Depreciation and impairment of fixed assets	(9,158)	(7,685)
Excess of depreciation charged to HRA over the Major Repairs Allowance element of Housing Subsidy	(4,958)	(11,662)
Government Grants Deferred amortisation	1,374	1,397
Write down of deferred charges to be financed from capital resources	(2,843)	(2,484)
Net changes made for retirement benefits in accordance with FRS 17	(7,930)	(7,490)
	<u>(23,515)</u>	<u>(27,924)</u>
Amounts not included in the Income & Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year		
Minimum Revenue Provision for Capital Financing	610	0
Capital expenditure charged in-year to the General Fund Balance	426	4,193
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(1,549)	(2,051)
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	6,770	6,490
	<u>6,257</u>	<u>8,632</u>
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year		
Housing Revenue Account balance	1,192	(1,826)
Voluntary revenue provision for capital financing	200	191
Net transfers to or from earmarked reserves	(460)	(163)
	<u>932</u>	<u>(1,798)</u>
Net additional amount required to be credited to the General Fund balance for the year	<u>(16,326)</u>	<u>(21,090)</u>

6.4 Statement of Total Recognised Gains and Losses

	2006/07	2005/06
	£000's	£000's
(Surplus) deficit for the year on the Income & Expenditure Account	17,413	20,392
(Surplus)/deficit arising from the revaluation of fixed assets	(26,417)	(17,618)
Actuarial (gains)/losses on pension fund assets & liabilities	(1,360)	(2,460)
Any other gains and losses	28	40
Total recognised gains for the year	(10,336)	354

6.5 Balance Sheet

	Notes	2006/07		2005/06	
		£000's	£000's	£000's	£000's
Fixed Assets					
Operational	7.14 - 7.25				
Council Dwellings		574,028		581,353	
Other Land & Buildings		100,428		96,781	
Vehicles & Plant		3,014		2,814	
Infrastructure		937		887	
Community Assets		5,987		2,473	
Non-Operational					
Investment properties	7.14 - 7.25	<u>107,487</u>		<u>90,790</u>	
			791,881		775,098
Long Term Assets					
Long Term Investments	7.28	2,032		5,032	
Long Term Assets	7.30	<u>5,286</u>		<u>4,567</u>	
			7,318		9,599
			<u>799,199</u>		<u>784,697</u>
Current Assets					
Stock	7.31	634		650	
Work in Progress	7.32	165		168	
Investments		32,615		35,060	
Debtors	7.33	13,246		15,121	
Cash in Hand		<u>14</u>		<u>274</u>	
Total Assets			46,673		51,273
Current Liabilities					
Creditors	7.34	(15,568)		(17,831)	
Short Term Borrowing		(3,530)		(11)	
Cash Overdrawn		<u>(1,791)</u>		<u>(386)</u>	
			<u>(20,889)</u>		<u>(18,228)</u>
Total Assets Less Current Liabilities			824,983		817,742
Long Term Liabilities					
Long Term Borrowing	7.27	(7,750)		(11,762)	
Provisions	7.36	(3,965)		(3,551)	
Government Grants Deferred		(7,365)		(6,122)	
Deferred Liabilities	7.29	(9,993)		(10,533)	
Liability Related to Defined Benefit Scheme		<u>(64,636)</u>		<u>(64,836)</u>	
			<u>(93,709)</u>		<u>(96,804)</u>
Net Assets			731,274		720,938
Financed by:					
Capital Financing Account		(34,398)		(41,255)	
Fixed Asset Restatement Account		(742,621)		(721,737)	
Usable Capital Receipts		(2,828)		(7,086)	
Deferred Capital Receipts		(5,300)		(4,577)	
Pensions Reserve		64,636		64,836	
Other Reserves		(2,006)		(2,345)	
Fund Balances		<u>(8,757)</u>		<u>(8,775)</u>	
Stakeholder's Funds			(731,274)		(720,938)

The figures 2005/06 have been re-stated to provide fair comparison with those for 2006/07.

6.6 Cash Flow Statement

	2006/07	2005/06
	£000's	£000's
Cash Outflows		
Cash paid to and on behalf of employees	47,453	43,460
Other operating cash payments	46,106	43,730
Housing Benefit paid out	29,331	27,655
NNDR paid to National Pool	67,691	56,583
Precepts paid	52,505	52,768
Payments to the Capital Receipts Pool (Housing)	6,969	5,558
Total Cash Outflows	250,055	229,754
Cash Inflows		
Rents (after rebates)	(14,609)	(14,357)
Council Tax receipts	(55,476)	(51,704)
NNDR collected from ratepayers	(71,180)	(60,516)
NNDR returned by National Pool	(13,288)	(3,609)
Revenue Support Grant	(2,435)	(10,480)
DWP Grants for benefits	(53,921)	(48,870)
Other Government Grants	(1,055)	(947)
Cash received for goods & services	(30,418)	(29,075)
Other operating cash receipts	(5,618)	(4,911)
Total Cash Inflows	(248,000)	(224,469)
Revenue Activities Net Cash Flow	2,055	5,285
Returns on Investments and Servicing of Finance		
Cash Outflows:		
Interest paid	1,352	1,613
Cash Inflows:		
Interest received	(2,420)	(2,438)
Servicing of Financing Net Cash Inflow	(1,068)	(825)
Revenue Cash Flow	987	4,460

	2006/07 £000's	2005/06 £000's
Brought forward	987	4,460
Capital Activities		
Cash Outflows		
Purchase of fixed assets	10,774	13,326
Other capital cash payments	1,718	9
Housing capital receipts paid to Government pool	1,549	2,051
Total Cash Outflows	14,041	15,386
Cash Inflows		
Sale of fixed assets	(5,080)	(6,998)
Capital grants received	(901)	(1,592)
Developer contributions	(885)	(1,044)
Other capital cash receipts	(1,545)	(1,335)
Total Cash Inflows	(8,411)	(10,969)
Capital Activities Net Cash Outflow	5,630	4,417
Net Cash Outflow Before Financing	6,617	8,877
Management of Liquid Resources		
Net decrease in short term deposits	(2,445)	(8,676)
Financing		
Cash Outflows:		
Repayments of amounts borrowed	493	1,451
Cash Inflows:		
Increase in temporary borrowing	(3,000)	(1,440)
Net decrease in cash	1,665	212

7.0 NOTES TO THE CORE FINANCIAL STATEMENTS

Income and Expenditure

7.1 Trading Operations

Details of the Council's trading operations are given in the table below.

	Expenditure 2006/07 £000's	Income 2006/07 £000's	Net (Surplus) / Deficit 2006/07 £000's	Restated Net (Surplus) / Deficit 2005/06 £000's
Building Control Charging Account	764	(740)	24	54
Trade Refuse	1,216	(1,457)	(241)	(88)
Building Maintenance Services	1,503	(1,514)	(11)	(48)
Total trading operations	3,483	(3,711)	(228)	(82)

7.2 Expenditure Incurred on Publicity

In accordance with Section 5 of the Local Government Act 1986, the Council is required to disclose expenditure on publicity. Expenditure was incurred on staff advertising and the advertising and publicity of Council activities.

	2006/07 £000's	2005/06 £000's
Staff advertising	272	334
Advertising & publicity	488	477
Total	760	811

7.3 Building Control Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. The Council sets charges for work carried out in relation to building regulations, with the aim of covering costs incurred. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

	Non-chargeable 2006/07 £000's	Chargeable 2006/07 £000's	Total 2006/07 £000's
Expenditure			
Employee expenses	124	532	656
Central and support service charges	24	147	171
Supplies and services	8	71	79
Transport	4	14	18
Total Expenditure	160	764	924
Income			
Building regulation charges	0	(726)	(726)
Miscellaneous income	(56)	(14)	(70)
Total Income	(56)	(740)	(796)
Deficit for year 2006/07	104	24	128
Comparatives for 2005/06			
Expenditure	178	757	935
Income	(45)	(693)	(738)
Deficit for year 2005/06	133	64	197

7.4 Agency Income and Expenditure

Oxford City Council carried out certain work on an agency basis on behalf of Oxfordshire County Council for which it is fully reimbursed.

	2006/07 £000's	2005/06 £000's
Routine maintenance	1,070	1,637
Administrative costs	93	88
Other	58	132
Total amount reimbursable	1,221	1,857

7.5 Local Authority (Goods and Services) Act 1970

Under powers contained in the Local Authority (Goods & Services) Act 1970, the Council provided services to various local Housing Associations, Cherwell District Council, Vale of White Horse District Council, West Oxfordshire District Council, and Oxfordshire County Council. Income in 2006/07 amounted to £1,925,699 (2005/06 £1,647,562) against expenditure incurred of £1,914,271 (2005/06 £1,599,562).

7.6 Members' Allowances

	2006/07 £'s	2005/06 £'s
Members' Allowances		
Basic Allowance	178,801	158,804
Special Responsibility Allowance	70,348	81,007
Carers Allowance	1,834	3,291
Computer Purchase Scheme	1,726	0
Travel Expenses	1,613	3,500
Total payments	254,322	246,602

Detailed Breakdown of Members Allowances 2006/07

Councillor Name	£'s	Councillor Name	£'s
M Abbasi	3,282	T MacGregor	5,420
M Altaf-Khan	3,282	S Malik	4,740
A Armitage	8,366	J McManners	3,282
W Baker	945	S Mirza	3,632
A Bance	4,812	R Muir	772
R Beer	350	M Murray	8,056
E Benjamin	5,499	D Paskins	2,139
A Brett	350	S Phelps	5,452
S Brown	783	S Pressel	5,456
C Brundin	5,142	R Price	6,278
W Buckingham	350	S Roaf	3,918
J Campbell	8,400	C Roberts	350
M Christian	701	G Royce	3,934
M Clarkson	4,609	D Rundle	10,002
L Cole	3,632	G Sanders	5,467
C Cook	5,163	M Sareva	4,750
S Craft	3,923	P Sargent	3,645
S Dhall	3,632	C Scanlan	3,282
J Fooks	8,146	M Sellwood	5,440
J Goddard	15,505	C Simmons	5,848
T Gray	3,775	D Sinclair	5,328
A Hollander	5,793	S Tall	8,358
A Hollingsworth	1,031	J Tanner	4,204
R Humberstone	3,632	R Timbs	2,100
R Huzzey	3,282	E Turner	5,962
B Keen	5,736	O Van Nooijen	2,506
B I Keen	350	C Van Zyl	6,490
C Kent	3,722	D Williams	3,418
S Khan	3,282	N Young	3,336
J Lacey	3,282		
		Total	254,322

7.7 Higher Paid Employees

The Council is required to disclose, in bands of £10,000, the number of employees whose remuneration was over £50,000. Remuneration excludes pension contributions but includes all taxable benefits paid to or receivable by an employee.

Remuneration Band	Number of employees 2006/07	Number of employees 2005/06
£50,000 - £59,999	10	3
£60,000 - £69,999	2	4
£70,000 - £79,999	3	2
£80,000 - £89,999	1	1
£90,000 - £99,999	0	0
£100,000 - £110,000	0	1
Total number	16	11

Directors' Remuneration

		2006/07 £'s	2005/06 £'s
Chief Executive	C. Bull (Left 16.01.07)	86,452	104,408
Strategic Director - Finance & Corporate Services	M. Luntley	76,223	71,987
Strategic Director - Physical Environment	S. Cosgrove	75,665	69,603
Strategic Director - Housing, Health & Community	M. Lawrence	73,834	67,872

7.8 Related Parties

The Council has the following relationships, none of which are considered material under the Accounting Code of Practice.

- ❖ **Central Government** - Central Government provides a number of grants to local authorities.
- ❖ **Housing Associations** - The Council is a partner with various Housing Associations for the purpose of providing Social Housing.
- ❖ **Oxfordshire County Council** - The Council undertakes agency work on behalf of the County Council.
- ❖ **Member's and Officer's Interests** - No material interests have been declared.
- ❖ **South Oxfordshire Housing Association** – The Council undertakes maintenance work to the Association's dwellings under contract.
- ❖ **Oxford City Centre Management Company** – The Council is on the board but do not have an interest.
- ❖ **Oxford Inspires** – The Council is on the board but do not have an interest.
- ❖ **Local Improvement Finance Trust** – The Council holds no interest but does sit on an advisory board.

7.9 Audit Costs

	2006/07 £000's	2005/06 £000's
External audit service	237	209
Certification of grant claims & returns	70	81
Statutory inspections	10	0
Other	23	19
Total	340	309

7.10 Interest Receivable

Interest is credited in the year in which it is due, as opposed to the year in which it is received. Income due to the council was £2.2 million in 2006/07 (£2.5 million in 2005/06).

7.11 Finance and Operating Leases

The Authority uses cars, vans, trailers, tippers, dustcarts, photocopiers and CCTV equipment financed under terms of a lease. The types of lease are detailed below. A finance lease exists if all risks and rewards of ownership of an asset transfer to the lessee or if the total rental costs on a lease is over 90% of the cost of the asset. An operating lease is anything other than a finance lease. Under the Prudential Borrowing powers, the Authority is moving away from taking out new operating leases and is purchasing direct instead.

	2006/07 £000's	2005/06 £000's
Operating Lease	578	709
Finance Lease	7	7
Total	585	716

Future Rental Liabilities under Operating Leases

The Authority is committed to making payments of £0.478m in 2007/08 (£1.0m in 2006/07) on our current operating leases.

	Vehicles £000's	Plant & Equipment £000's
Leases expiring in:		
2007/08	300	24
2008/09 to 2011/12	142	11
After 2011/12	0	0
Total	442	35

Future Rental Liabilities under Finance Leases

The Authority holds various fixed assets, principally vehicles and office equipment under finance leases. The total commitment in 2006/07 was £41,004 (£47,961 2005/06).

	Vehicles, Plant & Equipment £000's
Obligations payable in:	
2007/08	7
2008/09 to 2012/13	27
After 2012/2013	7
Total	41

The above finance leases are all in the secondary rental period, and therefore no split between capital and interest is required. The above payments are charged to service accounts.

7.12 Minimum Revenue Provision

The Council is required to make a minimum provision within its revenue account for debt repayment (MRP), calculated as a percentage of its Capital Financing Requirement (CFR) at the start of the financial year. At 1st April 2006 the council had a negative MRP and therefore no provision is required in 2006/07, although, the set-aside provision of £610,000 which was previously created, has been moved back into MRP.

7.13 Special Expenses

The Council covers both parished and unparished areas. Parishes can issue their own precept to cover the costs of services they provide. In the remainder of the City, the Council provides services that in other areas would be provided by a Parish. It maintains a Special Expenses Account for the unparished area and levies a supplementary Council Tax for this area. Expenditure for this account was:

	2006/07 £000's	2005/06 £000's
Parks and open spaces	109	117
Cemeteries	8	13
Street furniture	101	127
Allotments	25	22
Total	243	279

Balance Sheet

7.14 Movements in Tangible Fixed Assets

	Operational					Non-operational	Total £000's
	Council Dwellings £000's	Other Land & Buildings £000's	Vehicles & Plant £000's	Infra- structure £000's	Community Assets £000's	Investment Properties £000's	
Valuation	581,353	104,743	4,151	956	2,473	90,790	784,466
Accumulated depreciation	0	(7,962)	(1,337)	(69)	0	0	(9,368)
Net book value of assets 1st April 2006	581,353	96,781	2,814	887	2,473	90,790	775,098
Movements during 2006/07							
Additions	11,117	2,184	1,436	53	262	59	15,111
Disposals and demolitions	(4,563)	(280)	0	(4)	(41)	(645)	(5,533)
Revaluations in year	(8,702)	8,674	(49)	24	3,335	18,105	21,387
Impairments	(2,522)	(2,799)	0	0	0	(1,473)	(6,794)
Depreciation for year	(9,694)	(3,551)	(498)	(31)	0	0	(13,774)
Written back depreciation on disposals & revaluations	7,039	4,436	278	8	0	6	11,767
Re-classification of assets	0	(642)	0	0	0	642	0
Miscellaneous adjustments	0	(4,375)	(967)	0	(42)	3	(5,381)
Net book value of assets 31st March 2007	574,028	100,428	3,014	937	5,987	107,487	791,881
Gross book value	576,682	107,499	4,571	1,029	5,987	107,487	803,255
Accumulated depreciation	(2,654)	(7,071)	(1,557)	(92)	0	0	(11,374)

The majority of the Miscellaneous Adjustments line (£5.3m) is a result of removing some duplicated assets (£4.2m). The remainder relate to transactions where we have done a major housekeeping exercise on Logotech during the year and as a result have scrapped some assets and reversed incorrect transactions done during previous years.

A great deal of work has been done this year on maintenance of the asset register. We found we still had assets on the register which the Council no longer owned and we also discovered some discrepancies in the values of some assets. These have now all been reconciled and corrected.

7.15 Capital Expenditure and Financing

	2006/07 £000's	2005/06 £000's
Opening Capital Financing Requirement	6,007	3,180
Capital investment		
Operational assets	15,052	20,273
Non-operational assets	59	89
	<u>15,111</u>	<u>20,362</u>
Deferred charges	3,181	2,485
Sources of finance		
Capital receipts	7,831	6,672
Government grants and other contributions	7,715	9,431
Sums set aside from revenue	1,237	3,917
Closing Capital Financing Requirement	<u>7,516</u>	<u>6,007</u>
Explanation of movements in year		
Increase in underlying need to borrow (unsupported by Government financial assistance)	1,509	2,827
Increase in Capital Financing Requirement	<u>1,509</u>	<u>2,827</u>

7.16 Deferred Charges

As per the Statement of Recommended Practice (SoRP), all expenditure in the Capital Programme classed as deferred charges is cleared down to the balance sheet prior to the year-end, and then written off to the relevant revenue codes. Funding from the Capital Financing Reserve is then transferred to revenue, the result of these transactions being no overall change to revenue accounts, and no deferred charges on the balance sheet.

7.17 Capital Commitments

At 31st March 2007 the Council had entered into contractual commitments on the following schemes:

	2007/08 £000's
Contractual Commitments:	
Marston Road Scout Hut	70
Barton Pool	71
Blackbird Leys Leisure Centre - Active England	76
Improvements to Underhill Circus	221
Oxford City Homes	
Kitchen	62
Heating	191
Windows	168
Roofing	130
Other	72
Total	1,061

The Council's approved capital programme for the period to 31st March 2010 totalled £53.7m and is analysed in the table below:

	2007/10 £000's	2007/08 £000's	2008/09 £000's	2009/10 £000's
Expenditure Approved as at 31st March 2007				
Affordable Housing Projects	2,740	2,117	623	0
Community Centres	1,616	100	366	1,150
Environmental Health Grants	2,824	1,124	900	800
Business Systems Infrastructure	500	500	0	0
Building Improvements - general (including DDA)	3,326	1,427	997	902
Refuse & Recycling - vehicle replacements	6,840	3,648	1,852	1,340
Park and Ride - improvements	895	46	849	0
Temple Cowley Pool - refurbishment	1,091	225	294	572
Ice Rink - major works	280	280	0	0
HRA - Decent Homes	31,060	11,900	9,760	9,400
Other	2,559	1,514	845	200
Total	53,731	22,881	16,486	14,364

7.18 Information on Assets Held

All capital expenditure incurred during 2006/07 has been examined to determine whether new assets have been created. If so, the value of fixed assets shown on the balance sheet has been increased accordingly.

Where significant expenditure on existing assets has been incurred, the relevant asset has been increased and the new figure included on the balance sheet as an addition.

External valuation of property assets have been carried out by Cluttons LLP, Seacourt Tower, West Way, Oxford, OX2 0JP and are covered by their certificate dated 31st March 2007. The Council Dwellings were not due for revaluation in 2006/07 and are therefore covered by the certificate dated 31st March 2006.

Our assets are valued in the balance sheet in the following way:

- ❖ Council Dwellings - existing use for social housing
- ❖ Other Land & Buildings - lower of the net current replacement cost and the net realisable value for their existing use
- ❖ Vehicles, Plant & Equipment - historic cost
- ❖ Infrastructure – depreciated replacement cost. This is a change from the SoRP because the historic cost is unobtainable for these assets
- ❖ Community Assets – mixture of historic cost for assets such as land, and existing use value for the buildings on the land. This is a slight departure from the SoRP because of the nature of our assets
- ❖ Investments - lower of net current replacement cost and net realisable value, normally open market value

The effect on the balance sheet of the departures from the SoRP mentioned above is not considered material.

7.19 Valuation of Fixed Assets Carried at Current Value

	Council Dwellings £000's	Other Land & Buildings £000's	Vehicles, Plant & Equipment £000's	Infra-structure Assets £000's	Community Assets £000's	Investment Properties £000's	Total £000's
Valued at historic cost:	0	0	3,014	0	3,394	0	6,408
Valued at current value:							
2006/07	0	45,711	0	586	102	51,985	98,384
2005/06	574,028	20,591	0	119	2,249	36,078	633,065
2004/05	0	13,598	0	3	0	3,405	17,006
2003/04	0	20,401	0	0	214	9,535	30,150
2002/03	0	0	0	0	0	6,385	6,385
Valued below de-minimis level:	0	127	0	229	28	99	483
Total	574,028	100,428	3,014	937	5,987	107,487	791,881

7.20 Depreciation

The authority is required to depreciate all assets with a finite useful life, which can be determined at the time of acquisition or revaluation. Therefore we do not charge depreciation on any land, community assets or investment properties. Where depreciation is charged, it is done so on a straight-line basis and is not charged in the first year of acquisition or re-valuation.

7.21 Intangible Fixed Assets

In 2006/07 the Council had no intangible fixed assets such as software and licenses as these are all charged to revenue, in full, in the year of acquisition.

7.22 Analysis of net assets employed

	2006/07	2005/06
	£000s	£000s
General Fund	(85,362)	(65,700)
Housing Revenue	816,636	786,638
Total	731,274	720,938

7.23 Operational Assets – Useful life

The majority of Council Dwellings have a useful life of 40-60 years. Although the range for Other Buildings and Infrastructure is large, the majority of assets have a useful life of 40-60 years, with all land having a life of 100 years. Plant, Vehicles and Equipment have a slightly shorter useful life at only 3-20 years.

As an example: Public Toilets have an average life of 10 years whereas the Town Hall currently has a life of 80 years. Within Community Assets, all land has a default life of 100 years whereas the pavilion on that land would only have an average life of 10 years.

	Council Dwellings Years	Other Buildings Years	Plant & Equipment Years	Vehicles Years	Infrastructure Assets Years	Community Assets Years
Useful Life	40 - 60	10 - 80	3 - 20	3 - 10	40	10 - 100

7.24 Fixed Assets by Number

	Total Number 2006/07	Total Number 2005/06		Total Number 2006/07	Total Number 2005/06
Operational Properties			Community assets		
Council Dwellings	7967	8042	Historic Buildings	3	3
Other Dwellings	42	50	Monuments & Memorials	2	2
Hostels & Other Housing	94	108	Civic Regalia	235	1
Sport & Leisure Complexes	41	42	Miscellaneous Open Space	101	104
Car Parks	19	21	Cemeteries	4	4
Depots & Workshops	13	13	Park & Open Spaces	115	115
Offices	9	12			
Community Centres	21	23	Total Community Assets	460	229
Public Toilets	22	24			
Allotments	34	34			
<hr/>					
Total Operational Properties	8,262	8,369	Infrastructure		
<hr/>			Bridges	4	5
Investment Properties			Utility Property & Sites	102	106
Agricultural Property	29	30	Unadopted Roads	13	14
Industrial Property	14	14			
Sports & Leisure Property	3	4	Total Infrastructure	119	125
Mixed Use	22	22			
Offices	14	14	Plant & Equipment		
Public Houses	12	12	Vehicles and Plant	138	134
Restaurants & Cafes	10	11	Office Equipment /		
Shopping Centres	3	3	Information Systems	10	31
Shops	53	59	Total Plant and Equipment	148	165
Theatres & Cinemas	2	2			
Land Awaiting Development	16	15			
Car Parks	6	7			
Miscellaneous	65	70			
<hr/>					
Total Investment Properties	249	263	Total Assets	9,238	9,151
<hr/>					

The major change to the numbers above relates to the Civic Regalia. This is because it was previously valued as one asset but it has been revalued in 2006/07 as 235 separate assets.

7.25 Impairment

All assets have been reviewed in detail for impairment in 2006/07, and adjustments made for those assets whose value has reduced either as a result of general movement in market prices or due to their condition and usage.

The major impairments in 2006/07 were of Community Centres and Public Toilets. This is related to the maintenance backlog which the Council currently has. Further information on the 5 largest impairments in the year can be found in note 13.4 (page 61).

7.26 Deferred Capital Receipts

Deferred capital receipts are amounts derived from sale of assets which will be received in instalments over agreed periods of time. They arise from mortgages on sales of council houses, amounts loaned on the Rent to Mortgage and Key Worker Housing Schemes, and advances to Housing Associations. The value of deferred capital receipts for 2006/07 is £5,299,791 (£4,576,805 2005/06).

7.27 Long Term Borrowing

	Outstanding at 31 March 2007 £000's	Outstanding at 31 March 2006 £000's
Analysis of loans by lender		
Public Works Loans Board - fixed rate	7,746	8,758
Money Market Loans - fixed rate	0	3,000
Local Bonds	4	4
Total	7,750	11,762
Analysis of loans by maturity		
Between 1 and 2 years	570	4,015
Between 2 and 5 years	3,542	3,370
Between 5 and 10 years	3,638	4,377
In 10 years or more	0	0
Total	7,750	11,762

Long-term loans with less than 12 months until maturity have been classified as short-term borrowing and are shown directly on the balance sheet. As at 31st March 2007 they totalled £3.5 million (£11,471 2005/06).

Our loans repayable within 1 and 2 years has dropped since 2005/06 because of a loan with Bayerische Landesbank maturing on 4th June 2007. Further treasury information can be found in note 13.6 in the Appendix to the Statement.

7.28 Long Term Investments

	Cost 2006/07 £000's	Nominal Value 2006/07 £000's	Market Value 2006/07 £000's	Cost 2005/06 £000's
2.5% Consolidated Stock	28	39	21	28
3.5% War Stock	4	4	3	4
Long Term Investments	2,000	0	2,000	5,000
Total	2,032	43	2,024	5,032

7.29 Deferred Liabilities

The total value of deferred liabilities in 2006/07 was £9,992,663 (2005/06 £10,533,333). This consists of a liability to South Oxfordshire District Council of £2.3 million at 31 March 2007 (£2.5 million at 31 March 2006) for debt outstanding on assets transferred to Oxford City Council at the 1991 boundary change. Another £6.1m (2005/06 £6.5m) is for developer contributions which we reserve for future capital schemes, £0.7m (2005/06 £0.9m) from developers for revenue maintenance, and a further £0.7m (2005/06 £0.6m) for Developer Contributions Unapplied.

7.30 Long Term Assets

	2006/07	2005/06
	£000's	£000's
Rent to Mortgage Loans	4,751	4,335
Key Worker Housing Loans	338	0
Council House Mortgages	152	185
Oxford Women's Training Scheme Loan	30	30
Blackbird Leys Community Centre Loan	11	11
Oxford Lesbian & Gay Centre Loan	5	5
Total	5,287	4,566

7.31 Stock

	2006/07	2005/06
	£000's	£000's
Building Works	342	414
City Works	137	116
Goods for Resale	110	97
Engineering Services	45	23
Total	634	650

7.32 Work in Progress

	2006/07	2005/06
	£000's	£000's
Building Works	165	168
Total	165	168

7.33 Debtors

	Total debt outstanding 2006/07 £000's	Provision for bad debts 2006/07 £000's	Net debtor 2006/07 £000's	Net debtor 2005/06 £000's
Government Departments	423	0	423	3,659
Other Local and Public Authorities	334	0	334	321
Tenants (Housing Revenue Account)	2,080	(1,201)	879	902
Sundry Debtors	6,746	(100)	6,646	5,417
Housing Benefit Overpayments	3,294	(2,382)	912	919
Non Domestic Rate	2,071	(1,107)	964	581
Council Tax	5,791	(2,704)	3,087	3,322
Total	20,739	(7,494)	13,245	15,121

7.34 Creditors

	2006/07 £000's	2005/06 £000's
Receipts in Advance		
Council Tax	(1,452)	(1,281)
Non Domestic Rates	(1,829)	(1,226)
Housing Rents	(587)	(788)
Commercial Rent	(1,392)	(1,354)
Other	(534)	(347)
Sub Total	(5,794)	(4,996)
Grants Over-Claimed		
Housing Benefit Subsidy	(725)	(1,102)
Sub Total	(725)	(1,102)
Taxes Due		
Income Tax	(486)	(462)
National Insurance	(462)	(434)
Sub Total	(948)	(896)
Other Creditors		
Pensions Contributions due to County Council	(694)	(661)
Interest on Borrowing	(224)	(236)
Sundry Creditors	(7,183)	(9,940)
Sub Total	(8,101)	(10,837)
Total	(15,568)	(17,831)

The figures for 2005/06 have been re-stated to provide fair comparison with those for 2006/07.

7.35 Self Insurance

The Council maintains a self-insurance fund as an alternative to the insurance market. It is used to meet claims up to specified amounts, above which the Council insures through external insurers. The fund covers public liability claims (up to £50,000 each) and building claims (up to £100,000 each).

	2006/07 £000's	2005/06 £000's
Premiums	117	285
Claims	(112)	(223)
Surplus	5	62

7.36 Provisions

	2006/07 £000's	Movement in Year £000's	2005/06 £000's
Singletree Repair and Maintenance To cover major work in respect of the properties owned by leaseholders. When the leasehold properties are resold a percentage of the resale value is paid into the provision.	(108)	2	(110)
Part Time Pensions Required to cover backdated pension costs and possible legal advice in respect of pending claims from employees of unfairly being denied access to the pension scheme. Timing is unknown as awaiting test cases.	(55)	0	(55)
Abbey Place Sinking Fund To cover major repair and maintenance work in respect of the properties owned by leaseholders.	(4)	0	(4)
Homelessness The provision was made to cover part of a potential over claim of HB subsidy. Settlement has been agreed with the DWP. This provision is not required and has been returned to general fund balances.	0	535	(535)
Housing Benefits Required to cover potential liability to repay subsidy to DWP relating to 2 schemes operating in the 1990's. A settlement has been agreed with the DWP and the balance will be paid during 2007/08.	(1,028)	1,248	(2,276)
Value Added Tax The council's Partial Exemption calculation was very close to the limit because of forecasted capital expenditure in exempt income generating areas. This is no longer the case and the provision has been returned to general balances.	0	270	(270)
Lease Agreement of Southfield Park Required to cover increase in site rent due from 1 April 2004. Agreement on the size of the increase has not been reached and will now be referred to arbitration.	(334)	(111)	(223)

	2006/07 £000's	Movement in Year £000's	2005/06 £000's
OXRENT Modernisation Element Compensation Some rents incorrectly included a modernisation element when the properties had not been modernised. This provision is to cover refund plus interest to tenants.	(28)	50	(78)
Burial of the Dead Provision Required to retain any assets (cash etc.) found with deceased persons belongings where no family members can be found to make arrangements for them. Assets are held on their behalf for a period of time until family connections are made. If not, then assets are eventually passed over to the State.	(9)	(9)	0
Lord Mayors Deposit Scheme The provision is for bond payments made when the scheme was operated by OCHA. If any damage or non-payment of rent occurs this provision is to be used to pay the landlord.	(44)	(44)	0
Concessionary Bus Fares A claim has been made by bus operators in respect of the reimbursement calculation for 2006/07 and 2007/08. This provision is to cover the potential liability.	(708)	(708)	0
Oxfordshire Sports Partnership Contingency To meet costs arising from the procurement of employment	(20)	(20)	0
Pension Provision Based on advice from Oxfordshire County Council, provision equivalent to 2.1% of contributions has been made to take account of the impact of the revocation of the April 2005 Pensions Act on pension costs for 2006/07. A similar provision will need to be made in 2007/08.	(728)	(728)	0
Job Evaluation Provision Required for implementation of the Single Status agreement where substantial liabilities will probably arise in respect of back pay arising from equal pay claims	(452)	(452)	0
Renaissance Provision This relates to a provision held by the Authority in relation to payments made to Renaissance Housing. Negotiations with the DWP are ongoing.	(346)	(346)	0
Choice Based Letting Sub Regional Funding Funding for the admin support of the CBL Project	(101)	(101)	0
Total	(3,965)	(414)	(3,551)

7.37 Movement on Reserves

	2006/07 £000's	Movement in Year £000's	2005/06 £000's
Fixed Asset Restatement Account			
Store of gains on revaluation of fixed assets	(742,621)	(20,884)	(721,737)
Capital Financing Account			
Store of capital resources set aside to meet past expenditure	(34,398)	6,857	(41,255)
Usable Capital Receipts			
Proceeds of fixed asset sales available to meet future capital investment	(2,828)	4,258	(7,086)
Deferred Capital Receipts			
Money owed relating to when the Council issued mortgages for right to buy sales of council houses	(5,300)	(723)	(4,577)
Pensions Reserve			
Balancing amount to allow inclusion of Pensions Liability in the Balance Sheet	64,636	(200)	64,836
Housing Revenue Account			
Resources available to meet future running costs for council houses	(3,969)	(1,192)	(2,777)
General Fund			
Resources available to meet future running costs for non-housing services	(4,712)	1,086	(5,798)
Collection Fund			
This represents the Councils share of the Collection Fund surplus	(77)	123	(200)
Earmarked Reserves			
See Note 7.38	(2,006)	340	(2,345)
Total	(731,274)	(10,335)	(720,938)

7.38 Earmarked Reserves

	2006/07 £000's	Movement in Year £000's	2005/06 £000's
St Margarets Institute			
Set aside to meet Guarantee given for charitable organisation	(100)	25	(125)
Cemeteries			
Created to meet future maintenance liabilities	(19)	0	(19)
Taxis			
Reserve from taxi licensing fees for additional licensing requirements	(28)	18	(46)
CCTV Reserve			
Funding for City Centre CCTV projects	0	2	(2)
Investment Income Reserve			
Reserve for consolidated war stock	0	1	(1)
IT Equipment Reserve			
Replacement of Housing Business Unit systems	(436)	(89)	(347)
Town Hall Equipment Reserve			
Replacement of display equipment used when hiring rooms	(54)	(10)	(44)
Work Of Art Reserve			
Purchases of works of art for Civic Collection	(4)	1	(5)
Shopmobility Equipment Reserve			
Purchases of motorised wheelchairs	(21)	5	(26)
Building Control Reinvestment Reserve			
Used to improve the service of the Building Control function	0	16	(16)
Oxon CC Highways Database Contribution			
Used to pay County Council for property information services	0	30	(30)
Westgate Development Contribution			
Consultants fees for the redevelopment process	0	40	(40)
Customer Services Server Replacement			
Replace computer equipment within the Business Unit	(72)	0	(72)
Car Park Security Reserve			
Improving security at all City Council car parks	(140)	12	(152)
Debt Redemption Reserve			
A substantial review of this reserve with the Audit Commission resulted in the reserve being paid back to the Minimum Revenue Provision	0	610	(610)
Self Insurance Fund			
Created as a self-insurance fund	(816)	(4)	(812)
S&R Oxford Business Contributions			
To be used for future partnership projects	(41)	(41)	0
Performance Reward Grant			
Earmarked for investment in performance improvements	(158)	(158)	0
Giro Payments Control Account Reserve			
This is the balance on the Giro Payments Control Account in the Collection Fund. It has been moved into a reserve to establish the history and subsequent treatment required.	(117)	(117)	0
Total	(2,006)	341	(2,347)

7.39 Contingent Liabilities

The authority is introducing Single Status. The authority has completed nearly all job evaluation interviews and is currently modelling a new pay scale. The authority has not reached the point of being able to make reliable estimates of the costs of Single Status as work is ongoing.

In 2006/07 the authority established an annual budget for the annual increase in pay costs arising from Single Status. The authority has put the unspent part of this budget (after implementation costs) into a provision pending Back Pay claims. The authority recognises a contingent liability for back pay but discloses no estimate of this liability as such a figure would be prejudicial to the negotiations with employees.

7.40 Post balance sheet events

The Council are not aware of any post balance sheet events.

Cash Flow

7.41 Reconciliation of Revenue Surpluses to Net Revenue Cash Flow

	2006/07 £000's	2005/06 £000's
General Fund (surplus)/deficit	1,086	(699)
Housing Revenue Account (surplus)/deficit	(1,192)	1,826
Collection Fund (surplus)/deficit	123	1,510
Sub Total	17	2,637
Adjustments for non-cash transactions		
Revenue Contribution to/(from) Reserves/Provisions	2,738	1,154
Items on an accruals basis		
Increase/(decrease) in debtors	(1,876)	4,049
(Increase)/decrease in creditors	2,263	(1,860)
Increase/(decrease) in stock	(16)	41
Increase/(decrease) in Work in Progress	(3)	88
Sub Total	3,106	3,472
Items included under other classifications		
Interest payments	(1,068)	(824)
Sub Total	(1,068)	(824)
Net Cash Flow from revenue activities	2,055	5,285

7.42 Reconciliation of Movement in Cash to Net Debt

	As at 31.3.07 £000's	Movement £000's	As at 31.3.06 £000's
Cash in hand	14	(260)	274
Cash overdrawn	(1,791)	(1,405)	(386)
Total	(1,777)	(1,665)	(112)

7.43 Government Grants

	2006/07 £000's	2005/06 £000's
Planning Delivery Grant	(402)	(399)
Local Authority Business Growth Incentive	(653)	(548)
Total	(1,055)	(947)

8. SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

8.1 Housing Revenue Account Income and Expenditure Account

	2006/07 £000's	2005/06 £000's
Income		
Dwelling rents	(27,443)	(26,272)
Non-dwelling rents	(1,338)	(876)
Charges for services & facilities	(1,073)	(1,423)
Contributions towards expenditure	0	(1,401)
Total Income	(29,854)	(29,972)
Expenditure		
Repairs and maintenance	7,631	7,873
Supervision and management	7,272	6,595
Rents, rates, taxes & other charges	205	263
Increase in bad debt provision	53	216
Subsidy payable	6,804	6,544
Depreciation	10,055	16,807
Impairment	2,793	248
Deferred Charges	0	22
Total Expenditure	34,813	38,568
Net Cost of HRA Services per Authority Income and Expenditure Account	4,959	8,596
HRA services share of Corporate and Democratic Core	63	52
Net Cost of HRA Services	5,022	8,648
Interest payable and similar charges	1,316	1,275
Interest and investment	(86)	(172)
Deficit for the year on HRA services	6,252	9,751

8.2 Statement of Movement on the HRA Balance

	2006/07 £000's	2005/06 £000's
Deficit for the year on the HRA Income and Expenditure Account	6,252	9,751
Net additional amount required by statute to be credited to the HRA Balance for the year	(7,444)	(7,925)
Increase in the Housing Revenue Account Balance	(1,192)	1,826
Housing Revenue Account surplus brought forward	(2,777)	(4,603)
Housing Revenue Account surplus carried forward	(3,969)	(2,777)

8.3 Note to the Statement of Movement on the HRA Balance

	2006/07 £000's	2005/06 £000's
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year		
Difference between any other item of income and expenditure determined in accordance with the SoRP and determined in accordance with statutory HRA requirements	(2,704)	(221)
Net charges made for retirement benefits in accordance with FRS17	142	174
	<u>(2,562)</u>	<u>(47)</u>
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
Transfers from Major Repairs Reserve	(4,958)	(11,661)
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	77	56
Capital expenditure funded by the HRA	0	3,726
	<u>(4,881)</u>	<u>(7,879)</u>
Net additional amount required by statute to be credited to the HRA balance for the year	<u>(7,443)</u>	<u>(7,926)</u>

8.4 Collection Fund

	2006/07	2005/06
	£000's	£000's
Income		
Council Tax	(53,978)	(51,191)
Business ratepayers	(68,524)	(59,517)
Transfers from General Fund		
Council Tax benefits	(8,113)	(7,681)
Transitional relief	(24)	(37)
Sub Total	(130,639)	(118,426)
Expenditure		
Precepts	62,347	57,955
Business rate		
Payment to National Pool	68,317	59,324
Cost of collection	231	230
Bad and doubtful debts		
Provisions	(439)	183
Contributions		
Towards previous year's estimated Collection Fund surplus	901	2,245
Sub Total	131,357	119,937
Movement on fund balance	718	1,511

9.0 NOTES TO THE SUPPLEMENTARY FINANCIAL STATEMENTS

Housing Revenue Account

9.1 Stock Analysis

Dwellings

	As at 31-Mar-07	As at 31-Mar-06
Houses		
1 bedroom	279	285
2 bedroom	863	867
3 bedroom	2977	3,007
more than 3 bedroom	279	278
Flats		
1 bedroom	1648	1,662
2 bedroom	1732	1,737
3 bedroom	153	153
more than 3 bedroom	2	2
Hostels	34	51
Overall total	7,967	8,042

	As at 31-Mar-07	As at 31-Mar-06
Summary of changes in stock		
Stock at 1st April 2006	8,042	8,088
Less sales	(34)	(52)
Other disposals	(41)	(3)
Other adjustments	0	9
Stock at 31st March 2007	7,967	8,042

Garages and Parking Spaces

	As at 31-Mar-07	As at 31-Mar-06
Garages in block	2,416	2,463
Garages within curtilage	276	276
Parking spaces	50	50
Overall total	2,742	2,789

	As at 31-Mar-07	As at 31-Mar-06
Summary of changes in garages & parking spaces		
Stock at 1st April 2006	2,789	2,834
Demolished	(47)	(45)
Stock at 31st March 2007	2,742	2,789

9.2 Stock Valuation

A valuation of the stock was carried out by Cluttons at 31st March 2006. The vacant possession value of dwellings at that date was estimated to be £1.3 billion. This is an indication of the open market value that might be obtained if the Council were in a position to dispose of the properties in that way. The Council is required to show in its balance sheet their value on their existing use basis for social housing.

	2006/07 £000's	2005/06 £000's
Asset values by asset type		
Council Dwellings	574,028	581,353
Other Land & Buildings	12,685	16,747
Vehicles & Plant	12	19
Furniture & Equipment	0	7
Infrastructure	668	679
Community Assets	7	7
Investment Properties	7,819	2,888
Total value	595,219	601,700

9.3 Major Repairs Reserve

	2006/07 £000's	2005/06 £000's
Opening balance	0	(29)
Transfer from Capital Financing Reserve	(10,055)	(16,807)
Interest on balance	0	(1)
Excess of depreciation on dwellings over Major Repairs Allowance	4,958	11,662
Financing of Capital Expenditure (MRA Applied)	5,097	5,175
Closing balance	0	0

9.4 Capital Spending

	2006/07 £000's	2005/06 £000's
Buildings	10,890	14,280
Other assets	28	0
Deferred charges	0	22
Total spend	10,918	14,302
Sources of Finance		
Supported borrowing	546	3,017
Major Repairs Allowance	5,097	5,174
Capital receipts	5,244	2,384
Revenue contributions	0	3,727
Government grants & Other contributions	31	0
Total spend	10,918	14,302

9.5 Capital Receipts

	2006/07 £000's	2005/06 £000's
Buildings	(4,340)	(7,265)
Administrative costs	165	78
Total	(4,175)	(7,187)

9.6 Depreciation

Depreciation is charged on the balance sheet value of assets, based on the estimated useful life. The main charge is for council dwellings that have an estimated useful life of 50 years. So that the charge does not impact upon the deficit or surplus for the year, an adjustment is made by transfer to the Major Repairs Reserve and Housing Subsidy.

	2006/07 £000's	2005/06 £000's
Council Dwellings	9,689	16,511
Other Land & Buildings	254	284
Other Assets	11	12
Total	9,954	16,807

9.7 Impairment

Impairment in the value of assets for 2006/07 related to:

- ❖ Demolition of a number of Orlit properties at Rose Hill
- ❖ Demolition of properties on Wyatt Road pending the sale of the land
- ❖ Reflecting the value as at 31st March 2007 pending completion of the refurbishment of apartments at George Moore Close
- ❖ Demolition of some garage sites

So that the charge does not impact on the HRA deficit and balances, an adjustment is made in accordance with HRA statutory requirements.

The total value of impairment for 2006/07 was £2,793,099 (£248,000 for 2005/06).

9.8 Deferred Charges

Deferred charges relate to capital expenditure that does not necessarily result in an asset. There were no deferred charges for 2006/07 but we had £22,000 for 2005/06. This related to expenditure on Isley Road garages. So that the charge does not impact on the deficit or surplus for the year, an adjustment is included in Other Appropriations.

9.9 Housing Subsidy

Housing Revenue Account Subsidy represents the net amount paid by the Authority to Central Government in respect of the surplus on the notional HRA. Rent Rebate Subsidy Limitation is a payment to the DWP because the average rent per council dwelling is higher than the ODPM's guideline rent.

	2006/07	2005/06
	£000's	£000's
Management and maintenance	12,125	11,464
Major Repairs Allowance	5,097	5,145
Charges for capital	3,022	2,979
Other items of reckonable expenditure	36	36
Less:		
Interest on receipts	(23)	(28)
Guideline rent income	(27,385)	(25,997)
Housing subsidy payable	(7,128)	(6,401)
Adjustment to subsidy for prior year	(35)	314
Rent rebate subsidy limitation	360	(374)
Total	(6,803)	(6,461)

9.10 Interest Received

The Housing Revenue Account is credited with interest on cash balances and interest on loans granted to enable tenants to purchase council dwellings.

	2006/07 £000's	2005/06 £000's
Interest on cash balances	66	148
Interest on loans to individuals	20	24
Total	86	172

9.11 Financial Reporting Standard (FRS) 17 – Pensions

Included within the net cost of services, is the HRA share of contributions from the Pension Reserve. The pension contributions have been calculated in accordance with FRS 17. An adjustment is made after Net Operating Expenditure, so that there is no effect on the HRA surplus for the year.

9.12 Rent Arrears

	2006/07 £000's	%	2005/06 £000's	%
Arrears details				
Current tenants	1,161	4.19	1,187	4.53
Past tenants	166	0.60	277	1.06
Overall	1,327	4.79	1,464	5.59
Total rents due in year	27,719		26,231	

	2006/07 £000's	2005/06 £000's
Doubtful debt provision		
Opening balance	683	1,525
Write-offs in year	(203)	(1,038)
Additional provision	53	196
Closing balance	533	683

Collection Fund

9.13 Non-Domestic Rates

Under the arrangements for business rates, the Council collects non-domestic rates for its area, based on local rateable values, multiplied by a nationally set uniform business rate. The amount collectable, less a cost of collection allowance set by the Department of Communities and Local Government (DCLG), and provisions for doubtful debts, is paid into the national non-domestic rate pool. For each type of authority (district, county, etc) a set amount per head is paid back.

The local rateable value as at 31st March 2007 was £201,270,160 (£201,895,469 at 31st March 2006). The multiplier for 2006/07 was set at 42.6 pence in the pound (41.5 pence for 2005/06).

9.14 Council Tax

Each domestic property is placed in one of eight valuation bands (A to H) based on its estimated value at 1 April 1991. The Council Tax is set for band D properties and tax for the other bands is calculated as a proportion of band D.

For 2006/07 the Council Tax was set at £233.52 for a band D property (2005/06 £224.54)

The Council Tax base was calculated as follows:

Valuation Band	Total no. Dwellings on Valuation List	Total Equivalent Dwellings (after discounts, etc.)	Ratio to Band D	Band D Equivalents
A	2,200	1,562	6/9	1,041
B	8,197	6,451	7/9	5,018
C	17,712	15,014	8/9	13,345
D	15,262	12,450	1	12,450
E	6,329	5,155	11/9	6,301
F	2,673	2,301	13/9	3,324
G	3,237	2,779	15/9	4,632
H	569	317	18/9	634
	56,179	46,029		46,745
Crown Properties				6
Allowance of 4% for non-collection				(1,403)
Total				45,348

9.15 Council Tax Income

	2006/07	2005/06
	£000's	£000's
Billed to Council Tax Payers	(53,978)	(51,191)
Council Tax Benefits	(8,113)	(7,681)
Total	(62,091)	(58,872)

9.16 Precepts

	2006/07	2005/06
	£000's	£000's
Oxfordshire County Council	45,745	42,520
Oxford City Council	10,590	9,879
Thames Valley Police Authority	6,012	5,556
Total	62,347	57,955

10. THE PENSION FUND ACCOUNTS

10.1 Income and Expenditure Account

The Council participates in the Oxfordshire County Council Pension Fund, a local government defined benefit pension scheme based on pensionable final salary.

In accordance with Financial Reporting Standard 17 (FRS17) all costs and liabilities for pensions are recognised in the revenue accounts as soon as they become apparent. In order to avoid fluctuations in Council Tax levels, any movement in the year in the shortfall or surplus on pensions is credited or charged to a reserve.

An analysis of the impact of FRS17 on the Income and Expenditure account and the Statement of Movement in the General Fund Balance during the year is shown below.

	2006/07	2005/06
	£000's	£000's
Net Cost of Service		
Current service cost	6,200	5,280
Past service costs	660	480
Net Operating Expenditure		
Interest	9,320	8,740
Expected return on assets	(8,250)	(7,010)
Net charge to the Income & Expenditure Account	<u>7,930</u>	<u>7,490</u>
Statement of Movement in the General Fund Balance		
Reversal of net charge made for retirement benefits in accordance with FRS17	(7,930)	(7,490)
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to the scheme	6,770	6,490

10.2 Pensions Assets and Liabilities

The last valuation took place on 31st March 2004. It has been updated by independent actuaries to take account of the requirements of FRS17 and estimate the assets and liabilities of the Fund as at 31st March 2007. A review is due in November 2007.

The main assumptions used for the purpose of FRS17 are as follows:

	31st March 2007 % per annum	31st March 2006 % per annum
Rate of inflation	3.2	3.0
Rate of increase in salaries	4.7	4.5
Rate of increase in pensions	3.2	3.0
Rate for discounting scheme liabilities	5.3	4.9
Discount rate for pension cost over following year	5.3	4.9

Assets are valued at fair value, principally market value for investments. The value of total assets held by the Fund as a whole, in each asset type and their expected rate of return are as follows:

	Long-term rate of return expected at 31st March 2007 % per annum	Estimated value at 31st March 2007 £ million	Long-term rate of return expected at 31st March 2006 % per annum	Estimated value at 31st March 2006 £ million
Equity investments	7.7	757.61	7.3	692.68
Property	6.7	75.95	6.3	54.40
Government bonds	4.7	99.59	4.3	87.97
Corporate bonds	5.3	56.56	4.9	47.32
Other	5.6	61.88	4.6	66.05
Total	7.1	1051.59	6.7	948.42

The funding position for the City Council's share of the pension fund is as follows:

	31st March 2007 £ million	31st March 2006 £ million
Share of assets	135.99	123.74
Estimated funded liabilities	(192.67)	(180.94)
Estimated unfunded liabilities	(7.96)	(7.64)
Deficit	(64.64)	(64.84)

The pension fund actuary estimated the shortfall as at 1st April 2007 as £64.64m (1st April 2006 £64.84m). The shortfall arose because life expectancy has steadily increased in recent years and the value of investments has not kept pace with the increase in potential liabilities for future pension payments.

During 2006/07 the position improved marginally with the value of investments increasing by 10%, and the estimated liability rising by 6%. This reduced the overall deficit to £64.64m at 31st March 2007.

Eventually the shortfall in the pension fund will have to be made good. This has long-term implications for either the level of local taxation or for the level of services that we can afford.

The actuarial gains identified as movements on the Pension Reserve in 2006/07 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31st March 2006:

	2006/07		2005/06		2004/05		2003/04	
	£000's	%	£000's	%	£000's	%	£000's	%
Differences between the expected and actual return on assets	730	0.5	16,230	13.1	4,870	5	10,621	12.1
Differences between actuarial assumptions about liabilities and actual experience	(460)	(0.2)	40	0.01	7,370	4.5	(1,761)	1.3
Changes in the demographic and financial assumptions used to estimate liabilities	1,090	0.5	(13,810)	7.3	(26,110)	15.9	(1,837)	1.3
	<u>1,360</u>		<u>2,460</u>		<u>(13,870)</u>		<u>7,023</u>	

11. GROUP ACCOUNTS

Under the terms of FRS9 where the Council has an interest in any other entity it is required to prepare a Group Income and Expenditure Account and Group Balance Sheet. The Council holds no interest in any other entity and therefore no group accounts have been produced.

Where either the Council, or its Members or Senior Officers, is connected with any other entity that it transacts any business with, it is required to disclose these as related party interests. These are shown in the Notes to the Core Financial Statements – 7.8 Related Parties.

12. GLOSSARY

Accounts	A generic term for statements setting out details of income and expenditure or assets and liabilities or both, in a structured manner. Accounts may be categorised either by the type of transactions they record, e.g. revenue account, capital accounts or by the purpose they serve, e.g. management accounts, final accounts, balance sheets.
Accruals	Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payment has not been received/made in the financial year. Local authorities accrue for both revenue and capital expenditure.
Agency	Agreement that the Council can perform highway repairs on behalf of the County Council in their areas.
Audit	An independent examination of an organisation's activities, either by internal audit or the organisation's external auditor.
Audit Commission	The Audit Commission was established by the Local Government Finance Act 1982. It has responsibility for the external audit of all local authorities. It can either use district auditors who are employed by the Audit Commission or firms of accountants.
Capital Expenditure	Expenditure on the provision of lasting assets, for example land, buildings, road, vehicles and equipment such as computers.
Capital Financing	The raising of money to pay capital expenditure. In the past the cost of capital assets was usually met by borrowing, but capital expenditure may also be financed by other means such as leasing, contributions from revenue accounts, the proceeds from the sale of capital assets, capital grants, and contributions from developers or others.
Capital Receipts	Proceeds from the sale of assets which have a long-term value.
Chartered Institute of Public Finance & Accountancy (CIPFA)	The professional accountancy body concerned with local authorities and the public sector.
Collection Fund	A statutory fund maintained by a billing authority, which is used to record local rates and non-domestic rates collected by the authority, along with payments to precepting authorities and the national pool of non-domestic rates, as well as into its own general fund.
Contingent Liability	A condition which exists at balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain events.
Council Tax	The local tax that pays for a proportion of council services. It replaced the poll tax in April 1993.
Creditors	Amounts owed by the 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. stocks.
Current Expenditure	The general term for running costs including employee costs and running expenses but not debt charges.
Current Liabilities	Amounts which will become due or could be called upon during the next accounting period.
Debtors	Amounts owed to the Council for services carried out during the financial year but not yet received.
Deferred Liabilities	Liabilities which by arrangement are payable beyond the next year or paid off by an annual sum over a period of time.
Depreciation	The theoretical losses in value of an asset, owing to age, wear and tear, deterioration, or obsolescence.
Financial Reporting Standards (FRS's)	These are issued by the Accounting Standards Board and provide standards for the preparation of financial statements. The Council attempts to ensure that its accounts are prepared in accordance with FRS's (or SSAP's where these remain in force) where they apply to local authorities. Where this is not possible the reason is given in the Statement of Accounting Policies.

Fixed Asset	A tangible asset that yields benefit to the Council and the services it provides for a period of more than one year.
General Fund (GF)	The main revenue account of a local authority from which revenue payments are made to meet the costs of providing services (such as wages, electricity, paper).
Housing Benefit (HB)	Payments to people on low incomes to assist them in meeting their housing costs.
Housing Revenue Account (HRA)	The separate account that local housing authorities must operate for the direct provision of housing.
Intangible Assets	Expenditure which has been capitalised but which does not always produce a fixed asset, e.g. renovation grants, software licences.
Interest	An amount received or paid for the use of a sum of money when it is invested or borrowed.
Lease	A method of financing capital expenditure where a rental charge is paid for an asset for a specified period of time.
Minimum Revenue Provision	The minimum amount which must be charged to an authority's revenue accounts and set aside as a provision for credit liabilities. It is calculated by applying a prescribed percentage of outstanding debt.
MRA	Government Subsidy to the HRA to fund major repairs to the Council's housing stock.
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.
Operating Lease	A lease under which the ownership of the asset remains with the lessor. For practical purposes it is equivalent to contract hiring.
Precept	The levy made by precepting authorities (Oxfordshire County Council, Police) on billing authorities (the City Council) requiring the latter to collect income from council taxpayers on their behalf.
Provision	An amount of money put aside in the accounts for anticipated liabilities which cannot be accurately estimated e.g. provision for bad debts.
Related Party Transactions	Transactions where one of the parties involved has control or influence over the financial and operational policies of the other party.
Reserves	Amounts of money put aside to meet certain categories of expenditure in order to avoid fluctuations in the charge to the City Fund.
Revenue Expenditure	The City Council's day-to-day expenditure on items which include wages, stationery and interest charges.
Revenue Support Grant (RSG)	Government revenue grant paid by local authorities.
S106 agreements	Where a developer undertakes to provide community benefits (for example, a percentage of affordable housing).
Stock	Raw materials and stores which the Council has bought and holds in stock for use as required.
Work in Progress	The cost of work done on an uncompleted project at a specified date which has not been recharged to the appropriate account at that date.

13. APPENDIX TO THE STATEMENT OF ACCOUNTS

13.1 Staff Costs

We have gathered together some data from the payroll system which we thought you might be interested in. Below is a table showing the full time equivalent (FTE) of staff and the average pay per employee within each Business Unit and in the Council as a whole.

Business Unit	2006/07 £'s	Average FTE	Average pay per Business Unit £'s
Chief Executive	453,905	7.5	60,521
Legal & Democratic Services	1,042,017	30.4	34,333
Built Environment	993,356	30.8	32,241
Business Systems Unit	850,383	26.7	31,873
Financial Management	1,351,900	43.4	31,175
Oxford City Homes	9,753,819	327.5	29,780
Human Resources	612,808	20.7	29,662
Environmental Health	1,361,080	45.9	29,640
Neighbourhood Renewal	1,802,307	62.0	29,074
Strategy & Review	1,040,624	36.7	28,390
Planning	1,449,566	53.0	27,348
Transport & Parking	856,307	31.6	27,128
Leisure & Culture	4,854,719	192.4	25,227
City Works	4,894,751	212.3	23,053
Revenues & Benefits	2,045,183	91.4	22,373
Customer Services	865,247	40.4	21,409
Facilities Management	821,455	39.3	20,894
Community Housing	1,872,515	92.7	20,193
	36,921,942	1,384.7	
Average pay per employee	26,665		

As well as the salaries paid out above, we also spent money on:

	2006/07 £'s
Overtime	1,123,984
National Insurance	2,896,194
Pension	6,527,904
Agency Staff	2,189,162
	12,737,244

13.2 Training

As a Council we are committed to providing training to our staff. In 2006/07 we spent a total of £604,023 (2005/06 £641,328) on training and this is detailed in the table below.

	2006/07	2005/06
	£'s	£'s
Employee Spend	106,346	159,253
Premises	1,223	8,799
Travel & Subsistence	10,373	10,432
Supplies & Services	38,123	33,987
Internal Charges	53,982	2,155
Training Courses		
Professional Training	112,931	76,033
Health & Safety	89,248	59,027
Management Development	44,606	51,636
IT Skills Development	53,383	31,745
Other incl. short courses & conferences	93,810	208,261
	<u>393,978</u>	<u>426,702</u>
Total	<u>604,025</u>	<u>641,328</u>

13.3 Debtors

As at 31st March 2007, the total owed to the authority was £4,947,516 (2005/06 £5,288,061) which included debts from periodic income, service charges, community charge, housing benefit overpayments, community alarms, trade refuse, leisure and housing services.

Our total income for the year (including grants, parking charges, etc but excluding Council Tax and NNDR income) was £112,814,211 (2005/06 £151,698,000). This means that the total owed to us at the year-end was 4.4% (2005/06 3.4%) of our total income.

13.4 Fixed Assets

The council maintains an asset register which includes the disposal, addition and revaluation of assets. Below we have shown the 5 revaluations, impairments and disposals of highest value during the financial year to give you an idea of the scale of transactions we are processing.

	Original value £000's	Increased by £000's	Value at 31st March 07 £000's	Last valuation date
Revaluations				
Westgate Multistory Car Park	8,350	5,650	14,000	March 2002
TA Site, Mascall Avenue	1,120	4,880	6,000	March 2002
Westgate Shopping Centre	5,265	4,485	9,750	March 2002
Civic Plate Regalia	0	3,394	3,394	March 1996
Queen Street / St. Ebbes BHS Store	7,580	1,820	9,400	March 2002

	Original value £000's	Decreased by £000's	Value at 31st March 07 £000's	Last valuation date
Impairments				
Trap Grounds Land	936	(936)	0	March 2001
East Oxford Community Centre	2,072	(572)	1,500	March 2003
Risinghurst Community Centre	622	(420)	202	March 2002
Northway Centre	1,050	(400)	650	March 2002
Headington Community Centre	833	(241)	592	March 2002

	Sale value £000's
Disposals / Capital Receipts	
188 Iffley Road (Hostel)	700
55 Bullingdon Road (Hostel)	313
53 St. Mary's Road (Hostel)	285
35 Hurst Street (Hostel)	250
11 Marlborough Road	250

13.5 Capital

The Council has a large capital programme which is regularly monitored. Money was spent from the capital programme on refurbishing the council dwellings up to the Decent Homes Standard. Large areas of spend were:

	2006/07 £000's	2005/06 £000's
Kitchens & bathrooms	3,167	4,513
Major void works	3,006	3,719
Heating	808	2,628
Windows	928	1,075
Roofing	967	660

During the year the Council also spent money on a variety of other schemes and assets across the city. The 5 schemes of highest value were:

	2006/07 £000's
Refuse & Recycling - vehicle replacements	2,129
Cherwell Housing - Simon House	685
Disabled Facilities Grants	651
Redbridge Park & Ride - improvements	439
Barton Pool - retentions	341

13.6 Treasury

Treasury Management includes the management of cash flows, banking, money market transactions and capital market transaction; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. For the Council this involves managing our cash flow on a daily basis, using the money market to make investments with approved counterparties, and also managing our existing debt to ensure best value for money.

As at 31st March 2007 we had a total of £34.6million (£36million in 2005/06) invested. In the year we earned an average rate of 4.94% (4.86% in 2005/06). Key deposits were:

- ❖ Landsbanki Islands HF - £4million
- ❖ Bank of Scotland (Corporate Deposit Account) - £4million
- ❖ EBS Building Society - £4million
- ❖ Kaupthing Singer & Friedlander - £2.5million

Our bank accounts are with the Co-op Bank and at the end of the financial year we had £1.1million (£2.6million in 2005/06) in our call account held with them.

As well as lending money we also have long-term borrowing. As at 31st March 2007 we had £2.3million (£2.5million in 2005/06) of transferred debt outstanding with South Oxfordshire District Council. This is a 25-year loan, which expires in 2016 and has a flexible interest rate, which was 4.52% this year (4.82% in 2005/06). Our other borrowing is with the Public Works Loans Board (PWLB). At the year-end we had £8.3million (£8.8million in 2005/06) of debt with the PWLB. This consists of 23 separate loans with maturities ranging from 2007 to 2015, with an average interest rate of 10.75% (10.71% in 2005/06). We also have a long-term loan borrowed on the money market. This is for £3million, with an interest rate of 8.75% and was for a period of 10 years. This loan is due for repayment on 4th June 2007.

13.7 Collection Fund

One of the biggest services that we as a Council provide is the collection of Council Tax and National Non-Domestic Rates (NNDR). At the end of the year we were owed £5.8 million (2005/06 £6.5 million) in outstanding Council Tax and £2.1 million (2005/06 £1.5 million) in NNDR. The table below shows the age of this debt.

Council Tax

	As at 31/03/07		As at 31/03/06	
	£'s	%	£'s	%
Under 1 year	2,183,319	37.70%	2,719,637	42.07%
1-2 years	1,838,389	31.74%	1,807,484	27.96%
3-4 years	777,513	13.43%	926,478	14.33%
5-6 years	497,468	8.59%	523,086	8.09%
7-8 years	227,549	3.93%	235,630	3.64%
9-10 years	148,279	2.56%	204,310	3.16%
Over 10 years	118,891	2.05%	48,663	0.75%
Total debt	5,791,408	100.00%	6,465,288	100.00%

National Non-Domestic Rates

	As at 31/03/07		As at 31/03/06	
	£'s	%	£'s	%
Under 1 year	923,022	44.56%	562,226	36.42%
1-2 years	569,463	27.50%	405,924	26.29%
3-4 years	159,230	7.69%	161,647	10.47%
5-6 years	130,782	6.31%	141,740	9.18%
7-8 years	133,730	6.46%	176,494	11.43%
9-10 years	102,526	4.95%	62,506	4.05%
Over 10 years	52,306	2.53%	33,369	2.16%
Total debt	2,071,059	100.00%	1,543,906	100.00%