

# **Statement of Accounts 2012/13**



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# **INTRODUCTION**

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## INTRODUCTION

Welcome to Oxford City Council's Statement of Accounts for the year ending 31 March 2013.

The Statement of Accounts is a statutory document providing information on the cost of services provided by Oxford City Council to the council tax payer and the council house tenant and detailing how those services were financed. In addition, it provides information, within the Balance Sheet on page 25 of the value of the Council's assets (what we own), what is owed and the value of our liabilities (what we owe). It is in essence, a statement of how well we have managed your money over the last twelve months.

The report provides, in accordance with International Financial Reporting Standards (IFRS), the accounts for the General Fund, Housing Revenue Account, Collection Fund and all other accounts for which the Council is responsible. The Council's Balance Sheet provides details of its Assets and Liabilities as at 31 March 2013. Other supporting statements are provided to help to explain the figures in the accounts. In addition, a glossary can be found at the back of the Statement of Accounts publication to help explain some of the technical terms.

The accounts and all relevant documents are subject to review by Ernst & Young LLP who provide their opinion on the Council's accounts. The Audit Commission gave an unqualified opinion on the Statement of Accounts presented for 2011/12, the second year of adoption of IFRS and Ernst & Young LLP will be required to give an opinion on the 2012/13 Statement of Accounts.

Should you have any comments or wish to discuss this Statement in further detail then please contact the Council's Financial Accounting Manager, Anna Winship on 01865 252517, or email [awinship@oxford.gov.uk](mailto:awinship@oxford.gov.uk).

I hope you find the Statement of interest and may I take the opportunity of thanking you for taking time to read it.

Nigel Kennedy  
Head of Finance (Section 151 Officer)

Oxford City Council  
Town Hall  
St. Aldate's  
Oxford  
OX1 1BX

## INTRODUCTION

### The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Head of Finance (Section 151 Officer).
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets, and
- approve the Statement of Accounts.

### The Responsibilities of the Head of Finance (Section 151 Officer)

The Head of Finance (Section 151 Officer) is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing the Statement of Accounts, the Head of Finance (Section 151 Officer) has:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent, and
- complied with the local authority Code.

The Head of Finance (Section 151 Officer) has also:

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

The Statement of Accounts as set out on pages 22 to 122 presents a true and fair view of the financial position of Oxford City Council as at 31 March 2013 and its income and expenditure for the year ended 31 March 2013.

The unaudited Accounts were issued on 27 June 2013 and the audited accounts will be authorised for issue on 26 September 2013.

Signed

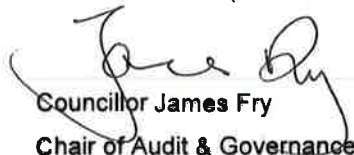


Nigel Kennedy  
Head of Finance (Section 151 Officer)

Date

26.9.2013

Signed



Councillor James Fry  
Chair of Audit & Governance Committee

Date

26.9.2013



## EXPLANATORY FOREWORD

### Purpose of Explanatory Foreword

The purpose of the explanatory foreword is to provide a commentary on the Statement of Accounts for the year as seen 'through the eyes' of management. It fulfils the same requirement as that of a Directors report in company accounts. The foreword seeks to provide a concise and understandable guide for the reader of the accounts of the most significant aspects of the Authority's financial performance during the year, its year end financial position and cash flows.

### 1. Major Changes Effecting the Statement of Accounts

The Council's accounting policies are set out on page 29 in Note 1 to the Statement of Accounts. These Policies are largely unchanged from last year. However there are some changes and events that have taken place over the year which have a material impact on the understanding of the Accounts.

#### Restatement of the Accounts for 2011/12

In the last two year's accounts Oxford City Council has made adjustments to their lease disclosure notes as a result of audit findings. In order to achieve improvements the Council has completed a review of its lease disclosure notes. As a result of this review there has been a material amendment to the accounts. The main amendment relates to the Council calculating the lease debtor based on current rent rather than inception rent. This meant that at 31 March 2012 the long term debtor was overstated by £4.1 million. The changes are shown in the statements as restatements to the 2011/12 statements and notes

### Material Changes

#### ◇ Pension Fund

The Council's liability to provide for the cost of past employment benefits to staff have decreased in the year ended 31 March 2013.

The liability reported as at 31 March 2012 was £97.9 million. The revised liability as at the 31 March 2013 is £88.3 million. The decrease is due to a number of factors, the most significant of which is an actuarial gain of £11.4 million due to a significant increase in the estimated assets of the fund with a smaller increase in fair value of the liabilities. More information regarding the Defined Benefit Pension Scheme can be found in note 40 of the Statement of Accounts (page 94). The past history of the movement on the pension liability is disclosed and shows that over the past five years the liability has been as high as £145.6 million. The fall this year can be seen to be £57.3 million lower than the peak experienced.

### 2. Summary of 2012/13 Outturn

#### General Fund

The Council's outturn position was favourable at the year end. It overachieved against the budgeted position by some £3.279 million which it subsequently transferred to an earmarked reserve for funding future commitments in connection with the development of the Westgate Shopping Centre. This favourable position was after taking into account a budgeted transfer from the working balance of £1.622 million and other net transfers to earmarked reserves of £1.606 million. The bulk of the surplus arose from unused contingencies created to mitigate unachieved savings and pay related items totalling £1.6 million. Other variances are discussed in more detail below, on page 11.

### HRA

## EXPLANATORY FOREWORD

The budgeted position provided for a surplus on the Housing Revenue Account of £5.134 million, the outturn position shows a surplus of £1.078 million after net transfers to reserves of £7.542 million largely to fund future years Capital works. The bulk of the surplus arose from the release of a provision in respect of a lease on Southfield Park (£1.2 million) following the successful outcome of protracted negotiations. There are a number of other variations further details of which are shown below on page 14.

### Capital

The Council's Capital Programme showed a total spend of around £16 million; a variation against the original budget (£28 million) of some £12 million. Of this variation approximately £8 million related to the delayed build of the Competition Swimming Pool at Blackbird Leys. Other variances are discussed in more detail below on page 16.

### 3. The Statement of Accounts

#### The Statement of Accounts consists of the following:

- The Statement of Responsibilities, setting out the general responsibilities of both the City Council, and the Section 151 Officer (The Head of Finance). The purpose is for the Head of Finance to sign a statement that the accounts present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for that year then ended (page 6).
- The Statement of Accounting Policies, setting out the detailed rules under which we account for assets, liabilities, income and expenditure (pages 29-46).
- The Core Financial Statements (pages 22-26, 107-122) incorporating:
  - a. Movement in Reserves Statement – (MIRS) a statement used to adjust International Financial Reporting Standards accounting practice to Local Government proper practice to ensure the accounting changes do not impact on Council Tax and create any additional burden.
  - b. The Comprehensive Income and Expenditure Statement - a statement which incorporates all revenue income and expenditure relating to the year.
  - c. Balance Sheet - which records all the assets and liabilities at the Balance Sheet date of 31 March.
  - d. Cashflow Statement - a statement to record the inflows and outflows of cash during the year reconciled to the year end cash position.
  - e. Housing Revenue Account - a statement which brings together all transactions during the year in relation to the management and maintenance of the Council's 7,800 dwelling stock.
  - f. Collection Fund - a statement which brings together all transactions during the year relating to the collection of Business Rates and Council Tax income together with payments and receipts from Government and payments made to the preceptors, the County Council, Police and Parish Councils.
  - g. Group Accounts - required where the Authority holds interests in other companies or organisations. The Council has a 50% interest with Grosvenor PLC in a joint venture for the construction of dwellings at Barton. The Council's share of the assets and liabilities of this company are required to be incorporated in to the Council's accounts.

## EXPLANATORY FOREWORD

### Details Of The Core Financial Statements

#### **The Movement in Reserves Statement (MIRS)**

The MIRS shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) totalling around £50.6 million as at 31 March 2013 and unusable reserves which are not 'cash backed' totalling £388.9 million.

The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (page 24). These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

The 'Net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

**The General Fund Working Balance** - this has decreased with the budgeted transfer of £1.623 million and as at 31 March 2013 stands at £3.6 million.

**The HRA Working Balance** - As at 31 March 2013 this has increased from £2.6 million to £3.7 million.

**Earmarked General Fund Reserves** – As at 31 March 2013 these stood at £15.6 million, as shown on page 61. In 2012/13 the Council made a net transfer in of £4.9 million with key movements including:

- **The Employee Cost Reserve** - This has increased due to a budgeted £0.5 million contribution taking the total reserve to £1.7 million. This reserve will be used going forward to fund pressures identified in the Council's Medium Term Financial Plan.
- **Grants Reserve** - under accounting rules grants are transferred to earmarked reserves and then released to revenue as money is spent, if the grant has conditions attached to it. The net movement in this reserve is a net reduction of around £1.6 million, £0.6 million of which has been released and £1.2 million has been transferred to an earmarked reserve which is more appropriate for the description largely relating to the Housing and Communities Services.
- **Homelessness** - an amount of £0.65 million has been transferred to this reserve in line with the budget
- **Flood Reserve** - £0.15 million. This reserve has been established to cushion the revenue account against future flooding in the city.
- **Insurance Reserves** - as at 31 March 2013 these stood at £1.7 million to cover uninsured excesses and future liabilities including those arising from the administrative arrangements of the Council's previous insurers Municipal Mutual Insurance (MMI).
- **Westgate Redevelopment Reserve** - in conjunction with the Westgate Oxford Alliance (a joint venture between Crown Estates and Land Securities) the Council intends to undertake the development of the Westgate Shopping Centre within the city centre. The venture is a key project for the City Council in developing the Westgate area. To assist with parking provision throughout the development period the Council have set aside a surplus from General Fund activities of around £3.3 million to fund temporary car parking.

**HRA Earmarked Reserves** - As at 31 March 2013 these stood at £1.2 million following a net transfer in, of £0.5 million. The committed projects reserve includes £0.25 million in respect of stock condition survey, £0.1 million in respect of future pay increases, £0.1 million in respect of the alley gating project, £0.2 million in respect of capital projects and £0.2 million in respect of a structure review of the Major Projects Team.

## EXPLANATORY FOREWORD

**Capital Receipts Unapplied** - As at 31 March 2013 the Council held approximately £17.4 million usable capital receipts: £1.5 million having been used to finance the Capital Programme. The remaining receipts will be used over the life of the medium term plan. Major disposals in the year included:

- Harcourt House
- Land at South Hinksey
- All Saints Road Depot
- 1 and 2 Horspath Road Cottages
- Various properties in Cowley Road, and Godstow Road

### The Comprehensive Income and Expenditure Statement

This Statement (page 24) shows the cost in the year of providing services in accordance with generally accepted accounting practice, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The segment reporting note (page 82) shows how the Comprehensive Income and Expenditure Statement reconciles back to the management accounts reported quarterly to the City Executive Board, further details and the outturn are discussed below.

### **General Fund Revenue Outturn 2012/13**

The Council set a budget for spending on General Fund services of £24.1 million, to be financed by Grant funding of £11.7 million and Council Tax of £12.4 million. Included within the budget was provision for a transfer of £1.6 million to the General Fund Working Balance.

The Council Tax for a Band D property was set at £262.96, a nil percent increase on the previous year.

The table below summarises the outturn position in the format used for 2012/13 internal reporting and as reported to the City Executive Board on 12 June 2013.

	<b>NET APPROVED BUDGET</b> 2012/13 £000	<b>NET EXPENDITURE</b> 2012/13 £000	<b>VARIANCE</b> £000
Chief Executive	1,443	1,329	(114)
City Regeneration	641	(30)	(671)
Community Services	7,312	6,394	(918)
Organisational Development & Corporate Services	12,962	13,423	461
<b>Total Ex' SLA's &amp; Capital Charges</b>	<b>22,358</b>	<b>21,116</b>	<b>(1,242)</b>
SLA's and Capital Charges	(1,276)	738	2,014
Corporate Budgets	2,606	(622)	(3,228)
<b>Net General Fund Expenditure</b>	<b>23,688</b>	<b>21,232</b>	<b>(2,456)</b>
Net Transfers to Reserves	2,047	4,886	2,839
(Use of)/ transfer to Balances	(1,622)	(1,622)	0
<b>Net Budget Requirement</b>	<b>24,113</b>	<b>24,496</b>	<b>383</b>
External Funding	11,719	12,028	309
Council Tax	12,587	12,661	74
Parish Precept	(193)	(193)	0
<b>Total Funding</b>	<b>24,113</b>	<b>24,496</b>	<b>383</b>

## EXPLANATORY FOREWORD

Major variations include:

### **Chief Executive**

#### **Favourable**

- £0.1 million slippage on the educational attainment project.

### **City Regeneration**

#### **Favourable**

- £0.3 million salary savings arising from vacancies predominately within Housing and Communities during the year.
- £0.6 million increased income following landlord rent reviews during the financial year together with additional rental income from the letting of Ramsay House.

#### **Adverse**

- £0.2 million under achievement of Planning/Building Regulations income.

### **Community Services**

#### **Favourable**

- £0.1 million increased off street car parking income due mainly to St Clements car park being open for 11 months longer than anticipated.
- £0.4 million additional engineering works income due to increased agency work.
- £0.4 million reduced employee costs following street cleansing restructure and reduced pension fund contributions.

### **Organisational Development and Corporate Services**

#### **Favourable**

- £0.1 million reduced salary expenses arising from vacant posts in Finance and reduced costs in external and internal audit fees.

#### **Adverse**

- £0.3 million due to £0.2 million cost of Emergency Planning flood works, plus salary overspends and a shortfall in Legal Hub budgeted income.
- £0.3 million due to a shortfall in Town Hall and post room income, as well as additional spending on Town Hall and facilities supplies and services.

### **SLA's, Capital Charges and Corporate Budgets**

#### **Favourable**

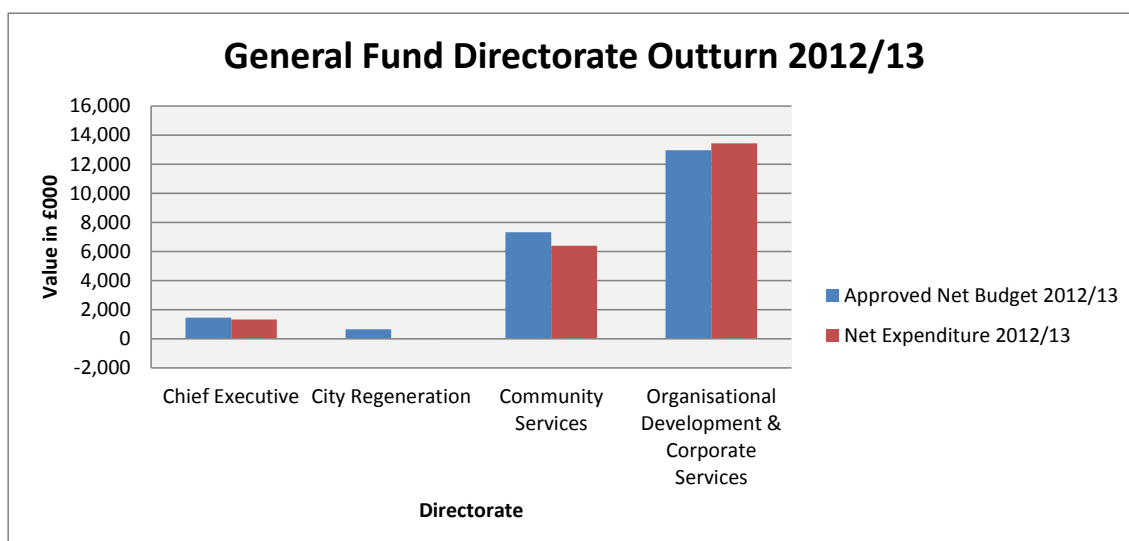
- £0.7 million due to underspends in local Housing Benefit expenditure representing 0.7% of expenditure.
- £0.3 million associated with SLA charges within Corporate and Democratic Core, interest payments and enhanced/early retirement pension payments.

## EXPLANATORY FOREWORD

### Net Transfers to Reserves

- The analysis of the net transfer to reserves of £5 million is shown in Note 8 (page 61) to the accounts. The most notable transfers are detailed above on page 9.

A comparison of actual against budget by Directorate is shown below. Please note the net expenditure for City Regeneration is (£30,000) largely arising from commercial rent income can not clearly be seen on the graph.



### The Balance Sheet

The Balance Sheet (page 25) shows the value as at 31 March 2013 of the assets and liabilities recognised by the Authority. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories.

- Usable Reserves** - those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves to meet unforeseen circumstances and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- Unusable Reserves** – those reserves that the Authority is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that reflect timing differences shown in the Movement in Reserves Statement line “adjustments between accounting basis and funding basis under regulations”.

The Balance Sheet (page 25) can be summarised as follows:

	2012/13	2011/12	Variation	2011/12	Variation
	£000	Restated £000	£000	£000	£000
Value of Land and Property owned	678,016	664,213	13,803	665,505	12,511
Cash Investments, assets held for sale and stock	45,816	30,319	15,497	30,319	15,497
Money Oxford owes	(315,866)	(328,836)	12,970	(332,833)	16,967
Money Oxford is owed	31,468	31,568	(100)	38,231	(6,763)
<b>Net worth of Council at 31st March</b>	<b>439,434</b>	<b>397,264</b>	<b>42,170</b>	<b>401,222</b>	<b>38,212</b>

## EXPLANATORY FOREWORD

The restated position for 2011/12 reduced the net worth of the Council by £4 million from the original 2011/12 position. This largely related to changes in the value of leasehold properties as detailed on page 44.

There has been an increase in the net worth of the Council in the order of £42.2 million from the restated position, this has largely arisen from:

- An increase of around £15.5 million from increased short term investments from surplus cash.
- A decrease in money owed by Oxford City Council of around £13 million, £8 million of which relates to an improvement on the Pension Fund deficit.
- An increase of around £14 million in the value of property owned.

### **Cash Flow Statement**

The Cash Flow Statement (page 26) shows the changes in Cash and Cash Equivalents of the Council during the reporting period. The Statement shows how the Council generates and uses Cash and Cash Equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

The overall increase in cash and cash equivalents i.e. short term investments between 2011/12 and 2012/13 is approximately £4.4 million. This has arisen largely due to an increased use of Money Market Funds which attract higher interest rates and are more liquid.

## EXPLANATORY FOREWORD

### The Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement (page 107) shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practice, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost.

The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement, a snapshot of which is shown below:

	Budget £000	Actual £000	Variance £000
<b>Net Income</b>	<b>(40,393)</b>	<b>(40,730)</b>	<b>(337)</b>
<b>Expenditure</b>			
Tenancy Management	15,264	11,722	(3,542)
Repairs and Maintenance	11,481	12,106	625
<b>Total</b>	<b>26,745</b>	<b>23,828</b>	<b>(2,917)</b>
Appropriations	8,514	15,824	7,310
<b>Net (surplus)/deficit</b>	<b>(5,134)</b>	<b>(1,078)</b>	<b>4,056</b>
<b>Working Balance</b>	<b>(2,620)</b>	<b>(3,698)</b>	<b>(1,078)</b>

The HRA was budgeted to make a surplus of £5.1 million for 2012/13. The outturn position as shown was a surplus of £1.1 million, an adverse variance of £4 million. This £1.1 million surplus was subsequently transferred to the HRA working balance which now stands at approximately £3.7 million. Notable variations include:

#### Income

- £0.8 million increase in dwelling rents due to the lower number of Right To Buy disposals than budgeted for. In addition non-dwelling income from shops and garages was also up mainly due to favourable rent reviews, off set by:
- £0.5 million shortfall in fees charged to capital due to a reduction in the overall Capital Programme.



## EXPLANATORY FOREWORD

### Tenancy Management Cost

Tenancy Management Costs show a favourable variation of £3.5 million over the original budget due to:

- £1.2 million release of the provision for the rent review on Southfield Park following a successful negotiation.
- £2.2 million reduced depreciation charge (see appropriations below).

### Repairs and Maintenance

- £0.6 million overspent due to day to day responsive repairs and increased night time call out costs being higher than anticipated, repairs to a fire damaged property and emergency repairs expenditure.

### Appropriations

£7.3 million overspend against budget due to:

- £1.1 million favourable variation due to the interest rate payable on the £198 million on self-financing debt being 0.5% lower than budgeted.
- Revenue Contributions were £1.3 million adverse. Revenue contributions together with depreciation provide the resources for financing the capital programme. Overall this represents a favourable variance on the HRA of around £0.8 million, which is the equivalent amount of slippage on the HRA Capital Programme.
- £7 million transferred to the Major Repairs Reserves for future funding of the Capital Programme.
- £0.5 million net transfers to earmarked reserves to cover future expenditure.
- £0.2 million additional subsidy in respect of 2011/12 following the audit of the end of year subsidy claim.
- £0.2 million other favourable changes in investment interest.

### The Collection Fund

The Collection Fund (page 114) is the Council's statement reflecting its statutory obligation as a Billing Authority to maintain a separate Collection Fund. The Statement shows the transactions the Council as a Billing Authority has undertaken in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

The movement in the Collection Fund Balance is £0.5 million increasing the Collection Fund Balance to £0.524 million as at 31 March 2013. This balance is shared between the major preceptors i.e. the City Council, County Council and Police Authority in proportion to their precept as follows:

	2012/13 £000	2011/12 £000
Oxford City Council	88	4
Oxfordshire County Council	385	20
Thames Valley Police	51	3
<b>Total</b>	<b>524</b>	<b>27</b>

## EXPLANATORY FOREWORD

The main reasons for the increase in the balance of £0.5 million are:

- Exemptions didn't increase as much as our original estimate. A maximum of 6,494 exemptions was built into the estimate but this year's peak was 6,371, which equates to £0.2 million.
- New dwellings exceeded our original estimate by 105 (352 against 247) which equates to £0.3 million.

### Group Accounts

#### **Barton Oxford LLP**

The Council entered into a partnership with Grosvenor Developments Limited to form a joint venture vehicle to develop social and affordable housing on land owned by the Council at Barton. The Council provided Group Accounts for the first time in 2011/12 to record the Council's share in the joint venture.

The Statement of Accounts for 2012/13 also provide Group Accounting Statements, and they reflect the following:

Within the Oxford City Council Property, Plant and Equipment balance on the Balance Sheet is a 50% share of the Barton Oxford LLP Development Property at a value of £1.237 million which is capital expenditure up to 31 March 2013. The Council share is arrived at after deducting the LLP cost of the Land acquired from Oxford City Council (£0.912 million) to avoid double counting.

The Barton Oxford LLP includes an accumulated loss to 31 March 2013 of £10,000. The loss recorded in the 2012/13 LLP accounts amounted to £2,000 - 50% of this loss rests with Oxford City Council. The City Council's Statement of Accounts also holds a long term Debtor of £912,000 in respect of land plus capitalised interest transferred from the City Council to the LLP.

See page 117 for a more detailed account of the Group movements

#### **Capital Outturn 2012/13**

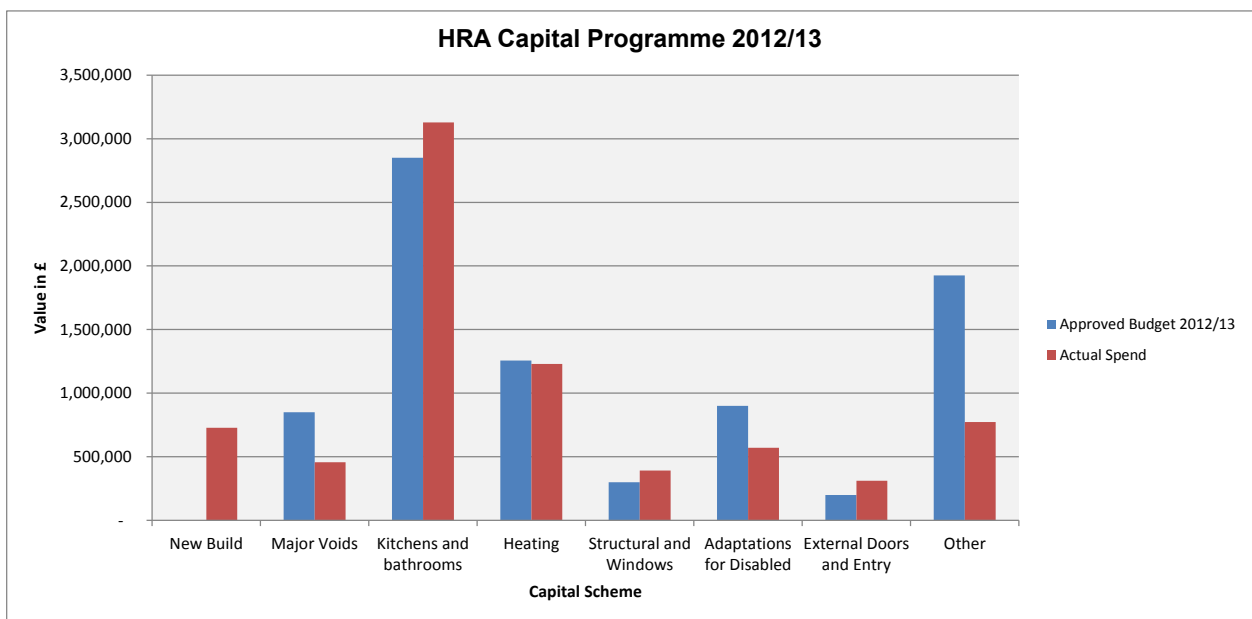
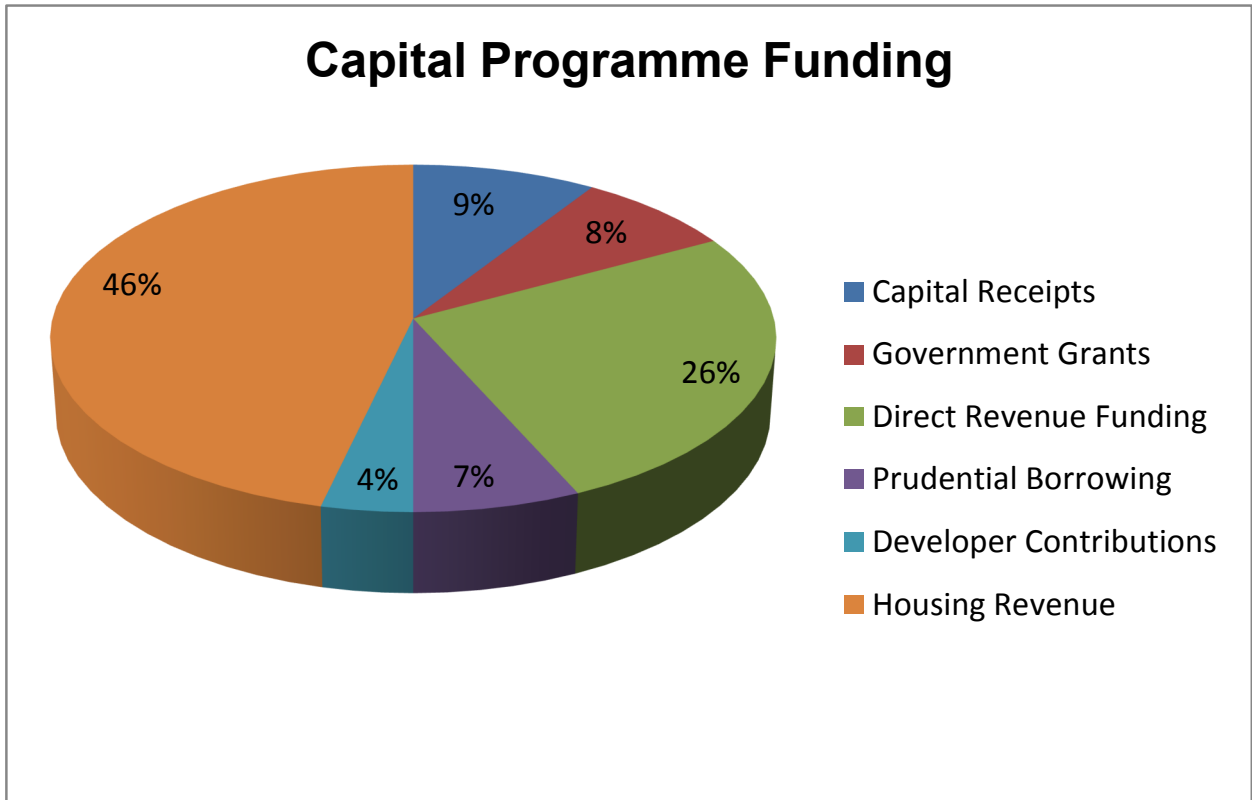
The Council's budgeted capital spend for 2012/13 was approximately £28 million, actual spend was £16 million; a variation of £12 million. Of this variation approximately £8 million related to the Competition Swimming Pool at Blackbird Leys which was delayed pending the outcome of a number of judicial reviews. The remaining £4 million relates to other slippage that will be carried forward to be spent in future years. Notable variations include the following:

- £0.2 million slippage on disabled facilities grants.
- £1.7 million slippage on Covered Market improvements, Broad Street upgrade and roof repairs to 44-46 George Street, Depot Relocation Feasibility study, various Parks and Leisure buildings and conference/Fire Alarm works to the Town Hall.
- £1.4 million slippage on Leisure projects including general Leisure centre improvements, Lye Valley and Chiswell Valley walkways, Sports Pavilions improvements and upgrades on tennis courts and existing multi-use games areas.
- £0.4 million slippage due to delays in purchasing replacement vehicles and plant and repairs and maintenance to park and ride car parks.
- £0.8 million slippage on Housing related capital projects including tower block refurbishment.

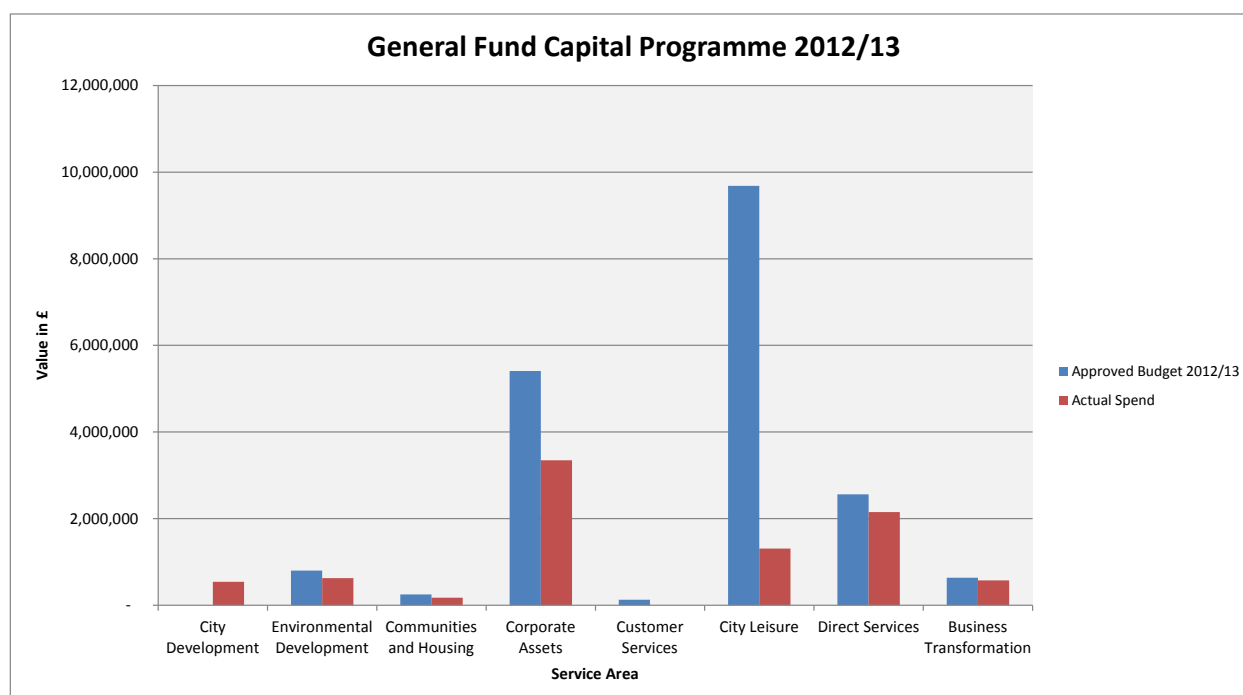
## EXPLANATORY FOREWORD

### Funding the Capital Programme

The General Fund Capital Programme totalled £8.8 million and was funded through a combination of capital receipts (£1.5 million), Government Grants (£1.3 million), the largest of which was in respect of Disabled Facilities £0.5 million, Direct Revenue Funding from the General Fund (£4.3 million), Prudential Borrowing (£1.1 million), Developer Contributions (£0.6 million). The Housing Programme was financed totally from Housing Revenue in the order of £7.6 million.



## EXPLANATORY FOREWORD



### Contingencies and Provisions

As at 31 March 2013 the Council has made financial provision of £2.4 million for expenditure likely to be incurred some time in the future. Included in this figure are the following amounts:

- Rent Deposit Scheme – £1.1 million - this provision covers deposits paid on behalf of tenants placed into private properties by the Council. The provision assumes a write off of approximately 86% of the debt.
- Singletree Repairs and Maintenance - £0.2 million – a provision to cover major works in respect of a leaseholder property. When the leasehold property is resold a percentage of the resale value is paid into the provision.
- Council Tax Court Costs - £0.3 million. This provision is against court costs that have been raised against outstanding Council Tax arrears.

### Icelandic Banking Losses—Update

In October 2008 a number of Icelandic banks filed for administration. The Council held deposits with two of these banks, Glitnir and Heritable of £1.5 million and £3 million respectively. Developments over the last year are as follows:

- **Glitnir** - In November 2011 the priority status appeal in relation to the Council's original £1.5 million deposit with the Icelandic bank Glitnir was confirmed by the Icelandic Supreme Court. On 15 March 2012, the Council received four of the five foreign currency repayments due from Glitnir Bank totalling £1.2 million. The repayment date of the fifth currency (in Icelandic Krona (ISK)) is still to be confirmed as changes to Icelandic law are required to allow ISK to be transferred out of Iceland. Once this has been resolved, it is expected that we will receive close to 100% of our initial deposit.
- **Heritable Bank** - In respect of the Council's £3 million deposits with Heritable bank, the Council continues to receive repayments and it is expected that approximately 90% will be received. A further £284,000 has been received in this financial year, totalling £2.4 million received to date.

## EXPLANATORY FOREWORD

### 4. Financial Prospects Looking Forward

#### General Fund

The 2012/13 outturn position was favourable with the Council underspending by approximately £3.3 million in year. The budget allowed for a transfer from the General Fund Working Balance of £1.6 million reducing it to around £3.6 million, a level which is considered prudent for this Authority based on net expenditure and known risks. The £1.6 million transfer was undertaken on closing its accounts and the surplus of £3.3 million was transferred to an earmarked reserve to fund the redevelopment of the Westgate Shopping Centre, a key project for the Council. The reserve will specifically be used to provide temporary parking during the development of the site. The development agreement has been signed.

The Council's Medium Term Financial Plan for 2013/14 to 2016/17 agreed at Council in February 2013 estimated working balances at year end as follows:

	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000
Working Balance at year end	3,622	3,622	3,622	3,622

To achieve this position a significant savings and service reduction programme has been implemented totalling £11 million over the next four years. This programme of savings is significant and more risky in nature with a large amount coming from new trading activities, although there are contingencies held in reserve in the event that some of these income streams are not achieved.

Going forward many of the difficulties we had around certainty of funding for 2012/13 are likely to remain until much later in the financial year, in particular the Business Rates reforms and Council Tax localisation which will commence in April 2013 will affect Formula Grant. In addition, changes in welfare reforms will pose a significant operational issue over the next three or four years.

The Government are still struggling to hit their deficit reduction targets and the next Comprehensive Spending Review will undoubtedly see more reductions in Government funding for Local Government over the coming years.

Inflation is also running at a higher level than predicted, with CPI projected to reach 5% in the current financial year and remain above target into 2013, which will clearly impact costs.

Pressure will continue on the Council's income streams such as off street parking, planning and licensing and with bank base rates at an all time low investment income earned will also be suppressed. Personal income is also likely to reduce as wage freezes continue, causing further pressures for the Council in the collection of rents and Council Tax which the Council has partly mitigated through increased provision for bad debts and reduced Council Tax collection forecasts.

Demand on services however especially benefits and housing are likely to rise and the Council will need to ensure robust management of its finances going forward.

#### Housing Revenue Account (HRA)

HRA Reform which came into effect from 1 April 2012, was a good deal for Oxford City Council. Exchanging subsidy payments of around £13 million per annum to the Government for the payment of interest charges of around £8 million will release additional funding enabling the Council to deliver its strategic housing aspirations more effectively.

## EXPLANATORY FOREWORD

### Capital

The Council has a significant Capital Programme going forward with major projects including the refurbishment of sports pavilions, further development of play areas, replacement of the Council's vehicle fleet, the 'one depot' project and new cemetery provision. Whilst some of this Programme will be funded by capital receipts from the disposal of other land and buildings, additional prudential borrowing may be required, which will impact on the revenue account.

Within the HRA Capital Programme in addition to the routine annual refurbishment programme for Council dwellings of around £8 million, there is also £18 million of new build in the next two years to build 112 dwellings part funded from HCA grant. Additionally, there is a further £60 million of additional investment over the next few years.

### In Conclusion

I would like to thank Finance staff for their work in preparing these Statements. I hope the information is helpful in allowing you to have a clear understanding of how the Council's money has been spent in 2012/13.

We've tried hard to present information as clearly as possible, but if you want to find out more about these accounts you can:

- visit our website at [www.oxford.gov.uk](http://www.oxford.gov.uk)
- send an e-mail to either:  
Head of Finance (Section 151 Officer) (Nigel Kennedy at [nkennedy@oxford.gov.uk](mailto:nkennedy@oxford.gov.uk)) or  
Financial Accounting Manager (Anna Winship at [awinship@oxford.gov.uk](mailto:awinship@oxford.gov.uk))
- write to us at:  
Oxford City Council  
2nd Floor, Town Hall, St Aldates  
Oxford OX1 1BX
- or, contact our auditors Ernst & Young LLP via the Audit manager, Alan Witty at [awitty@uk.ey.com](mailto:awitty@uk.ey.com)

# **CORE FINANCIAL STATEMENTS**

## MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

This following statement shows the movement in year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

The Net Increase/(Decrease) before Transfers to/from Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.



**MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2013**

	Note	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account	Earmarked HRA Reserves	Major Repairs Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31st March 2011 carried forward</b>		4,429	6,849	2,000	2,627	-	9,651	369	25,925	604,140	630,065
<b>Movement in Reserves during 2011/12</b>											
Surplus/(Deficit) on the Provision of Services		10,419	-	(196,767)	-	-	-	-	(186,348)	-	(186,348)
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	(42,493)	(42,493)
<b>Total Comprehensive Income and Expenditure</b>		<b>10,419</b>	<b>-</b>	<b>(196,767)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(186,348)</b>	<b>(42,493)</b>	<b>(228,841)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	7	(4,062)	-	195,548	-	-	3,302	-	194,788	(194,790)	(2)
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>6,357</b>	<b>-</b>	<b>(1,218)</b>	<b>-</b>	<b>-</b>	<b>3,302</b>	<b>-</b>	<b>8,441</b>	<b>(237,284)</b>	<b>(228,843)</b>
Transfers (to)/from Earmarked Reserves	8	(5,541)	5,541	1,838	(1,838)	-	-	-	-	-	-
<b>Increase/(Decrease) in 2011/12</b>		<b>816</b>	<b>5,541</b>	<b>620</b>	<b>(1,838)</b>	<b>-</b>	<b>3,302</b>	<b>-</b>	<b>8,441</b>	<b>(237,284)</b>	<b>(228,843)</b>
<b>Balance at 31st March 2012 carried forward</b>		<b>5,245</b>	<b>12,390</b>	<b>2,620</b>	<b>789</b>	<b>-</b>	<b>12,953</b>	<b>369</b>	<b>34,366</b>	<b>366,856</b>	<b>401,222</b>
<b>Restated Movement in Reserves during 2011/12</b>											
Surplus/(Deficit) on the Provision of Services		6,460	-	(196,767)	-	-	-	-	(190,307)	-	(190,307)
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	(42,493)	(42,493)
<b>Total Comprehensive Income and Expenditure</b>		<b>6,460</b>	<b>-</b>	<b>(196,767)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(190,307)</b>	<b>(42,493)</b>	<b>(232,800)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	7	(103)	-	195,548	-	-	3,302	-	198,747	(198,749)	(1)
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>6,357</b>	<b>-</b>	<b>(1,218)</b>	<b>-</b>	<b>-</b>	<b>3,302</b>	<b>-</b>	<b>8,441</b>	<b>(241,242)</b>	<b>(232,801)</b>
Transfers (to)/from Earmarked Reserves	8	(5,541)	5,541	1,838	(1,838)	-	-	-	-	-	-
<b>Increase/(Decrease) in 2011/12</b>		<b>816</b>	<b>5,541</b>	<b>620</b>	<b>(1,838)</b>	<b>-</b>	<b>3,302</b>	<b>-</b>	<b>8,441</b>	<b>(241,242)</b>	<b>(232,801)</b>
<b>Balance at 31st March 2012 carried forward</b>		<b>5,245</b>	<b>12,390</b>	<b>2,620</b>	<b>789</b>	<b>-</b>	<b>12,953</b>	<b>369</b>	<b>34,366</b>	<b>362,898</b>	<b>397,264</b>
<b>Movement in Reserves during 2012/13</b>											
Surplus/(Deficit) on the Provision of Services		3,217	-	5,456	-	-	-	-	8,674	-	8,674
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	33,497	33,497
<b>Total Comprehensive Income and Expenditure</b>		<b>3,217</b>	<b>-</b>	<b>5,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,674</b>	<b>33,497</b>	<b>42,171</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	7	(11)	-	(3,836)	-	7,000	4,478	(87)	7,544	(7,544)	-
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>3,206</b>	<b>-</b>	<b>1,620</b>	<b>-</b>	<b>7,000</b>	<b>4,478</b>	<b>(87)</b>	<b>16,217</b>	<b>25,953</b>	<b>42,170</b>
Transfers (to)/from Earmarked Reserves	8	(4,829)	4,829	(542)	542	-	-	-	-	-	-
<b>Increase/(Decrease) in 2012/13</b>		<b>(1,623)</b>	<b>4,829</b>	<b>1,078</b>	<b>542</b>	<b>7,000</b>	<b>4,478</b>	<b>(87)</b>	<b>16,217</b>	<b>25,953</b>	<b>42,170</b>
<b>Balance at 31st March 2013 carried forward</b>		<b>3,622</b>	<b>17,219</b>	<b>3,698</b>	<b>1,331</b>	<b>7,000</b>	<b>17,431</b>	<b>282</b>	<b>50,583</b>	<b>388,851</b>	<b>439,434</b>

**COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED  
31 MARCH 2013**

This statement shows the accounting cost in year of providing services in accordance with generally accepted accounting practice, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement on page 23.

	2012/13			2011/12		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Notes						
Central Services to the Public	4,016	(1,459)	2,557	4,465	(1,353)	3,111
Cultural Services	13,110	(4,106)	9,004	12,538	(4,660)	7,878
Environment and Regulatory Services	20,242	(11,626)	8,616	19,772	(11,028)	8,744
Planning Services	7,811	(1,541)	6,270	7,128	(4,257)	2,871
Highways and Transport Services	13,137	(11,470)	1,667	7,155	(10,693)	(3,538)
Local Authority Housing (HRA)	27,996	(40,482)	(12,486) *	235,344	(37,343)	198,001
Other Housing Services	103,559	(97,258)	6,301	104,862	(97,425)	7,437
Corporate and Democratic Core	3,675	(52)	3,623	4,348	(137)	4,211
Non Distributed Costs	1,609	(1,581)	28	4,015	(964)	3,051
<b>Cost of Services</b>			<b>25,580</b>			<b>231,766</b>
Other Operating Expenditure			(3,075)			(4,312)
Financing and Investment Income and Expenditure			(2,561)			(10,762)
Taxation and Non-Specific Grant Income			(28,618)			(30,345)
<b>(Surplus)/Deficit on Provision of Services</b>			<b>(8,674)</b>			<b>186,347</b>
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			(22,114)			(2,666)
Actuarial (Gains)/Losses on Pension Assets and Liabilities			(11,383)			45,159
<b>Other Comprehensive Income and Expenditure</b>			<b>(33,497)</b>			<b>42,493</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(42,171)</b>			<b>228,840</b>

\* Included in the figures for 2011/12 is the payment made to the Department of Communities and Local Government of £198.5 million. This was a one off payment and therefore the Comprehensive Income and Expenditure shows a significant reduction in the cost of services.

## BALANCE SHEET AS AT 31 MARCH 2013

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are Usable Reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves to deal with unforeseen events and any statutory limitations on their use (for example the Capital Receipts Reserve can only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; as well as reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

		2012/13	2011/12	2011/12
	Note	£000	restated £000	original £000
Property, Plant & Equipment	12	581,949	574,869	576,546
Heritage Assets	13	2,496	2,496	2,496
Investment Properties	14	92,744	86,488	86,103
Intangible Assets	15	827	360	360
Long Term Investments	16	32	32	32
Long Term Debtors	16	16,774	18,971	23,368
<b>Long Term Assets</b>		<b>694,822</b>	<b>683,216</b>	<b>688,905</b>
Short Term Investments	16	32,868	23,645	23,645
Assets Held for Sale	20	2,799	1,008	1,008
Inventories	17	774	768	768
Short Term Debtors	16 & 18	12,268	14,831	14,831
Cash and Cash Equivalents	16 & 19	9,343	4,898	4,898
<b>Current Assets</b>		<b>58,052</b>	<b>45,150</b>	<b>45,150</b>
Short Term Borrowing	16	(910)	(816)	(816)
Short Term Creditors	16 & 21	(14,396)	(17,211)	(17,211)
<b>Current Liabilities</b>		<b>(15,306)</b>	<b>(18,027)</b>	<b>(18,027)</b>
Long Term Creditors	16	-	-	-
Provisions	22	(2,209)	(6,298)	(6,298)
Long Term Borrowing	16	(200,443)	(201,354)	(201,354)
Other Long Term Liabilities	16	(90,601)	(99,271)	(101,002)
Capital Grants Receipts in Advance	34	(4,881)	(6,152)	(6,152)
<b>Long Term Liabilities</b>		<b>(298,134)</b>	<b>(313,075)</b>	<b>(314,806)</b>
<b>Net Assets</b>		<b>439,434</b>	<b>397,264</b>	<b>401,222</b>
Usable Reserves	MIRS	(50,583)	(34,366)	(34,366)
Unusable Reserves	24	(388,851)	(362,898)	(366,856)
<b>Total Reserves</b>		<b>(439,434)</b>	<b>(397,264)</b>	<b>(401,222)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

The Cash Flow Statement shows the changes in the Cash and Cash Equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses Cash and Cash Equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

	Notes	2012/13 £000	2011/12 £000
Net (Surplus)/Deficit on the Provision of Services		(8,674)	186,347
Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements		(14,264)	(1,037)
Adjustments for Items Included in the Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities		-	-
<b>Net Cash Flows from Operating Activities</b>		<b>(22,938)</b>	<b>185,310</b>
Investing Activities	26	17,833	19,300
Financing Activities	27	660	(197,248)
<b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>		<b>(4,445)</b>	<b>7,362</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		(4,898)	(12,261)
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	19	<b>(9,343)</b>	<b>(4,898)</b>

The change to net (surplus)/deficit on the provision of services is due to the 2011/12 figure including the payment made to the Department of Communities and Local Government of £198.5 million, this was a one off payment.

# **NOTES TO THE CORE FINANCIAL STATEMENTS**

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## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. Accounting Policies

#### 1.1 General Principles

The Statement of Accounts summarises the Council's financial transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, and this requires the preparation to be in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the Service Reporting Accounting Code of Practice 2012/13, supported by International Financial Reporting Standards (IFRS) and statutory guidance, issued under Section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historic cost modified by the revaluation of certain categories of non-current assets and financial instruments.

#### 1.2 Accruals of Income and Expenditure

All transactions of the Council are accounted for in the year in which they take place, not simply when the cash payments are made or received:

- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received, rather than when payments are made.
- fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services
- supplies and services are recorded as expenditure when they are consumed; where there is a gap between the date supplies are received and their consumption they are carried as Stock on the Balance Sheet. This also applies where the Council acts as agent, most significantly for Council Tax and NNDR collection. The Council collects all precepts on behalf of the major preceptors, and the deficit or surplus held will be shown as a debtor or creditor balance respectively
- interest receivable on investments is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected
- income and expenditure are credited and debited to the relevant service revenue accounts, unless they properly represent capital receipts or capital expenditure.

Exceptions to this principle are:

(i) utility bills and similar instalment payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts

(ii) certain payments made on a claims basis which are regular in terms of incidence (such that the accounting period contains twelve full months) or for which the accrual would be immaterial

(iii) accruals of less than £500 are not adjusted for within the accounts due to the level of materiality of the transactions.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than 24 hours. Cash Equivalents are readily convertible to known amounts of cash with insignificant risk of change in value. Oxford City Council regards overnight funds to represent a Cash Equivalent. In the Cash Flow Statement Cash and Cash Equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

### 1.4 Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

### 1.5 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### 1.6 Charges to Revenue and Non-Current Assets

Services, Support Services and Trading Accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of Intangible Fixed Assets attributable to the service.

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from Revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Oxford has not made a contribution due to applying a prudent assessment.

Depreciation, revaluation and impairment losses and amortisations are replaced in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement.

### 1.7 Employee Benefits

#### Benefits Payable during Employment

Short-term employee benefits (those falling due within 12 months of the year end) such as wages, salaries, paid annual leave, sick leave, bonuses and non monetary benefits for current employees, are considered as an expense in the year in which the employee renders the service to the Authority.



## NOTES TO THE CORE FINANCIAL STATEMENTS

An accrual is made against services in the surplus or deficit on the provision of service, (where considered material) for the cost of holiday entitlement and other forms of leave earned by employees but not taken before the year end and which may be carried forward into the next financial year based on following years salary. Accruals are not made for immaterial costs in respect of outstanding car mileage claims.

Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulated Compensation Absences Adjustment Account in the Movement of Reserves Statement.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

The statutory provision requires the General Fund to be charged with the amount agreed to be payable to the Pension Fund, not the amount calculated under IFRS. In the Movement of Reserves Statement, appropriations are made to and from an Employment Reserve; a balance of this account appears on the Balance Sheet. The Employment Reserve is matched by the accrual for termination.

### Post-employment Benefits

Employees of the Authority are members of the Local Government pension fund administered by the Oxfordshire County Council.

### The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- the liabilities of the Oxfordshire County Council Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to-date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- the liabilities are discounted to their value at current prices, using a discount rate of 4.5%, based on the indicative rate of return on the iBoxx High Quality 15 Year corporate bond which is AA rated.
- the assets of Oxfordshire County Council Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - ◆ quoted securities – current bid price
  - ◆ unquoted securities – professional estimate
  - ◆ unitised securities – current bid price
  - ◆ property – margin above yield.

The change in the net pension's liability is analysed into seven components:

1. Current Service Cost – the increase in liabilities as a result of years of service earned this year is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
2. Past Service Cost – the increase or reduction in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years is debited or credited to the

## NOTES TO THE CORE FINANCIAL STATEMENTS

- Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
3. Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  4. Expected Return on Assets – the annual investment return on the Fund assets attributable to the Authority, based on an average of the expected long-term return is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  5. Gains or Losses on Settlements and Curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  6. Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions are debited to the Pensions Reserve
  7. Contributions paid to the Oxfordshire County Council Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities is not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### 1.8 Events after the Balance Sheet Date

Events after the balance sheet date are those happenings, favourable or unfavourable, that have occurred between the Balance Sheet Date and the date when the Statement of Accounts is authorised for issue. FRS21 sets out the recognition and measurement requirements for two types of events after the Balance Sheet Date:

- ♦ *adjusting events* – those that provide additional evidence of conditions that existed at the Balance Sheet date and materially affect the amounts included
- ♦ *non-adjusting events* – those that are of sufficient materiality that their disclosure is required, in the notes to the Core Financial Statements, for the fair presentation of the financial statements.

### 1.9 Financial Instruments and Financial Assets

#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of

## NOTES TO THE CORE FINANCIAL STATEMENTS

the liability, multiplied by the effected rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

### **Financial Assets**

Financial assets can be classified into two types, however as Oxford has no Available For Sale Assets the policy is restricted to Loans and Receivables (assets that have fixed or determinable payments but are not quoted in an active market).

Loans and Receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the authority has made a number of loans at less than market rate (soft loans). These loans are immaterial and held as long term debtors in the balance sheet.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **1.10 Foreign Currency Translation**

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effected. Where amounts in foreign currency are outstanding at the year end, they are reconverted at the spot exchange rate at 31 March. Resulting gains and losses are recognised in the Financing and Investment and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **1.11 Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations

## NOTES TO THE CORE FINANCIAL STATEMENTS

that specify the way in which the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are to be consumed by the recipient, or the future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

### **1.12 Community Infrastructure Levy**

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. This is a planning charge and the Council anticipates charging for and collecting the levy from October 2013. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions, but a proportion will be used to fund infrastructure work of other authorities (County Council, Health and Police Authorities) or community groups. These funds will not be recognised in the Comprehensive Income and Expenditure Statement, but will be recorded as capital grants received in advance. When the CIL is paid over to the third party for application it will be removed from capital grants received in advance.

Some CIL is received without outstanding conditions for Oxford City Council; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure. CIL recognised in Comprehensive Income and Expenditure Statement will be earmarked where appropriate through the MIRS.

### **1.13 Housing Levy**

The Council has adopted a policy of making a levy on each square foot of housing development. The levy will be received as income and recorded in the service within the Comprehensive Income and Expenditure Account, but then earmarked through the Movement In Reserves Statement (MIRS) to be retained to assist social housing development. When the earmarked reserve is applied an entry will be made in the MIRS to reduce the earmark reserve and increase the General Fund balance to compensate for the expenditure applying the levy.

### **1.14 Heritage Assets**

A tangible Heritage Asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. An intangible Heritage Asset is an intangible asset with cultural, environmental or historical significance. Examples of intangible Heritage Assets include records of significant historical events.

Property Heritage Assets that are operational are not separately identified, and are included in the appropriate Property Plant and Equipment, or Investment property category of the Council's Balance Sheet.

## NOTES TO THE CORE FINANCIAL STATEMENTS

Property Heritage Assets that are not operational will be identified separately on the face of the Balance Sheet in the Category of Heritage Assets and will follow the accounting treatment appropriate to the asset.

### Measurement Rules in relation to other Heritage assets

Oxford City Council Heritage Assets can be categorised as follows:

- The Great Mace and Plate Room Silver Plaques and Cutlery
- Furniture
- Civic Regalia and Chains of Office (including number Plate)
- Firearms
- Pictures and Drawings

These assets are deemed to have an indeterminate life and high residual values, and the Authority does not consider it necessary to provide for depreciation.

The assets movements are relatively static with very little acquisitions or disposals. However, acquisitions are initially recognized at cost. These assets are valued at market value in the Statement of Accounts. Valuations are undertaken every five years where a material change in value is anticipated. New acquisitions will only be recognised where the cost is greater than £5,000.

- Memorials gardens and City Walls

The Authority has identified War Memorials in St Giles, and Marston Road, which along with the ancient City walls (inside New College, and Hall Street) and the Rewley Abbey Wall meet the criteria of Heritage Assets. However, these assets lack any comparable market values and cost records do not exist. The cost of providing a Balance Sheet valuation on these assets would be disproportionate to any benefit to the user of the Authorities financial statements and therefore are excluded from the Balance Sheet.

- Heritage Non Operational Property

The Authority has identified the Plain Fountain which is a significant Asset in terms of its cultural and heritage presence. The Asset is included in the Balance Sheet at it Depreciated replacement Cost.

The value will be reviewed every five years to ensure any potential material changes can be reflected

The asset has an indeterminate life in excess of 80 years and therefore will not be depreciated.

- Oxford City First Registration number plate

The Council's Mayor's Car carries the first registration plate issued in Oxford, and the plate is valued at market value.

The value will be reviewed every five years to ensure any potential material changes can be reflected.

These assets are deemed to have an indeterminate life and high residual values, and the Authority does not consider it necessary to provide for depreciation.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment - see note 1.21. The Authority may occasionally dispose of heritage assets which have a

## NOTES TO THE CORE FINANCIAL STATEMENTS

doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with the statutory accounting requirements relating to capital expenditure and capital receipts where any receipt is greater than £10,000.

### **1.15 Intangible Assets**

Expenditure on non monetary assets that do not have physical substance but are controlled by the Authority as a result of a past event (e.g. software licences and system development expenditure) are capitalised when it is expected that future benefits or service potential will flow from the intangible asset to the Authority, and are amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

Internally Generated Assets are capitalised when it is demonstrable that the project is technically feasible and it is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase. (Research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is primarily intended to promote or advertise the Authorities goods or services. Website development for a business purpose would be capitalised.

Intangible Assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. The depreciation of an Intangible Asset is amortised over the asset's useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an Intangible Asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on Intangible Assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of General Fund Balance in the Movement of Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **1.16 Interest in Companies and Other Entities**

The Authority has material interest in the Barton Oxford LLP. The Council has a 50% interest in the Company and shares profit and losses, and is therefore required to prepare group accounts. The method adopted in the financial statements is to provide separate Core Financial statements consolidated on a proportionate basis.

### **1.17 Inventories and Long Term Contracts**

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

Where the Council has entered into contracts that run for longer than one year, they are disclosed as a note to the accounts. Entries are only realised in the Balance Sheet if the contracts become onerous, in which case the Council would recognise the difference between the fair value of the contract and the actual payments due to be made, effectively creating a Provision.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1.18 Investment Property

Investment Properties are those that are used solely to earn rentals and/or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods, or is held for sale.

Investment Properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and Losses on Revaluation are posted to the Financing and Investment line in the Comprehensive Income and Expenditure Statement. Gains and Losses on Disposal are posted to the other operating expenditure in the Comprehensive Income & Expenditure Account.

Rentals received in relation to Investment Property are credited to the Financing and Investment line in the Comprehensive Income and Expenditure Statement, and result in a gain for the General Fund Balance.

Revaluation and Disposal Gains and Losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve (for any sale cash received, where greater than £10,000).

### 1.19 Leases

Leases are classified as Finance Leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as Operating Leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### a) The Authority as Lessee

##### Finance Leases

Property, Plant and Equipment held under Finance Leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under Finance Leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

## NOTES TO THE CORE FINANCIAL STATEMENTS

The Authority is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Operating Leases**

Rentals paid under Operating Leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased Property, Plant or Equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

### **b) The Authority as Lessor**

#### **Finance Leases**

Where the Authority grants a Finance Lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a Capital Receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the rentals are received, the repayment element is used to write down the long term debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve. The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **Operating Leases**

Where the Authority grants an Operating Lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1.20 Overheads and Support Services

The cost of Overheads and Support Services are charged to those that benefit from the supply of services based on use and in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) Service Reporting Accounting Code of Practice 2012/13 (SeRCOP).

The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

### 1.21 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### Recognition

Expenditure on the acquisition, creation and replacement of components is capitalised on an accruals basis.

The cost of components replaced are added to the asset carrying value, and an assessment of the carrying value of the component replaced is made, and then derecognised.

#### Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase are deemed to be at fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of Existing Use Value for Social Housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its Existing Use Value (EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset,

## NOTES TO THE CORE FINANCIAL STATEMENTS

depreciated replacement cost (DRC) is used as an estimate of fair value. For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum they are revalued every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.)

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### Impairment

Assets are assessed at each year-end to determine whether there is any indication that they may be impaired. Where indications exist and differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, and where material, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer\*
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life, as advised by a suitably qualified officer.
- infrastructure – straight-line.

## NOTES TO THE CORE FINANCIAL STATEMENTS

Where an asset comprises major components whose costs are significant in relation to the total cost of the asset, the components are depreciated separately.

\* Council Dwellings depreciation is applied in accordance with the self financing transitional rules which allow the Housing Revenue Account movement in reserves to be adjusted to ensure depreciation impact is equal to the major repairs allowance.

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

### **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less sales costs. Where there is a subsequent decrease in the net fair value, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The Revaluation Reserve on Assets Held for Sale (AHFS) is frozen in the previous asset category as the identification of an AHFS removes the capital accounting requirement. It is only when the asset disposal takes place that the revaluation reserve is moved to the Capital Adjustment Account.

### **Disposals**

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to Housing Revenue Account (HRA) asset disposals (75% for Right to Buy (RTB), 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. In the case of pooling of HRA land and other asset receipts the Council can apply the sums to capital regeneration, and social housing investment. Furthermore, the Council entered into an agreement in 2012/13 with the Secretary of State in which capital receipts in relation to RTB disposals over and above the number specified for the year in Communities and Local Governments (CLG) self-financing valuation for Oxford City Council will not be subject to pooling, as long as the Authority re-cycles the non-pooled receipts into new affordable housing within 3 years.

The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the Capital

## NOTES TO THE CORE FINANCIAL STATEMENTS

Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **1.22 Private Finance Initiative (PFI) and Similar Contracts**

The Council did not operate any PFI contracts during 2012/13.

### **1.23 Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by the transfer of economic benefit, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or payment of compensation.

The Council maintains a Provision for the funding of the self-financed element of insurance claims. This Provision is funded through contributions from the relevant Service Revenue Accounts.

Provisions for bad or doubtful debts are separately disclosed against debtors on the Balance Sheet and are not included in the Provisions figure. Known uncollectible debts have been written off.

Provisions are charged to the appropriate Revenue Account and when payments for expenditure are incurred to which the Provision relates they are charged direct to the Provision. Provisions are reviewed at each Balance Sheet date and if no longer required are reversed. In addition, Provisions for bad debts have been made within the accounts for expected losses of income in respect of sums due but not received from debtors.

#### **Contingent Liabilities**

Contingent Liabilities are not recognised as liabilities in the Balance Sheet; however, all contingent liabilities are disclosed if there is a possibility of an outflow of economic benefit.

A Contingent Liability arises where an event has taken place that gives the Authority a possible obligation and whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent Liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

#### **Contingent Assets**

A Contingent Asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent Assets are not recognised in the Balance Sheet but disclosed in a Note to the Accounts where it is probable that there will be an inflow of economic benefit or service potential.

### **1.24 Reserves**

#### **Useable Reserves**

A reserve is money that we have set aside to cover expenditure that we will incur in a future period, and this can be created from excess income over expenditure resulting in a balance on the General Fund or Housing Revenue Account. Reserves are created by appropriating amounts from the General Fund or Housing

## NOTES TO THE CORE FINANCIAL STATEMENTS

Revenue Account Balance through the Movement in Reserves Statement, and are held voluntarily to meet future activity costs. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate Service Revenue Account in that year to count against the Net cost of Services in the Income and Expenditure Account. The Reserve is then appropriated back to the General Fund balance so that there is no net charge against Council Tax for the expenditure.

Useable reserves can also be created from a capital source such as capital grants. These can also be earmarked or held in a general unapplied reserve, but capital reserves can only be used for expenditure of a capital nature or in special cases where statute provides an exception.

The Major Repairs Reserve is required by statutory provision in relation to the Housing Revenue Account (HRA).

The Council also has other specific Earmarked Reserves set out in more detail in the Notes to the Core Statements. These are set aside for purposes falling outside the definition of provisions. They are earmarked specifically to meet future requirements of revenue or capital expenditure.

### **Unusable Reserves**

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits. They do not represent usable resources for the Council.

The main unusable reserve is the Capital Adjustment Account which represents the balance of the surpluses or deficits arising from the periodic revaluations of fixed assets and the amounts set aside from revenue or capital receipts to finance expenditure on fixed assets and certain other capital financing transactions. Other unusable reserves include the Revaluation Reserve which contains valuation gains recognised since 1 April 2007 and the Pension Reserve which reflects the Council's liability to the pension fund.

### **1.25 Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax. An example of such expenditure would include Disabled Facilities Grants.

### **1.26 VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

### **1.27 Carbon Reduction Commitment Allowances**

The Authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until 31 March 2014. The Authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide purchased as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Authority is recognised and reported in the costs of the Authority's services and apportioned to the services on the basis of energy consumption.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1.28 Fair Value Measurement

These statements of account for 2012/13 do not include the measurement and the disclosure requirements of IFRS 13 Fair Value Measurement because the adoption is deferred until 2014/15.

### 1A Restatement of 2011/12 Statements and Notes

In the last two year's accounts Oxford City Council has made adjustments to their lease disclosure notes as a result of audit findings. In order to achieve improvements the Council has completed a review of its lease disclosure notes. As a result of this review there has been a material amendment to the accounts. The main element of the amendment relates to the Council calculating the lease debtor based on current rent rather than inception rent. This meant that at 31 March 2012 the long term debtor was overstated by £4.1 million. The changes are shown in the statements as restatements to the 2011/12 statements and notes.

The following statement and notes contain restated 2011/12 figures:

Page 25	Balance Sheet	
Page 64	Property, Plant and Equipment	Note 12
Page 71	Investment Properties	Note 14
Page 73	Financial Instruments	Note 16
Page 77	Unusable Reserves; Capital Adjustment Account and Deferred Capital Receipts	Note 24
Page 90	Authority as Lessee - Finance Lease	Note 37
Page 92	Authority as Lessor - Finance Lease	Note 37

**NOTES TO THE CORE FINANCIAL STATEMENTS**

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## NOTES TO THE CORE FINANCIAL STATEMENTS

### 2. Accounting Standards That Have Been Issued, But Not Yet Adopted

#### IAS 19 Employee Benefits

The adoption of amendments to IAS 19 Employee Benefits by the Accounting code of Practice in 2013/14 will result in a change of accounting policies and the 2012/13 code requires a number of disclosures to be made in the Statement of Accounts for 2012/13.

The International Accounting Standards Board have published a final version of the revised IAS 19 standard, which will apply for company accounting periods beginning on or after 1 January 2013. In summary, the main changes that affect the Profit and Loss Charge are:

- Removal of the expected return on assets, to be replaced by a net interest cost comprising interest income on the assets and interest expense on the liabilities, which are both calculated with reference to the discount rate;
- Some labelling changes to the Profit and Loss charge e.g. "Service Cost" now includes what was previously described as the "Current Service Cost" plus the "Past Service Cost" plus any "Curtailments" plus any "Settlements".
- Administration expenses are now accounted for within the Profit and Loss charge; previously we made a deduction to the actual and expected returns on assets.

The changes set out above are effective for company periods beginning on or after 1 January 2013 so do not affect the disclosures for 2012/13. The change in accounting policy is required on 1 April 2013.

Amounts recognised in the Comprehensive Income and Expenditure Statement	Existing IAS 19 standard 2012/13 £000	If the new standard had been adopted £000
Current Service Cost	6,445	6,754
Interest on Obligations	11,424	0
Expected return on scheme assets	8,807	0
Net interest on defined liability	2,617	4,365
Admin Expenses	0	99
<b>Total</b>	<b>9,062</b>	<b>11,218</b>
Actual return on Scheme Assets	32,450	32,549



## NOTES TO THE CORE FINANCIAL STATEMENTS

The impact on the balance sheet related to the pension asset/liability, pension reserve would have been to increase the deficiency from £89.328 million to £91.484 million.

### **IAS 1 Presentation of Financial Statements**

The adoption of the 2011 amendments to IAS 1 Presentation of Financial Statements will be included in 2013/14 Code. This requires a statement to be made in 2012/13 related to this future adoption which will take place from 1 April 2013. The presentation issues to provide new groupings of reclassifiable and non-reclassifiable will not impact on the Comprehensive Income and Expenditure Statement.

### **IAS 12 Income Taxes**

The adoption of the 2010 amendments to IAS 12 will be included in 2013/14 Code. This requires a statement to be made in 2012/13 related to this future adoption which will take place from 1 April 2013.

The new standard will not impact on the Comprehensive Income and Expenditure Statement, the Balance Sheet, or the Group Balance sheet.

### **IFRS 7 Financial Instruments**

The adoption of IFRS will be included in the 2013/14 Code. This requires a statement to be made in 2012/13 related to this future adoption which will take place from 1 April 2013.

The new standard will not have a material impact on the Comprehensive Income and Expenditure Statement, the Balance Sheet or the Group Balance Sheet.

### **Accounting Code of Practice Clarification 2013/14**

The 2013/14 Code clarification of assets under construction and intangible assets will not have a material impact on the Comprehensive Income and Expenditure Statement, the Balance Sheet or the Group Balance Sheet. The changes take effect from 1 April 2013.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 3. Critical Judgements in Applying Accounting Policies

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

#### Icelandic Bank transactions

The Council had £4.5 million invested with two failed Icelandic banks, however, as at 31 March 2013, only £1.0 million remains outstanding.

The remaining outstanding funds are expected to be received almost in full from the Icelandic banks over the coming months.

#### Changes to Levels of Funding for Local Government

There remains a high degree of uncertainty about future levels of Government Grant funding for local government including the future of Business Rate income. A proportion of this funding is derived from retained Business Rates, which is subject to a tariff payable to Central Government which in itself is subject to inflationary increases. Whilst the Authority can benefit to a limited degree from increased Business Rates from new businesses, it stands to lose far more subject to a safety net if Business Rates income starts to decline.

However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

#### Componentisation of Fixed assets

Where Assets had been found to have significant components which would materially affect the depreciation charge, components have been identified and the depreciation of individual components applied.

The Council's Housing stock has been subject to the third year of the policy to componentise and the policy adopted is to treat the components with a short life such as kitchens and heating systems as cost items only affected by additions and disposals and de-recognition. The land and structure of the building are the elements that benefit from any revaluation gain.

#### Treatment of Future Capital Receipts from Joint Venture

The Council has entered into a joint venture with Grosvenor Development Limited, in respect of land which the Council owned at Barton. Under the terms of the agreement the Council transferred this land to the Joint Venture, and will receive the capital receipt for the value in 2019, until such time the Council will be entitled to interest income on the outstanding Land value.

A long term debtor and a deferred capital receipt account have been created for the Land value, while the interest income is being accrued even though the interest will not be received until 2019.

### 4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

## NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The Council has a programme of capital work of £8 million per year on the housing stock, and undertakes major repairs and maintenance which will be able to sustain assumptions made regarding the useful lives assigned to assets. The non-Council Housing programme of capital works and long term maintenance programme will reduce as the assets are brought up to a good standard.	If however, the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that if the annual depreciation charge for assets were to increase by 1% the extra charge would amount to £112,000.
Provisions rent deposit	The Council operates a rent deposit scheme which provides the deposit necessary for a eligible resident to occupy private rented accommodation. The deposit is repayable. The certainty of repayment is very difficult to estimate. The Council has continued to make an 85% provision during 2012/13 and the total provision now stands at £1.15 million. Only 10% of the deposit paid will be recovered.	If the current provision is found to be inaccurate an extra 1% provision would result in the extra cost of £41,000.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions cannot be measured accurately. The assumptions interact in complex ways. During 2012/13, the Council's actuaries advised that the net pensions liability had decreased by £11 million. The total Pension deficiency is £89.329 million.
Arrears	At 31 March 2013, the Council had a balance of sundry debtors of £19.203 million. A review of significant balances suggested that an impairment of doubtful debts of £4.5 million was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional 1% or £0.2 million to be set aside as an allowance.

## NOTES TO THE CORE FINANCIAL STATEMENTS

The bad debt provision has been calculated on the following basis:

General Fund		Collection Fund			Court Costs	
Sundry Debtors		Council				
Age of Debt	Provision	Year Debt Raised	Tax Provision	NDR Provision	Year Debt Raised	Provision
		2012/13	0.75%	42%	2012/13	25%
<1 Year	0%	2011/12	25%	54%	2011/12	45%
<2 Years	100%	2010/11	45%	63%	2010/11	70%
<3 Years	100%	2009/10	70%	68%	2009/10	75%
<4 Years	100%	2008/09	75%	90%	2008/09	90%
<5 Years	100%	2007/08	90%	98%	2007/08	90%
<6 Years	100%	2006/07	90%	98%	2006/07	90%
>6 Years+	100%	2005/06	90%	98%	2005/06	92%
		2004/05	92%	98%	2004/05	94%
		2003/04	94%	98%	2003/04	96%
		2002/03	96%	98%	2002/03	97%
		2001/02	97%	98%		
		2000/01 & prior years	100%		2001/02 & prior years	100%

### 5. Material Items of Income and Expenditure

#### Pension Fund Actuarial Loss

The Pension Fund Actuary has reported an actuarial gain for 2012/13 of £11.3 million. This is reported as a gain on the Comprehensive Income & Expenditure, and subsequently adjusted (in accordance with proper practice) via the Movement in Reserves Statement to ensure it has no General Fund Balance implications.

#### 6A. Events After the Balance Sheet Date

The Statement of Accounts will be authorised for issue by the Head of Finance (Section 151 Officer) on 27 September 2013. Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2013, the figures in the Financial Statements and notes will be adjusted in all material respects to reflect the impact of this information.

#### 6B. Subsequent Event After Year End

An initial review of the HRA Business Plan based on the outturn position and changes to some of the existing assumptions agreed at Council in February 2013, would indicate a more favourable position going forward. With increasing pressures on the General Fund, especially around Government Grant, following the Chancellors June Spending Review Speech, officers have put forward proposals to Council on 30 September 2013 to transfer £18 million of non-dwelling assets and £7 million of cash from the HRA to the General Fund. If approved, this will deliver on-going financial savings to the General Fund as well as increasing the borrowing headroom within the HRA.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **7. Adjustments between Accounting Basis and Funding Basis under Regulations**

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

#### **General Fund Balance**

The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

#### **Housing Revenue Account Balance**

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

#### **Major Repairs Reserve**

The Authority is required to maintain the Major Repairs Reserve (MRR), which controls the application of the "notional" Major Repairs Allowance (MRA) calculated having regard to CLG's self-financing valuation for Oxford City Council. The MRA is restricted to being applied to new capital investment on HRA assets, the repayment of HRA debt or meeting liabilities under credit arrangements. The MRR is used to record a balance of usable capital resources.

#### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

#### **Capital Grants Unapplied**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. Adjustments between Accounting Basis and Funding Basis under Regulations

2011/12	Usable Reserves					Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of Non-Current Assets	12,093	1,308	-	6,844	-	(20,245)
Revaluation losses on Property Plant and Equipment	(115)	-	-	-	-	115
Movements in the market value of Investment Properties	(5,151)	-	-	-	-	5,151
Movements in the market value of Rent-to-mortgage properties	(846)	-	-	-	-	846
Amortisation of Intangible Assets	102	-	-	-	-	(102)
Capital grants and contributions applied	-	-	-	-	-	-
Movement in the Donated Assets Account	(14)	-	-	-	-	14
Revenue expenditure funded from Capital under Statute	1,748	65	-	-	-	(1,813)
Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,767)	(3,470)	-	-	-	5,237
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	(307)	198,528	-	-	-	(198,221)
Capital expenditure charged against the General Fund and HRA balances	(4,565)	(2,017)	-	-	-	6,582
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(3,943)	-	-	-	-	3,943

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. Adjustments between Accounting Basis and Funding Basis under Regulations – cont.

2011/12	Usable Reserves					Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	10,330	-	-	(10,330)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(6,394)	-	-	6,394
Contribution from the Capital Receipts Reserve towards administrative costs of Non-Current Asset disposals	-	-	(136)	-	-	136
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	757	-	(757)	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve (England and wales):</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7	-	-	-	-	(7)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	259	-	-	(259)
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	-	-	-	(5,491)	-	5,491
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	-	-
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(2,203)	-	-	-	-	2,203

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. Adjustments between Accounting Basis and Funding Basis under Regulations – cont.

2011/12	Usable Reserves					Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(5,893)	(134)	-	-	-	6,027
Employer's pensions contributions and direct payments to pensioners payable in the year	5,466	124	-	-	-	(5,590)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	35	-	-	-	-	(35)
<b>Adjustment primarily involving the Unequal Pay Back Pay Adjustment Account:</b>						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	-	-	-	-	-	-
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	535	(208)	-	-	-	(327)
Other transfer adjustments	-	1,353	-	(1,353)	-	-
<b>Total Adjustments</b>	<b>(4,062)</b>	<b>195,548</b>	<b>3,302</b>	<b>-</b>	<b>-</b>	<b>(194,790)</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. Adjustments between Accounting Basis and Funding Basis under Regulations – cont.

2011/12 Restated	Usable Reserves					Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of Non-Current Assets	12,093	1,308	-	6,844	-	(20,245)
Revaluation losses on Property Plant and Equipment	(115)	-	-	-	-	115
Movements in the market value of Investment Properties	(5,151)	-	-	-	-	5,151
Movements in the market value of Rent-to-mortgage properties	(846)	-	-	-	-	846
Amortisation of Intangible Assets	102	-	-	-	-	(102)
Capital grants and contributions applied	-	-	-	-	-	-
Movement in the Donated Assets Account	(14)	-	-	-	-	14
Revenue expenditure funded from Capital under Statute	1,748	65	-	-	-	(1,813)
Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,192	(3,470)	-	-	-	1,278
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	(307)	198,528	-	-	-	(198,221)
Capital expenditure charged against the General Fund and HRA balances	(4,565)	(2,017)	-	-	-	6,582
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(3,943)	-	-	-	-	3,943

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. Adjustments between Accounting Basis and Funding Basis under Regulations – cont.

2011/12 Restated	Usable Reserves					Movement
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	10,330	-	-	(10,330)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(6,394)	-	-	6,394
Contribution from the Capital Receipts Reserve towards administrative costs of Non-Current Asset disposals	-	-	(136)	-	-	136
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	757	-	(757)	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve (England and wales):</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7	-	-	-	-	(7)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	259	-	-	(259)
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	-	-	-	(5,491)	-	5,491
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	-	-
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(2,203)	-	-	-	-	2,203

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. Adjustments between Accounting Basis and Funding Basis under Regulations – cont.

2011/12 Restated	Usable Reserves					Movement
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	in Unusable Reserves £000
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(5,893)	(134)	-	-	-	6,027
Employer's pensions contributions and direct payments to pensioners payable in the year	5,466	124	-	-	-	(5,590)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	35	-	-	-	-	(35)
<b>Adjustment primarily involving the Unequal Pay Back Pay Adjustment Account:</b>						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	-	-	-	-	-	-
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	535	(208)	-	-	-	(327)
Other transfer adjustments	-	1,353	-	(1,353)	-	-
<b>Total Adjustments</b>	<b>(103)</b>	<b>195,548</b>	<b>3,302</b>	<b>-</b>	<b>-</b>	<b>(198,749)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. Adjustments between Accounting Basis and Funding Basis under Regulations – cont.

2012/13	Usable Reserves					Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Capital Adjustment Account: Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of Non-Current Assets	12,414	4,838	-	5,873	-	(23,125)
Revaluation losses on Property Plant and Equipment	-	-	-	-	-	-
Movements in the market value of Investment Properties	(4,349)	-	-	-	-	4,349
Movements in the market value of Rent-to- mortgage properties	107	-	-	-	-	(107)
Amortisation of Intangible Assets	101	-	-	-	-	(101)
Capital grants and contributions applied	-	-	-	-	-	-
Movement in the Donated Assets Account	-	-	-	-	-	-
Revenue expenditure funded from Capital under Statute	1,368	2	-	-	-	(1,370)
Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,855)	-	-	-	-	3,855
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	(276)	-	-	-	-	276
Capital expenditure charged against the General Fund and HRA balances	(5,428)	-	-	-	-	5,428
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(350)	-	437	-	(87)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(2,243)	-	445	-	-	1,798

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. Adjustments between Accounting Basis and Funding Basis under Regulations – cont.

2012/13	Usable Reserves					Movement
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	5,692	-	-	(5,692)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(1,508)	-	-	1,508
Contribution from the Capital Receipts Reserve towards administrative costs of Non-Current Asset disposals	-	-	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	588	-	(588)	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(44)	-	-	-	-	44
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	8	-	-	-	-	(8)
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	-	-	-	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	(7,590)	-	7,590
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-	-	-

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. Adjustments between Accounting Basis and Funding Basis under Regulations – cont.

2012/13	Usable Reserves					Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	8,838	54	-	-	-	(8,892)
Employer's pensions contributions and direct payments to pensioners payable in the year	(6,104)	-	-	-	-	6,104
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	20	-	-	-	-	(20)
<b>Adjustment primarily involving the Unequal Pay Back Pay Adjustment Account:</b>						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	-	-	-	-	-	-
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(808)	(13)	-	-	-	821
Other transfer adjustments	-	(8,717)	-	8,717	-	-
<b>Total Adjustments</b>	<b>(11)</b>	<b>(3,836)</b>	<b>4,478</b>	<b>7,000</b>	<b>(87)</b>	<b>(7,544)</b>

### 8. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2012/13.

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance at 31 March 2013 £000	Transfers In 2012/13 £000	Transfers Out 2012/13 £000	Balance at 31 March 2012 £000	Transfers In 2011/12 £000	Transfers Out 2011/12 £000	Balance at 31 March 2011 £000
<b>General Fund:</b>							
Icelandic Banking	-	-	-	-	-	258	(258)
General Licensing reserve	(44)	(44)	-	-	-	-	-
Cemetery Maintenance	-	-	-	-	-	5	(5)
CLG Homelessness Grant	(420)	(420)	-	-	-	-	-
Taxi Licencing Reserve	(198)	-	13	(211)	(15)	-	(196)
Town Hall Equipment Reserve	(24)	-	-	(24)	-	6	(30)
Work Of Art Reserve	(5)	-	-	(5)	-	-	(5)
Shopmobility Reserve	(63)	(14)	-	(49)	-	-	(49)
Employee Cost Reserve	(1,670)	(508)	50	(1,212)	(500)	-	(712)
Customer Services Server Replacement	-	-	29	(29)	(29)	40	(40)
Oxford Business Contributions	-	-	35	(35)	-	-	(35)
SALIX Energy Projects Reserve	(310)	(79)	40	(271)	(85)	34	(220)
SALIX Management Fee	(8)	(8)	-	-	-	-	-
IT Infrastructure Reserve	(100)	-	-	(100)	-	-	(100)
Repairs & Maintenance Reserve	(459)	-	-	(459)	-	-	(459)
Reserve for Land Charges	(42)	(18)	27	(50)	(34)	-	(16)
Business Transformation Projects	(887)	(490)	772	(1,169)	(1,169)	1,196	(1,196)
City Council Elections Reserve	(10)	(47)	96	(59)	(38)	-	(21)
Chief Executive's Award Fund	-	-	-	-	-	5	(5)
Committed Projects Reserve	(921)	(547)	685	(1,060)	(968)	127	(219)
CRM Rollout Reserve	(100)	-	-	(100)	-	200	(300)
Grants Reserve	(903)	(721)	2,304	(2,486)	(1,857)	-	(629)
Direct Revenue Funding of Capital	(1,619)	-	150	(1,769)	(956)	-	(813)
Land at Barton	(136)	(62)	131	(206)	(39)	-	(167)
Homelessness	(916)	(650)	-	(266)	(266)	-	-
HMO Licensing Reserve	(347)	(56)	90	(380)	(380)	-	-
Community Services Carry Forward Reserve	(50)	(50)	-	-	-	-	-
Organisational Development Reserve	(723)	(486)	386	(623)	(623)	-	-
IT Project Work	(129)	(60)	-	(68)	(68)	-	-
IT Equipment Reserve	(125)	(125)	-	-	-	-	-
Lord Mayors Deposit	(59)	(66)	8	-	-	-	-
Home Choice fund for single persons	(36)	(41)	5	-	-	-	-
Rose Hill Demolition	(339)	(339)	-	-	-	-	-
Oxfordshire Total Refit Project (EU funding)	(213)	(213)	-	-	-	-	-
Community And Neighbourhood Reserve	(140)	(140)	-	-	-	-	-
Community Partnership Fund	(369)	(389)	20	-	-	-	-
Town Team Partners	(10)	(10)	-	-	-	-	-
Assets of Community Value	(13)	(13)	-	-	-	-	-
Unlawful Dwellings Reserve	(150)	(150)	-	-	-	-	-
Westgate Redevelopment Reserve	(3,279)	(3,279)	-	-	-	-	-
Committed Orders Direct Services	(552)	(552)	-	-	-	-	-
Flood Reserve	(150)	(150)	-	-	-	-	-
Loan Guarantee Reserve	(115)	-	-	(115)	(115)	-	-
<b>Total General Fund</b>	<b>(15,632)</b>	<b>(9,727)</b>	<b>4,841</b>	<b>(10,746)</b>	<b>(7,143)</b>	<b>1,871</b>	<b>(5,475)</b>
<b>HRA:</b>							
Decent Homes Capital Reserve	-	-	-	-	(318)	2,336	(2,018)
Committed Projects Reserve	(816)	(816)	317	(317)	(317)	181	(181)
IT Project Work	(120)	-	-	(120)	-	-	(120)
IT Equipment Reserve	(309)	-	-	(309)	(65)	65	(309)
<b>Total HRA</b>	<b>(1,245)</b>	<b>(816)</b>	<b>317</b>	<b>(746)</b>	<b>(701)</b>	<b>2,582</b>	<b>(2,628)</b>
<b>Insurance Funds:</b>							
Self Insurance Fund - HRA	(1,358)	-	6	(1,363)	(43)	-	(1,321)
Self Insurance Fund - GF	(316)	-	7	(324)	(300)	29	(52)
<b>Total Capital and Insurance Funds</b>	<b>(1,674)</b>	<b>-</b>	<b>13</b>	<b>(1,687)</b>	<b>(343)</b>	<b>29</b>	<b>(1,373)</b>
<b>Grand Total</b>	<b>(18,549)</b>	<b>(10,543)</b>	<b>5,171</b>	<b>(13,179)</b>	<b>(8,185)</b>	<b>4,482</b>	<b>(9,476)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

<b>General Fund: Reserve Descriptions</b>	
Icelandic Banking Reserve	The Icelandic Banking reserve was used to fund the capitalisation of the Iceland Banking losses. This issue has largely been resolved and as such the reserve is no longer required.
General Licensing Reserve	Reserve to ensure the ring-fencing of the general licensing team function to fund future service area expenditure.
Cemetery Maintenance	Created to cover future expenditure commitments associated with maintaining and improving cemetery facilities within the city. This reserve is now closed.
CLG Homelessness Grant	Reserve needed to finance future homelessness preventative activities originally financed from DCLG Homelessness Preventative Grant.
Taxis Licensing Reserve	Created to support future taxi licensing activities. Year-end taxi licensing surpluses are transferred to this reserve that funds future service improvements within the Taxi Licensing area.
Town Hall Equipment Reserve	Used to maintain or replace Town Hall equipment.
Work of Art Reserve	Created to finance the purchase or restoration of City Council works of art.
Shopmobility Reserve	Created to fund the maintenance or replacement of Shopmobility equipment.
Employee Cost Reserve	Created to cover the severance and associated payments relating to employees, following organisational development reviews.
Customer Services Server Replacement Reserve	Created to fund a replacement Customer Services IT server
Oxford Business Contributions Reserve	Used to fund contributions to Business Partnership Schemes within Oxford.
Salix Energy Projects Reserve	Created from an initial grant made available via Salix. The reserve is used to implement energy efficient
Salix Management Fee	Reserve represents contributions received to fund future energy assistant post activities.
IT Infrastructure Reserve	Used to fund the purchase of new IT infrastructure equipment across the Council.
Repairs and Maintenance Reserve	The reserve will be used to cover substantive repairs in the Leisure Services and other areas.
Reserve for Land Charges Reserve	This is an equalisation reserve in that year-end Land Charges surpluses are used to fund future expenditure and or year-end deficits.
Business Transformation Projects	At the year-end budgets associated with incomplete transformation projects are transferred to this reserve. At the start of the following year projects are approved to continue and the funds allocated back to the projects.
City Council Elections Reserve	Created from the budget surplus/(deficit) on the City Council Elections activity. City elections are held every 2 years and this reserve is used to fund additional costs in election year.
Chief Executive's Award Fund Reserve	The Chief Executive's Award Fund Reserve was set up at the request of Chief Executive to fund future award schemes. This funding was provided through additional undertakings of work by the Chief Executive to a local housing association.
Committed Projects Reserve	Created to cover carry-forward requests from service areas.
CRM Rollout Reserve	Created to fund the rollout of the Council's Customer Relationship Management (CRM) programme.
Grants Reserve	This reserve was initially set up to hold various grant monies received by the City Council and or unused in-year budgetary provision for various community/non-HRA housing based activities. As the utilisation of these grants spreads across several years the release of those resources will be undertaken gradually as well as new grant monies being added.
Direct Revenue Funding of Capital Reserve	Created to fund future rolling programme capital requirements.
Land at Barton Reserve	This is an HCA grant made available to fund expenses related to the project to build houses on land at Barton.
Homelessness Reserve	The Council as part of its 2011/12 budget committed to annually setting aside resources to assist in the anticipated increased cost of Homelessness activity predicted to occur for the City as a result of welfare reforms. This reserve holds the balance of the resources so far provided.
HMO Licensing Reserve	Reserve to ensure the ring-fencing of HMO Licensing income to fund future service area expenditure.
Community Services Carry Forward Reserve	Reserve reflects the 2012/13 Directorate expenditure commitments approved to be carried forward into the new financial year.
Organisational Development Reserve	Created to fund the agreed partnership payment, and other pay related items.
IT Project Work Reserve	Reserve created to fund future IT projects.
IT Equipment Reserve	Reserve created to fund future IT equipment purchases.
Lord Mayors Deposit	Reserve represents resources held for assisting homeless applicants with rent deposit and/or bonds.
Home Choice Fund for single persons	Reserve represents resources held for assisting single homeless applicants with rent deposit and/or bonds.
Rosehill Demolition	Reserve represents resources held to assist in the re-development of the Rosehill Community Centre initiative.
Oxfordshire Total Refit Project (EU Funding)	This reserve has been created to assist in the co-operation with partners in the pursuance of adopting and implementing energy saving initiatives within Oxfordshire.
Community and Neighbourhood Reserve	Reserve required to fund future cultural Community and Neighbourhood initiatives.
Community Partnership Fund	Reserve required to fund future community safety/educational activities.
Town Team Partners	Reserve represents grant funded activity to improve City High Streets.
Assets of Community Value	Created to finance the purchase or restoration of City Council assets of Community value.
Unlawful Dwellings Reserve	Reserve created to fund enforcement activity associated with the identification of unlawful dwellings being used within the City.
Westgate Redevelopment Reserve	Required to fund temporary car park facilities and other associated works arising due to the planned re-development of the Westgate site in the city centre.
Committed Orders Direct Services	Reserve needed to fund expenditure commitments entered into by Direct Services.
Flood Reserve	Reserve created to fund flood maintenance work not eligible for Government re-imbursment under the Belwin scheme
Loan Guarantee Reserve	The Council has provided a loan guarantee for the Arts at the Old Fire Station and the Charities Aid Foundation. The reserve will only be used if the guarantee is called in.



## NOTES TO THE CORE FINANCIAL STATEMENTS

<b>HRA: Reserve Descriptions</b>	
Decent Homes Capital Reserve	The Decent Homes Capital reserve is a Housing Revenue Account general reserve used to meet the cost of capital works to properties. The reserve was fully utilised in 2011/12 and no longer required.
Committed Project Reserve	Created to set aside resources needed to complete and/or fund schemes for which budget allocation has been approved, but the spend has yet to be committed.
IT Project Work Reserve	This reserve was created to fund IT work projects.
IT Equipment Reserve	The IT Equipment reserve is used to fund replacement and/or upgrade of the Housing Revenue Account IT systems.
<b>Capital and Insurance Funds: Descriptions</b>	
Self Insurance Fund - HRA	The Self Insurance Fund reserve is used to cover claim costs that are below the Council's insurance policy excess limit for HRA service areas.
Self Insurance Fund - GF	The Self Insurance Fund reserve is used to cover claim costs that are below the Council's insurance policy excess limit for GF service areas.

### 9. Other Operating Expenditure

	2012/13 £000	2011/12 £000
Parish Council Precepts	193	168
Payments to the Housing Capital Receipts Pool	587	757
(Gains)/Losses on the Disposal of Non-Current Assets	(3,855)	(5,237)
<b>Total</b>	<b>(3,075)</b>	<b>(4,312)</b>

### 10. Financing and Investment Income and Expenditure

	2012/13 £000	2011/12 £000
Interest Payable and Similar Charges	6,705	756
Pensions Interest Costs and Expected Return on Pensions Assets	2,617	865
Finance Charges	(685)	(685)
Interest Receivable and Similar Income	(443)	(394)
Income & Expenditure in Relation to Investment Properties and Changes in their Fair Value	(10,755)	(9,101)
Other Investment Income	-	(2,203)
<b>Total</b>	<b>(2,561)</b>	<b>(10,762)</b>

### 11. Taxation and Non Specific Grant Income

	2012/13 £000	2011/12 £000
Council Tax Income	(12,641)	(12,521)
Non Domestic Rates	(11,799)	(10,231)
Non-Ringfenced Government Grants	(1,835)	(3,637)
Heritage Assets	-	(14)
Capital Grants and Contributions	(2,343)	(3,942)
<b>Total</b>	<b>(28,618)</b>	<b>(30,345)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12. Property, Plant and Equipment - Movements in 2012/13

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
<b>Cost or Valuation</b>								
<b>At 1 April 2012</b>	468,173	114,288	14,238	207	295	4,960	919	603,080
additions	6,749	3,833	2,447	-	36	-	826	13,891
assets recognised / derecognised under finance lease	-	(42)	-	-	-	-	-	(42)
donations	-	-	-	-	-	-	-	-
revaluation increases/ (decreases) recognised in the Revaluation Reserve	8,647	9,486	-	-	681	186	-	19,000
revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,213)	(12,966)	-	-	-	(463)	-	(17,642)
derecognition - disposals	(54)	-	(309)	-	(8)	-	-	(371)
derecognition - other	-	-	-	-	-	-	-	-
assets reclassified (to)/from Held for Sale	(1,362)	(1,718)	-	-	-	(212)	-	(3,292)
other movements in cost or valuation	(1,350)	(568)	-	-	(13)	(457)	13	(2,375)
<b>At 31 March 2013</b>	<b>476,590</b>	<b>112,313</b>	<b>16,376</b>	<b>207</b>	<b>991</b>	<b>4,014</b>	<b>1,758</b>	<b>612,249</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2012	(7,139)	(14,681)	(6,210)	(79)	-	(101)	-	(28,210)
depreciation charge	(5,445)	(4,124)	(2,033)	(11)	(21)	(214)	-	(11,848)
depreciation written out to the Revaluation Reserve	2,804	312	-	-	-	-	-	3,116
depreciation written out to the Surplus/Deficit on the Provision of Services	551	7,219	-	-	-	115	-	7,885
impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
impairment (losses)/reversals recognised in the Surplus/ Deficit on the Provision of Services	(1,177)	(614)	-	-	-	-	-	(1,791)
derecognition - disposals	1	-	282	-	-	-	-	283
derecognition - other	-	-	-	-	-	-	-	-
other movements in depreciation and impairment	38	118	(3)	-	-	112	-	265
<b>At 31 March 2013</b>	<b>(10,367)</b>	<b>(11,770)</b>	<b>(7,964)</b>	<b>(90)</b>	<b>(21)</b>	<b>(88)</b>	<b>-</b>	<b>(30,300)</b>
<b>Net Book Value</b>								
At 31 March 2013	466,223	100,543	8,412	117	970	3,926	1,758	581,949
At 31 March 2012	461,034	99,606	8,028	128	295	4,859	919	574,869
<b>Movement in NBV</b>	<b>5,190</b>	<b>937</b>	<b>384</b>	<b>(11)</b>	<b>675</b>	<b>(932)</b>	<b>839</b>	<b>7,080</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12. Property, Plant and Equipment cont.- Comparative Movements in 2011/12

#### Restated Movements in 2011/12

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
<b>Cost or Valuation</b>								
At 1 April 2011	465,095	113,032	11,880	207	3,681	4,600	1,816	600,311
additions	8,509	5,249	2,350	-	17	-	3,005	19,130
assets recognised / derecognised under finance lease	-	(1,635)	322	-	-	-	-	(1,313)
donations	-	-	-	-	-	-	-	-
revaluation increases/ (decreases) recognised in the Revaluation Reserve	(767)	847	-	-	-	229	-	309
revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,312)	90	-	-	-	-	-	(3,222)
derecognition - disposals	-	(40)	(314)	-	-	-	-	(354)
derecognition - other	(875)	-	-	-	-	-	-	(875)
assets reclassified (to)/from Held for Sale	(336)	(716)	-	-	-	(391)	-	(1,443)
other movements in cost or valuation	(141)	1,097	-	-	(3,403)	522	(1,540)	(3,465)
<b>At 31 March 2012</b>	<b>468,173</b>	<b>117,924</b>	<b>14,238</b>	<b>207</b>	<b>295</b>	<b>4,960</b>	<b>3,281</b>	<b>609,078</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2011	(5,116)	(10,345)	(5,350)	(64)	(0)	(34)	-	(20,909)
depreciation charge	(5,380)	(4,390)	(1,139)	(15)	(0)	(84)	-	(11,008)
depreciation written out to the Revaluation Reserve	2,417	(41)	-	-	-	-	-	2,376
depreciation written out to the Surplus/Deficit on the Provision of Services	927	(176)	-	-	-	(0)	-	751
impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
impairment (losses)/reversals recognised in the Surplus/ Deficit on the Provision of Services	-	(3,419)	-	-	(1)	-	(2,362)	(5,782)
derecognition - disposals	-	2	279	-	-	-	-	281
derecognition - other	-	-	-	-	-	-	-	-
other movements in depreciation and impairment	13	51	-	-	1	17	-	82
<b>At 31 March 2012</b>	<b>(7,139)</b>	<b>(18,318)</b>	<b>(6,210)</b>	<b>(79)</b>	<b>(0)</b>	<b>(101)</b>	<b>(2,362)</b>	<b>(34,209)</b>
<b>Net Book Value</b>								
At 31 March 2012	461,034	99,606	8,028	128	295	4,859	919	574,869
At 31 March 2011	459,979	102,687	6,530	143	3,681	4,566	1,816	579,402
<b>Movement in NBV</b>	<b>1,965</b>	<b>(2,313)</b>	<b>1,499</b>	<b>(15)</b>	<b>(3,386)</b>	<b>293</b>	<b>(897)</b>	<b>(2,856)</b>
<b>Net Book Value Restated for Heritage Assets</b>								
At 31 March 2011	459,979	102,686	6,530	143	280	4,566	1,816	576,000

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12. Property, Plant and Equipment cont.- Comparative Movements in 2011/12

#### Movements in 2011/12

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
<b>Cost or Valuation</b>								
At 1 April 2011	465,095	113,032	11,880	207	3,681	4,600	1,816	600,311
additions	8,509	5,249	2,350	-	17	-	3,005	19,130
assets recognised / derecognised under finance lease	-	-	322	-	-	-	-	322
donations	-	-	-	-	-	-	-	-
revaluation increases/ (decreases) recognised in the Revaluation Reserve	(767)	847	-	-	-	229	-	309
revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,402)	(820)	-	-	-	-	-	(3,222)
derecognition - disposals	-	(40)	(314)	-	-	-	-	(354)
derecognition - other	(875)	-	-	-	-	-	-	(875)
assets reclassified (to)/from Held for Sale	(336)	(716)	-	-	-	(391)	-	(1,443)
other movements in cost or valuation	(141)	1,097	-	-	(3,403)	522	(1,540)	(3,465)
<b>At 31 March 2012</b>	<b>469,083</b>	<b>118,651</b>	<b>14,238</b>	<b>207</b>	<b>295</b>	<b>4,960</b>	<b>3,281</b>	<b>610,713</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2011	(5,116)	(10,345)	(5,350)	(64)	(0)	(34)	-	(20,909)
depreciation charge	(5,380)	(4,390)	(1,139)	(15)	(0)	(84)	-	(11,008)
depreciation written out to the Revaluation Reserve	2,417	(41)	-	-	-	-	-	2,376
depreciation written out to the Surplus/Deficit on the Provision of Services	927	(176)	-	-	-	(0)	-	751
impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
impairment (losses)/reversals recognised in the Surplus/ Deficit on the Provision of Services	-	(3,419)	-	-	(1)	-	(2,362)	(5,782)
derecognition - disposals	-	2	279	-	-	-	-	281
derecognition - other	-	-	-	-	-	-	-	-
other movements in depreciation and impairment	13	92	-	-	1	17	-	123
<b>At 31 March 2012</b>	<b>(7,139)</b>	<b>(18,277)</b>	<b>(6,210)</b>	<b>(79)</b>	<b>(0)</b>	<b>(101)</b>	<b>(2,362)</b>	<b>(34,168)</b>
<b>Net Book Value</b>								
At 31 March 2012	461,945	100,374	8,028	128	295	4,859	919	576,546
At 31 March 2011	459,979	102,687	6,530	143	3,681	4,566	1,816	579,402
<b>Movement in NBV</b>	<b>1,965</b>	<b>(2,313)</b>	<b>1,499</b>	<b>(15)</b>	<b>(3,386)</b>	<b>293</b>	<b>(897)</b>	<b>(2,856)</b>
<b>Net Book Value Restated for Heritage Assets</b>								
At 31 March 2011	459,979	102,686	6,530	143	280	4,566	1,816	576,000

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12. Property, Plant and Equipment cont.- Comparative Movements in 2011/12

The Property, Plant and Equipment note has been restated for 2011/12. This is to reflect prior year changes in relation to Finance Leases. The main adjustment relates to the value of the lease held for St Aldates Chambers, caused by the current rent being used as opposed to the inception rent. The smaller adjustment relates to some land that had been previously recognised as Finance Leases incorrectly.

The Authority undertakes a rolling programme that will ensure all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. The table below reflects Net Book Value at 31 March 2013 and indicates the current last date of revaluation for Property, Plant and Equipment assets.

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Carried at Historical Cost	-	-	8,412	117	205	-	1,758	10,492
Valued at fair value as at:								
31 March 2013	466,223	25,148	-	-	662	1,591	-	493,625
31 March 2012	-	1,552	-	-	-	486	-	2,037
31 March 2011	-	47,161	-	-	-	-	-	47,161
31 March 2010	-	4,513	-	-	-	648	-	5,161
31 March 2009	-	10,013	-	-	55	1,142	-	11,210
31 March 2008	-	7,377	-	-	-	-	-	7,377
31 March 2007	-	4,493	-	-	-	57	-	4,550
31 March 2006	-	-	-	-	-	-	-	-
De-minimis	-	289	-	-	47	-	-	336
<b>Total Cost or Valuation</b>	<b>466,223</b>	<b>100,546</b>	<b>8,412</b>	<b>117</b>	<b>969</b>	<b>3,925</b>	<b>1,758</b>	<b>581,951</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### a) Capital Commitments

At 31 March 2013, the Authority had entered into a number of contracts for the construction of or enhancement to Property, Plant and Equipment for completion in 2013/14 and future years, budgeted at £8.8 million. Similar commitments at 31 March 2012 were £1.4 million. The major commitments are:

		31 March 2013	31 March 2012
		£000	£000
Window Replacement Programme	Nationwide	357	615
City Centre Offices	Paragon Management	90	461
The Old Fire Station Refurbishment	Kingerlee	34	273
Disabled Adaptations - Extensions	GSR Contracting	-	29
Disabled Adaptations - Extensions	SCM Builders	-	13
Insulation Works to Timber Framed Housing	Home Heating	-	11
New Build Competition Pool	Wilmot Dixon	7,683	-
Refurbishment of Tower Blocks	EC Harris	678	-
		<b>8,842</b>	<b>1,402</b>

### b) Revaluations

The Valuation report for 2012/13 was prepared by Richard Hawkes MRICS (Registered Valuer), Corporate Asset Manager, Regeneration and Major Projects, Oxford City Council.

#### External valuation

The valuation work was completed using external valuers supplemented by the internal team. The annual external valuations were provided as follows:

- **Investment Property**  
A desktop review of all investment assets was undertaken by Richard Hawkes MRICS, this exercise identified 47 properties with a probability of a significant change in value during 2012/13. These properties were then valued by Neil Evans MRICS, Marriots.
- **Council Dwellings**  
A total of 23 council dwellings were re-valued by Robin Marfleet MRICS from Drivers Jonas. This exercise will ensure all Beacons are valued over a 5 year period.
- **Other Land and Buildings**  
In year one of a five year cycle, a total of 29 Property, Plant & Equipment assets were re-valued by Richard Waterson MRICS from Drivers Jonas.
- **Surplus Assets**  
2 assets that were held by the Council as surplus at 1 April 2012 were valued by Richard Waterson MRICS from Drivers Jonas.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Internal valuation

All external valuations were subject to a desktop review process by Regeneration and Major Projects.

Houses in multiple occupation were valued internally as at 1 April 2012.

Two assets held for sale (AHFS) were re-valued or reviewed as at 1 April 2012.

Rent To Mortgage properties were valued internally as at 1 April 2012.

These internal valuations were signed off by Richard Hawkes MRICS.

### The significant assumptions applied in estimating the fair values are:

Existing Use Value (EUV) is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing. The parties are taken to have acted knowledgeably, prudently and without compulsion.

Where insufficient market-based evidence of fair value is available because an asset is specialised and/or rarely sold, the Code permits the use of Depreciated Replacement Cost (DRC).

Existing Use Value Social Housing (EUV-SH) is the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller, in an arm's-length transaction. There is presumption of proper marketing and that the parties are acting knowledgeably, prudently and without compulsion.

### Market Value (MV)

Market Value is defined as 'The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

## 13. Heritage Assets

### a) Valuations at Market Value

A full explanation of the type of Heritage Assets can be found in note 45 of these Statement of Accounts on page 102. During 2012/13 no new heritage assets have been acquired; neither have any heritage assets been disposed.

An assessment of impairment was undertaken and none were identified as at 31 March 2013. All heritage assets except for the category of non-operational property were last valued on 1 April 2011 by Coram James, specialist Art and Antique valuers - Robert James BA MRICS MNAVA undertook the valuation work. These assets are subject to a five year cycle of valuation where appropriate. The non operational property assets are valued at depreciated replacement cost.

## NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority	The Great Mace	Furniture	Civic Regalia	Fire Arms	Pictures and Drawings	Non Operational Property Fountain & Sculpture	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:							
1 April 2011	1,412	13	361	38	420	200	2,444
Additions	-	-	-	-	-	14	14
Disposals	-	-	-	-	-	-	-
Revaluations	-	34	2	-	3	-	39
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	(1)	-	-	-	-	-	(1)
Impairment Losses/(Reversals) recognised in Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
<b>31 March 2012</b>	<b>1,411</b>	<b>47</b>	<b>363</b>	<b>38</b>	<b>423</b>	<b>214</b>	<b>2,496</b>
Cost or valuation:							
1 April 2012	1,411	47	363	38	423	214	2,496
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
<b>31 March 2013</b>	<b>1,411</b>	<b>47</b>	<b>363</b>	<b>38</b>	<b>423</b>	<b>214</b>	<b>2,496</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 14. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2012/13 £000	2011/12 £000
Rental Income from Investment Property	7,092	5,739
Direct operating expenses arising from Investment Property	(686)	(599)
<b>Net Gain/(Loss)</b>	<b>6,406</b>	<b>5,140</b>

Investment property valuations were reviewed to identify assets that could have experienced a significant change in value. All such assets identified were valued as at 31 March 2013.

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property.

The following table summarises the movement in the fair value of Investment Properties over the year:

	2012/13 £000	2011/12 Restated £000	2011/12 £000
<b>Balance at start of the year</b>	<b>86,488</b>	<b>82,432</b>	<b>82,432</b>
Additions:			
Purchases	-	385	-
Construction	-	-	-
Subsequent expenditure	529	69	69
Less:			
Disposals	(1,167)	-	-
<b>Net gain/(loss) from fair value adjustments</b>	<b>85,850</b>	<b>82,886</b>	<b>82,501</b>
Transfers:			
To/(from) Property Plant and Equipment	2,376	-	-
To/(from) Assets Held for Sale	345	(1,552)	(1,552)
Other Changes (net revaluation)	4,173	5,154	5,154
<b>Balance at the end of the year</b>	<b>92,744</b>	<b>86,488</b>	<b>86,103</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 15. Intangible Assets

The Authority accounts for its software as an Intangible Asset, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Intangible Assets includes both purchased licenses and software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The Council amortises intangible assets according to the expected economic useful life on a straight line basis.

The average amortisation period is 5 years.

	2012/13 £000	2011/12 £000
<b>Balance at 1 April</b>		
- Gross carrying amounts	561	561
- Accumulated amortisation	(201)	(99)
<b>Net Carrying Amount at Start of Year</b>	<b>360</b>	<b>462</b>
Additions:		
- Internal development	-	-
- Purchases	568	-
- Acquired through Business Combinations	-	-
Amortisation for the period	(101)	(102)
Other Changes	-	
<b>Balance at 31 March</b>	<b>827</b>	<b>360</b>
Comprising:		
- Gross Carrying Amounts	1,129	561
- Accumulated Amortisation	(302)	(201)
	<b>827</b>	<b>360</b>

The amortisation of £0.1 million is shown in net cost of services under Non-Distributed Cost.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 16. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet (page 25).

Categories of Financial Instruments	Long-term			Current		
	2012/13 £000	Restated 2011/12 £000	2011/12 £000	2012/13 £000	Restated 2011/12 £000	2011/12 £000
<b>Investments</b>						
Loans and Receivables	32	32	32	42,211	28,543	28,543
<b>Total Investments</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>42,211</b>	<b>28,543</b>	<b>28,543</b>
<b>Debtors</b>						
Loans and Receivables	16,774	18,971	23,368	14,694	14,831	14,831
<b>Total Debtors</b>	<b>16,774</b>	<b>18,971</b>	<b>23,368</b>	<b>14,694</b>	<b>14,831</b>	<b>14,831</b>
<b>Borrowings</b>						
Financial Liabilities at Amortised Cost	(200,443)	(201,354)	(201,354)	(910)	(816)	(816)
<b>Total Borrowings</b>	<b>(200,443)</b>	<b>(201,354)</b>	<b>(201,354)</b>	<b>(910)</b>	<b>(816)</b>	<b>(816)</b>
<b>Other Long Term Liabilities</b>						
Deferred Liabilities	(779)	(1,061)	(1,061)	(282)	(269)	(269)
Finance Lease Liability	(212)	(288)	(2,019)	-	-	-
Liability for Defined Benefit Pension Scheme	(89,328)	(97,922)	(97,922)	-	-	-
<b>Total Other Long Term Liabilities</b>	<b>(90,319)</b>	<b>(99,271)</b>	<b>(101,002)</b>	<b>(282)</b>	<b>(269)</b>	<b>(269)</b>
<b>Creditors</b>						
Financial Liabilities at Amortised Cost Amounts	-	-	-	(16,822)	(17,211)	(17,211)
Financial Assets carried at Contract Amounts	-	-	-	-	-	-
<b>Total Creditors</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,822)</b>	<b>(17,211)</b>	<b>(17,211)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 17. Inventories

	Consumable Stores		Maintenance		Total	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	£000	£000	£000	£000	£000	£000
<b>Balance Outstanding at Start of Year</b>	<b>14</b>	<b>39</b>	<b>754</b>	<b>746</b>	<b>768</b>	<b>785</b>
Purchases	59	29	3,773	3,172	3,832	3,201
Recognised as an Expense in the Year	(49)	(54)	(3,777)	(3,165)	(3,826)	(3,219)
Written-off Balances	-	-	-	1	-	1
Reversals of Write-offs in Previous Years	-	-	-	-	-	-
<b>Balance Outstanding at Year End</b>	<b>24</b>	<b>14</b>	<b>750</b>	<b>754</b>	<b>774</b>	<b>768</b>

#### Maintenance Inventories

The Council holds stock of varying items (Building Materials, Winter Grit, Tarmac, Paving Slabs, Life Belts, Vehicle Parts, Personal Protective Equipment, Street Furniture, Fertiliser, etc.) to ensure services can run in a timely manner. This stock is held at the relevant depots.

#### Consumable Inventories

This includes stock of a non operational nature which includes Eye Care Vouchers, Prepaid Envelopes etc.

### 18. Short Term Debtors

The table below shows the amount that the Council was owed at 31 March 2013 by third parties, together with amounts paid by the Council in advance of receipt of goods or services.

	2012/13 £000	2011/12 £000
Central Government Bodies	3,819	3,512
Other Local Authorities	2,971	3,344
NHS Bodies	-	-
Public Corporation and Trading Funds	-	-
Other Entities and Individuals	5,478	7,975
<b>Total</b>	<b>12,268</b>	<b>14,831</b>

Note: There are no debtors with NHS Bodies or Public Corporations & Trading Funds.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 19. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	2012/13 £000	2011/12 £000
Cash Held by the Authority	12,205	8,355
Bank Current Accounts	(2,862)	(3,457)
Short-term Deposits with Building Societies	-	-
<b>Total Cash and Cash Equivalents</b>	<b>9,343</b>	<b>4,898</b>

### 20. Assets Held for Sale

	Current		Non Current	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
<b>Balance Outstanding as Start of Year</b>	<b>1,008</b>	<b>3,862</b>	-	-
Assets newly classified as Held for Sale:				
Property Plant and Equipment	1,952	1,101	-	-
Council Dwellings	1,429	336	-	-
Investment Property	-	1,552	-	-
Revaluation Losses	-	-	-	-
Revaluation Gains	-	-	-	-
Impairment losses	-	-	-	-
Assets declassified as Held for Sale:				
Property Plant and Equipment	(25)	-	-	-
Council Dwellings	(74)	(71)	-	-
Investment Property	(345)	-	-	-
Assets sold	(1,146)	(5,772)	-	-
<b>Balance Outstanding as Year End</b>	<b>2,799</b>	<b>1,008</b>	-	-

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 21. Short Term Creditors

The table below shows the amount that the Council owed as at 31 March 2013 to third parties, together with amounts received by the Council in advance of supply of goods or services.

	2012/13 £000	2011/12 £000
Central Government Bodies	(1,056)	(3,505)
Other Local Authorities	(3,763)	(3,755)
NHS Bodies	-	-
Public Corporations and Trading Funds	-	-
Other Entities and Individuals	(9,577)	(9,949)
<b>Total</b>	<b>(14,396)</b>	<b>(17,211)</b>

### 22. Provisions

Provisions for doubtful debts are separately disclosed against debtors on the Balance Sheet. The total value of Provisions held as at 31 March 2013 are:

	Outstanding Legal		Injury and Damage		Other Provisions		Total
	Current	Non	Current	Non	Current	Non	
	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2011</b>	-	(1,337)	-	-	-	(4,701)	(6,038)
Additional Provisions Made in Year	-	-	-	-	-	(714)	(714)
Amounts Used in Year	-	-	-	-	-	454	454
Unused Amounts Reversed in Year	-	-	-	-	-	-	-
Unwinding of Discounting in Year	-	-	-	-	-	-	-
<b>Restated Balance at 1 April 2011</b>	-	(1,337)	-	-	-	(4,701)	(6,038)
Additional Provisions Made in Year	-	-	-	-	-	(714)	(714)
Amounts Used in Year	-	-	-	-	-	454	454
Unused Amounts Reversed in Year	-	-	-	-	-	-	-
Unwinding of Discounting in Year	-	-	-	-	-	-	-
<b>Balance at 1 April 2012</b>	-	(1,337)	-	-	-	(4,961)	(6,298)
Additional Provisions Made in Year	-	-	-	-	-	(62)	(62)
Amounts Used in Year	-	1,337	-	-	-	548	1,885
Unused Amounts Reversed in Year	-	-	-	-	-	2,266	2,266
Unwinding of Discounting in Year	-	-	-	-	-	-	-
<b>Total Provisions as at 31 March 2013</b>	-	-	-	-	-	(2,209)	(2,209)

Note: There is no injury and damage compensation provision (current or non-current).

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Outstanding Legal Cases

There are no outstanding legal cases at present.

### Other Provisions

**Lord Mayors Deposit Scheme** – There is a present obligation to pay out bonds to the landlord if the tenant defaults on rent or damages the property. The amount and frequency of these payments is unknown, and a provision is set up based on historical data that we hold.

**Rent Deposit Scheme** – There is a present obligation to the landlord, a large number of deposits are currently not returned due to damage to properties, and there is a probable outflow on these bonds. It is estimated that the payment will not be greater than the original bond.

### 23. Usable Reserves

Movements in the Authority's Usable Reserves are detailed in the Movement of Reserves Statement (page 23) and Note 7 (page 51).

### 24. Unusable Reserves

	2012/13	2011/12	2011/12
	£000	Restated £000	£000
Revaluation Reserve	(54,895)	(34,870)	(34,870)
Capital Adjustment Account	(408,785)	(412,976)	(412,537)
Deferred Capital Receipts Reserve	(15,608)	(14,883)	(19,280)
Pensions Reserve	89,328	97,923	97,923
Collection Fund Adjustment Account	27	6	6
Accumulated Absences Account and Employee Reserve	1,082	1,902	1,902
<b>Total Unusable Reserves</b>	<b>(388,851)</b>	<b>(362,898)</b>	<b>(366,856)</b>

#### a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

## NOTES TO THE CORE FINANCIAL STATEMENTS

Revaluation Reserve	2012/13 £000	2011/12 £000
<b>Balance at 1 April</b>	<b>(34,870)</b>	<b>(34,778)</b>
Prior year adjustments		
Upward revaluation of assets	(26,086)	(4,566)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services (Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus)/Deficit on the Provision of Services	3,971	1,829
	(56,985)	(37,515)
Difference between fair value depreciation and historical cost depreciation	1,809	2,693
Accumulated gains on assets sold or scrapped	-	37
Amount written off to the Capital Adjustment Account	281	(85)
<b>Balance at 31 March</b>	<b>(54,895)</b>	<b>(34,870)</b>

### b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement and depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority to finance the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created.

Note 7 (page 51) provides details of the source of all the transactions posted to the Account apart from those involving the Revaluation Reserve.



## NOTES TO THE CORE FINANCIAL STATEMENTS

	2012/13		2011/12 Restated		2011/12	
	£000	£000	£000	£000	£000	£000
<b>Capital Adjustment Account</b>						
<b>Balance at 1 April</b>		(412,976)		(606,257)		(606,257)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	21,316		17,623		17,623	
Revaluation losses on Property, Plant and Equipment	(281)		(30)		(30)	
Amortisation of Intangible Assets	101		102		102	
Revenue expenditure funded from capital under statute	1,371		1,813		1,813	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to Comprehensive Income and Expenditure Statement	2,632		5,331		5,770	
		25,139		24,839		25,277
Adjusting amounts written out of the Revaluation Reserve		-		(2,203)		(2,203)
Net written out amount of the cost of non-current assets consumed in the year		25,139		22,636		23,074
<b>Capital financing applied in the year:</b>						
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,508)		(6,394)		(6,394)	
Use of the Major Repairs Reserve to finance new capital expenditure	(7,590)		(5,491)		(5,491)	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,798)		(3,943)		(3,943)	
Application of grants to capital financing from the Capital Grants Unapplied Account	-		-		-	
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(276)		198,221		198,221	
Capital expenditure charged against the General Fund and HRA balances	(5,428)		(6,582)		(6,582)	
		(16,600)		175,811		175,811
Movements in the market value of Investment properties debited or credited to the Comprehensive Income and Expenditure Statement		(4,348)		(5,151)		(5,151)
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		-		(14)		(14)
<b>Balance at 31 March</b>		<b>(408,785)</b>		<b>(412,976)</b>		<b>(412,537)</b>

### c) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as available for financing new capital expenditure until they are backed by cash. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2012/13	2011/12 Restated	2011/12
	£000	£000	£000
<b>Balance at 1 April</b>	(14,883)	(17,851)	(17,851)
Adjustment for restatement in respect of Finance Leases	-	4,397	-
Transfer of deferred sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(733)	(1,695)	(1,695)
Transfer to the Capital Receipts Reserve upon receipt of cash	8	266	266
<b>Balance at 31 March</b>	<b>(15,608)</b>	<b>(14,883)</b>	<b>(19,280)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### d) Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service; updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to the Pension Fund or pays pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the resources the Authority has set aside compared to the benefits earned by past and current employees. The statutory arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

	2012/13 £000	2011/12 £000
<b>Balance at 1 April</b>	<b>97,923</b>	<b>53,200</b>
Actuarial gains or losses on pensions assets and liabilities	(11,383)	45,160
Reversal of items relating to retirement benefits debited or credited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	8,892	5,590
Employer's pensions contributions and direct payments to pensioners payable in the year	(6,104)	(6,027)
<b>Balance at 31 March</b>	<b>89,328</b>	<b>97,923</b>

### e) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2012/13 £000	2011/12 £000
<b>Balance at 1 April</b>	<b>6</b>	<b>(29)</b>
Amount by which Council Tax Income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	21	35
<b>Balance at 31 March</b>	<b>27</b>	<b>6</b>

### f) Accumulated Absences Account and Employment Reserve Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

The Employment Reserve accounts for the Termination Payments that have been accrued but not paid as at 31 March 2013. These accruals are reversed and therefore mitigated through the Movement in Reserves Statement.

## NOTES TO THE CORE FINANCIAL STATEMENTS

	2012/13 £000	2011/12 £000
<b>Accumulated Absences Account</b>		
<b>Balance at 1 April</b>	1,902	1,575
Settlement or cancellation of accrual made at the end of the preceding year	(1,643)	(815)
Additional accrual during the year	823	1,142
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(820)	327
<b>Balance at 31 March</b>	<b>1,082</b>	<b>1,902</b>

### 25 Operating Activities

	2012/13 £000	2011/12 £000
<b>Operating activities within the Cashflow Statement include the following cashflows relating to Interest</b>		
Cash Interest Received	532	233
Cash Interest Paid	(7,449)	(477)
Dividends Received	-	-
<b>Total</b>	<b>(6,917)</b>	<b>(244)</b>

### 26. Investing Activities

	2012/13 £000	2011/12 £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	16,360	21,012
Purchase of short-term and long-term investments	9,223	11,850
Other payments for investing activities	-	-
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(5,716)	(11,227)
Other capital cash receipts in advance	(2,034)	(2,335)
Proceeds from short-term and long-term investments	-	-
Other receipts from Investing Activities	-	-
<b>Total Cash Flows from Investing Activities</b>	<b>17,833</b>	<b>19,300</b>

### 27. Financing Activities

	2012/13 £000	2011/12 £000
Repayment of Long Term Borrowing	643	995
Cash receipts of Short and Long-Term Borrowing	-	(198,528)
Other receipts from Financing Activities	(112)	285
Payments for the reduction of a Finance Lease Liability	129	-
Payments for the reduction of a PFI Liability	-	-
<b>Total Cash Flows from Financing Activities</b>	<b>660</b>	<b>(197,248)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 28. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Authority's Full Council on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to Capital Expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).
- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.
- expenditure on some support services is budgeted for centrally and not charged to services.

The Income and Expenditure of the Authority's principal services recorded in the budget reports for the year is as follows:

#### Services Income and Expenditure

	Chief Executive £000	City Regeneration £000	Community Services £000	Organisational Development & Corporate Services £000	Total Cost of Services £000
<b>2012/13</b>					
Fees, Charges and other Service Income	(1,151)	(47,914)	(43,567)	(14,639)	(107,271)
Government Grants	(239)	(524)	(76,593)	(1,984)	(79,340)
<b>Total Income</b>	<b>(1,390)</b>	<b>(48,438)</b>	<b>(120,160)</b>	<b>(16,623)</b>	<b>(186,611)</b>
Employee expenses	717	7,730	25,409	12,190	46,046
Other service expenses	1,006	16,982	100,528	4,911	123,427
Support service recharges	175	8,336	3,627	7,354	19,492
Depreciation, Amortisation and Impairment		11,948	10,912	366	23,226
<b>Total Expenditure</b>	<b>1,898</b>	<b>44,997</b>	<b>140,476</b>	<b>24,821</b>	<b>212,191</b>
<b>Net Expenditure</b>	<b>507</b>	<b>(3,441)</b>	<b>20,316</b>	<b>8,198</b>	<b>25,580</b>

	Chief Executive £000	City Regeneration £000	City Services £000	Organisational Development & Corporate Services £000	Total Cost of Services £000
<b>2011/12 Comparative Figures</b>					
Fees, Charges and other Service Income	(6,778)	(49,810)	(48,291)	(7,263)	(112,142)
Government Grants	(126)	(405)	(73,484)	(466)	(74,481)
<b>Total Income</b>	<b>(6,904)</b>	<b>(50,215)</b>	<b>(121,775)</b>	<b>(7,729)</b>	<b>(186,623)</b>
Employee Expenses	4,854	8,960	26,427	3,669	43,910
Other Service Expenses	1,181	230,978	98,737	3,226	334,122
Support Service Recharges	1,976	9,381	5,624	4,338	21,319
Depreciation, Amortisation and Impairment	2	14,893	3,869	274	19,038
<b>Total Expenditure</b>	<b>8,013</b>	<b>264,212</b>	<b>134,657</b>	<b>11,507</b>	<b>418,389</b>
<b>Net Expenditure</b>	<b>1,109</b>	<b>213,997</b>	<b>12,882</b>	<b>3,778</b>	<b>231,766</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### ▫ Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of income and expenditure relate to a substantive analysis of the (surplus) or deficit on the provision of services included in the Comprehensive Income and Expenditure Statement (page 24).

2012/13	Cost of Services  £000	Corporate Amounts  £000	Total (Surplus)/Deficit on the Provision of Services  £000
Fees, Charges and Other Service Income	(107,271)	(10,755)	(118,026)
Interest and Investment Income	-	(1,128)	(1,128)
Income from Council Tax	-	(12,641)	(12,641)
Government Grants and Contributions	(79,340)	(15,978)	(95,318)
<b>Total Income</b>	<b>(186,611)</b>	<b>(40,502)</b>	<b>(227,113)</b>
Employee Expenses	46,046	-	46,046
Other Service Expenses	123,427	-	123,427
Support Service Recharges	19,492	-	19,492
Depreciation, Amortisation and Impairment	23,226	-	23,226
Interest Payments	-	9,323	9,323
Precepts & Levies	-	193	193
Payments to Housing Capital Receipts Pool	-	587	587
(Gain)/ Loss on Disposal of Fixed Assets	-	(3,855)	(3,855)
<b>Total expenditure</b>	<b>212,191</b>	<b>6,248</b>	<b>218,439</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>25,580</b>	<b>(34,254)</b>	<b>(8,674)</b>
2011/12	Cost of Services  £000	Corporate Amounts  £000	Total (Surplus)/Deficit on the Provision of Services  £000
Fees, Charges and Other Service Income	(112,142)	(9,100)	(121,242)
Interest and Investment Income	-	(3,282)	(3,282)
Income from Council Tax	-	(12,521)	(12,521)
Government Grants and Contributions	(74,481)	(17,823)	(92,304)
<b>Total Income</b>	<b>(186,623)</b>	<b>(42,726)</b>	<b>(229,349)</b>
Employee Expenses	43,910	-	43,910
Other Service Expenses	334,122	-	334,122
Support Service Recharges	21,319	-	21,319
Depreciation, Amortisation and Impairment	19,038	-	19,038
Interest Payments	-	1,619	1,619
Precepts & Levies	-	168	168
Payments to Housing Capital Receipts Pool	-	757	757
(Gain)/ Loss on Disposal of Fixed Assets	-	(5,237)	(5,237)
<b>Total Expenditure</b>	<b>418,389</b>	<b>(2,693)</b>	<b>415,696</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>231,766</b>	<b>(45,419)</b>	<b>186,347</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 29. Trading Operations

A number of operations that the Council undertakes are technically classified as Trading Operations. Most of these operations provide services on an internal basis to other parts of the Authority. The activities set out below are included in Net Operating Expenditure.

		2012/13 £000	2011/12 £000
<b>Building Control Charging Account</b>	Turnover	(418)	(544)
	Expenditure	497	499
	<b>(Surplus)/Deficit</b>	<b>79</b>	<b>(45)</b>
<b>Trade Refuse &amp; Recycling</b>	Turnover	(2,374)	(2,284)
	Expenditure	1,351	1,377
	<b>(Surplus)/Deficit</b>	<b>(1,023)</b>	<b>(907)</b>
<b>Net Surplus on Trading Operations</b>		<b>(944)</b>	<b>(952)</b>

### 30. Agency Services

The Council carried out certain works on behalf of Oxfordshire County Council during the year for which it was fully reimbursed. These costs are shown below:

		2012/13 £000	2011/12 £000
Routine Maintenance Expenditure		1,305	1,335
Administrative Costs		-	107
<b>Net Expenditure recharged to Oxfordshire County Council arising from the Agency Arrangement</b>		<b>1,305</b>	<b>1,442</b>

For a number of years, Oxford City Council have exercised their right under Section 42 of the Highways Act to maintain the unclassified roads in Oxford using funding provided by Oxfordshire County Council.

This work covers areas such as pothole maintenance, footpath maintenance, road improvement schemes, carriageway surface dressing, grass verge cutting and road and path side tree maintenance. Also included are winter maintenance, white lining and drainage maintenance.

Currently the City Council's in-house service providers carry out the maintenance operation of S42. This work is split into four; Highways Engineering, Carriageway and Pavement Maintenance and Grass Cutting which are undertaken by the Engineering teams and Grounds Maintenance teams respectively. The fourth area of work is Tree Maintenance, which is carried out by the Leisure & Parks Tree team.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 31. Members' Allowances

The Authority paid the following amounts to Members of the Council during the year:

	2012/13 £000	2011/12 £000
<b>Members' Allowances</b>		
Allowances	332	336
Expenses	3	3
<b>Total Payments</b>	<b>335</b>	<b>339</b>

### 32. Officers Remuneration - Senior Employees

The remuneration paid to the Authority's senior employees is as follows:

Name/Title		Salary, Fees and Allowances	Pension Contributions	Total
		£	£	£
Chief Executive	2012/13	140,000	28,280	168,280
	2011/12	140,000	28,280	168,280
Director, City Regeneration	2012/13	109,541	22,127	131,668
	2011/12	109,500	22,119	131,619
Director, Community Services	2012/13	109,500	22,119	131,619
	2011/12	109,080	22,034	131,114
Executive Director, Organisational Development and Corporate Services	2012/13	108,703	21,780	130,483
	2011/12	99,000	19,998	118,998
Monitoring Officer	2012/13	83,236	17,172	100,408
	2011/12	77,770	16,159	93,929
Section 151 Officer	2012/13	82,096	15,352	97,448
	2011/12	not part of Senior Mgmt Team in 11/12		

## NOTES TO THE CORE FINANCIAL STATEMENTS

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

<b>Other Employees Receiving more than £50,000</b>	<b>Number of employees 2012/13</b>	<b>Number of employees 2011/12</b>
£50,000 - £54,999	7	9
£55,000 - £59,999	3	4
£60,000 - £64,999	6	3
£65,000 - £69,999	3	2
£70,000 - £74,999	4	4
£75,000 - £79,999	-	1
£80,000 - £84,999	2	2
£85,000 - £89,999	-	2
£90,000 - £94,999	1	1
£95,000 - £140,000	1	-
<b>Total Number of Employees</b>	<b>27</b>	<b>28</b>

Exit Package cost band including special payments:

	Number of compulsory redundancies		Number of other agreed departures		Total number of packages		Total cost of exit packages	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13 £000	2011/12 £000
£0- £20,000	-	-	10	16	10	16	109	162
£20,001- £40,000	-	-	3	12	3	12	89	314
£40,001- £60,000	-	-	2	5	2	5	83	255
£60,001- £80,000	-	-	-	4	-	4	-	265
£80,001- £100,000	-	-	-	1	-	1	-	97
£100,001- £150,000	-	-	3	-	3	-	329	-
<b>Total</b>			<b>18</b>	<b>38</b>	<b>18</b>	<b>38</b>	<b>610</b>	<b>1,093</b>

### 33. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and other services provided by the Authority's external auditors:

	2012/13 £000	2011/12 £000
External Audit	130	212
Cost for additional work relating to objections to the accounts	10	-
Certification of Grant Claims & Returns	84	75
<b>Total</b>	<b>224</b>	<b>287</b>

### 34. Grant Income

The Authority has credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:



## NOTES TO THE CORE FINANCIAL STATEMENTS

	2012/13 £000	2011/12 £000
<b>Grants Credited to Taxation and Non Specific Grant Income</b>		
Revenue Support Grant	229	3,164
New Homes Bonus	1,296	473
National Non-Domestic Rates	11,799	10,231
Donated Assets	-	14
Developer Contributions	892	607
HCA funding for Old Fire Station	-	2,410
Environment Agency Funding	90	74
Disabled Facilities Grant	526	445
Barton Adventure Play Park	346	306
HCA Funding	-	100
WREN Grant	34	-
Oxford Wheels project	100	-
Community Spaces Grant	82	-
Contribution to Skate Park	32	-
New Growth Points	163	-
Council Tax Freeze Grant	310	309
Healthy Living	77	-
<b>Total</b>	<b>15,976</b>	<b>18,133</b>
<b>Grants Credited to Services</b>		
Benefits Grant	75,829	72,984
Homelessness Main Grant	-	-
Local Services Support Grant	962	1,082
Local Housing Allowance Changes	-	4
Small Business Rate Relief	-	2
Sports England - Sports Grants	841	415
Discretionary Housing Payments Grant	-	111
Flood Prevention Grant	-	77
Homelessness Add On Grant	-	6
Air Quality Grant	-	35
Positive Futures Grant	21	21
Recession Impact And Repossession Prevention Grants	-	48
New Burdens Grant	-	34
Procurement Hub Contribution	-	40
Oxford Heritage Asset Register	20	21
Oxford Urban Archaeology	-	10
Home Improvements (Supporting People)	53	49
Mortgage Rescue	-	42
Housing Fraud Investigation	80	80
Commercial Regulations (FSA grant)	-	8
Local Strategic Partnership	-	32
Local Area Agreement Award Grant	-	23
Community Safety	160	810
Carbon Management	-	20
School Sport	-	7
Oxford Story	21	22
Direct Payments DWP Project	448	-
Department of Environment and Climate Change Funding	310	-
Carbon Hub	279	-
Communities and Local Government New Burdens Council Tax Reform	84	-
Universal Credits	60	-
Breaking the cycle of Deprivation Programme LAA Grant Funding	55	-
Department of Work and Pensions (DWP) Grant	38	-
County Council - Community Action groups	27	-
Arts Council Funding	10	-
Communities and Local Government Assets of Community Value	13	-
Communities and Local Government Town Team Partners	10	-
County Council - Performance Reward Grant	10	-
English Heritage OAP	5	-
Active Communities Grant 7/9 -County	4	-
<b>Total</b>	<b>79,340</b>	<b>76,292</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

An amount equivalent to the grant received from the Department for Culture, Media and Sport to support the Free Swimming programme was paid to Fusion Lifestyle, the charity responsible for the management of the Council's Leisure Centres.

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the money to be returned to the giver. The balances at the year end are as follows:

<b>Capital Grants Receipts in Advance</b>	<b>2012/13 £000</b>	<b>2011/12 £000</b>
Additional Funding for Council Tax leaflet	-	11
Free Swims	-	45
Barton Adventure Play Park	93	439
West End Partnership	260	399
Housing Delivery (New Growth Points) Allocation	185	683
HCA Growth Fund Grant	734	734
Healthy Living Initiatives	-	77
Funding for Housing improvements	-	150
Environment Agency Funding	-	16
Bury Knowle House	-	41
Disabled Facilities Grants	-	30
Developer Contributions	3,515	3,527
WREN Funding Contribution	56	-
Contribution to DA Works at 21 Buckler Road	20	-
Contribution to Heading Hill Park Engineering Works	18	-
<b>Total</b>	<b>4,881</b>	<b>6,152</b>
<b>Revenue Grants</b>	<b>2012/13 £000</b>	<b>2011/12 £000</b>
Lambourne Road	-	100
Cardinal House	-	150
Lottery Funding	6	6
Connecting Communities Funding	-	45
Preventing Homelessness	-	208
Housing Delivery New Growth Points	13	192
Sport England funding	496	7
Local Authority Area Reward Grant Visit Economy	-	103
Enhanced Housing Project Funding	-	13
Oxford Sports Partnership Sport England	-	486
Housing Needs Projects	-	43
Mortgage Repossession Fund	-	42
Home Choice DAAT Fund	-	25
Housing Need - Single Homeless Team	-	222
Home Choice Singles Fund	-	6
Enhanced Housing Options Project	-	3
Connecting Communities Grant	-	44
Community Safety	-	429
Wood Farm Community Centre	-	57
Communities and Local Government Tenancy Investigations	25	15
Environment Agency Flood Prevention Grant	69	101
Department for Environment, Food and Rural Affairs Air Quality Grant	29	61
Department for Environment, Food and Rural Affairs CL Grant	19	19
Home Improvement Agency Supporting People Grant	32	32
Department of Environment and Climate Change Low Carbon Framework Grant	64	64
Department of Environment and Climate Change Low Carbon Framework Grant 12/13	150	-
Oxford Story Museum Grant	-	12
<b>Total</b>	<b>903</b>	<b>2,485</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 35. Related Parties

The Authority is required to disclose material transactions with related parties i.e. bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another parties ability to bargain freely with it.

Central Government has significant influence over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills, Housing Benefits). Grants received from government departments are set out in the subjective analysis in Note 28 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2013 are shown in Note 34.

Members of the Council have direct control over the Council's financial and operating policies. A number of members and senior officers are members of voluntary organisations which receive small grants and funding from the Council. The grants and funding were made with proper consideration of declarations of interest. The Register of Members' Interest is held at the Town Hall, and is open for public inspection. No material interests have been declared. A number of Members serve on both the City Council and Oxfordshire County Council, this is not considered material. The total of members allowances is shown in Note 31.

Members represent the Council on various organisations. Appointments are reviewed annually, unless a specific termination date for the term of office applies. None of these appointments places the Members concerned in a position to exert undue influence or control. A grant of approximately £90,000 was paid to a voluntary organisation of which two members close family are trustees. This grant was made with proper consideration of their declarations of interest.

There are a number of senior officers who are appointed Directors of the Barton Oxford LLP, an arms length company set up between the Council and Grosvenor Estates to facilitate new housing in Barton.

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

- Central Government – Central Government provide 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. The County Council administers the Council's local government pension scheme. The County Council provides computing services and support with a partnership agreement running from 1 April 2009 for a period of 7 years ending 31 March 2016.
- Fusion Lifestyle - The Council has a contract with Fusion Lifestyle a social enterprise with charitable status to manage and develop the Council's seven public leisure facilities.
- Barton Oxford LLP – an arms length company set up between the Council and Grosvenor Estates to facilitate new housing in Barton.
- Local Boards and Trusts – Officers and Members represent the Council on various organisations, there are no material transactions.

### 36. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority,

## NOTES TO THE CORE FINANCIAL STATEMENTS

the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

The Council is required to make a minimum provision within its revenue account for debt repayment (MRP). This is calculated as a percentage of its CFR at the start of the financial year. At 1 April 2012 the Council had a negative non-housing CFR and therefore no provision is required in 2012/13. A voluntary revenue provision was made towards the repayment of the debt outstanding with South Oxfordshire District Council to repay capital expenditure funded by Prudential Borrowing in previous years.

	2012/13 £000	2011/12 £000
<b>Opening Capital Financing Requirement</b>	<b>221,207</b>	<b>26,044</b>
<b>Capital Investment</b>		
Property Plant and Equipment	13,891	19,130
Investment Properties	529	69
Intangible Assets	569	-
Revenue Expenditure Funded from Capital under Statute	1,371	1,813
<b>Total Capital Spend</b>	<b>16,360</b>	<b>21,012</b>
<b>Sources of Finance</b>		
Capital Receipts	(1,508)	(6,395)
Government Grants and other Contributions	(9,424)	(9,433)
Sums Set Aside from Revenue	(5,428)	(4,533)
Finance Leases	(322)	-
MRP/Loans fund principal	(2,766)	194,512
<b>Sources of Finance Total</b>	<b>(19,447)</b>	<b>174,151</b>
<b>Closing Capital Financing Requirement</b>	<b>218,120</b>	<b>221,207</b>
<b>Explanation of Movements in Year</b>		
Increase in Underlying Need to Borrow (supported by Government Financial Assistance)	-	-
Increase in Underlying Need to Borrow (unsupported by Government Financial Assistance)	3,088	651
Increase in Underlying Need to Borrow	-	198,528
(Decrease) in Underlying Need to Borrow	-	(4,016)
Assets Acquired under Finance Leases	-	-
Assets Acquired under PFI/PPP Contracts	-	-
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>3,088</b>	<b>195,163</b>

### 37. Leases

#### a) Authority as Lessee

#### FINANCE LEASE

The Council has recognised an administrative building, and equipment where the Council acts as a service operator where assets are held under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

## NOTES TO THE CORE FINANCIAL STATEMENTS

	31 Mar 2013 £000	1 Apr 2012 Restated £000	31 Mar 2012 £000
Other Land and Buildings	147	154	1,964
Vehicles, Plant, Furniture and Equipment	170	321	221
<b>Total</b>	<b>317</b>	<b>475</b>	<b>2,185</b>

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following:

	31 Mar 2013 £000	1 Apr 2012 Restated £000	31 Mar 2012 £000
<b>Finance lease liabilities (net present value of minimum lease payments)</b>			
- Current	92	129	175
- Non Current	260	352	2,037
Finance Costs Payable in Future Years	135	152	1,030
<b>Minimum Lease Payments</b>	<b>487</b>	<b>633</b>	<b>3,242</b>

The minimum lease payments are payable over the following periods:

	Minimum Lease Payments			Finance Lease Liabilities		
	31 Mar 2013 £000	1 Apr 2012 Restated £000	31 Mar 2012 £000	31 Mar 2013 £000	1 Apr 2012 Restated £000	31 Mar 2012 £000
Within 12 Months	103	146	253	92	129	175
1-5 Years	67	153	581	32	115	316
Over 5 Years	317	334	2,408	228	237	1,721
<b>Total</b>	<b>487</b>	<b>633</b>	<b>3,242</b>	<b>352</b>	<b>481</b>	<b>2,212</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2012/13 £269,650 contingent rents were payable by the Authority (2011/12 £269,650).

### OPERATIONAL LEASE

The Authority uses a number of properties which are leased on operating lease terms. The average lives would be 20 years. The future minimum lease payments due under non cancellable leases in future years are:

Operating Leases	31 Mar 2013 £000	31 Mar 2012 £000
Within 12 Months	713	732
1-5 Years	1,248	1,754
Over 5 Years	1,431	1,431
<b>Total</b>	<b>3,392</b>	<b>3,917</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

The table below shows leased payments recognised as expenses with amounts for the contingent rents and sublease payments.

	31 Mar 2013 £000	31 Mar 2012 £000
Minimum lease payment	732	767
Contingent rent	35	35
Sublease payment receivable	(35)	(35)
<b>Total</b>	<b>732</b>	<b>767</b>

### b) Authority as Lessor

#### FINANCE LEASE

The Authority has leased out many properties, and an assessment has been undertaken to establish those that are considered to have transferred the risks of ownership to the lessee. The Land Elements are considered to be Operational Leases, but in some cases the Building Element is considered to have transferred risks and rewards and are therefore treated as finance leases.

	31 Mar 2013 £000	1 Apr 2012 Restated £000	31 Mar 2012 £000
<b>Finance Lease debtor (net present value of minimum lease payments)</b>			
- Current	7	6	7
- Non Current	9,849	9,053	13,450
Unearned Finance Income	-	-	-
Unguaranteed Residual Value of Property	577	577	-
<b>Gross Investment in the Lease</b>	<b>10,433</b>	<b>9,636</b>	<b>13,457</b>

The minimum lease payments are the total receivable over the terms of the leases. The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment In The Lease			Minimum Lease Payments		
	31 Mar 2013 £000	1 Apr 2012 Restated £000	31 Mar 2012 £000	31 Mar 2013 £000	1 Apr 2012 Restated £000	31 Mar 2012 £000
Within 12 Months	7	6	7	7	6	7
1-5 Years	29	28	33	29	28	33
Over 5 Years	10,397	9,602	13,417	9,820	9,025	13,417
<b>Total</b>	<b>10,433</b>	<b>9,636</b>	<b>13,457</b>	<b>9,856</b>	<b>9,059</b>	<b>13,457</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2012/13 £311,000 contingent rents were payable by the Authority (2011/12 £311,000)

## NOTES TO THE CORE FINANCIAL STATEMENTS

### OPERATIONAL LEASES

The Council leases out Property under Operational Leases. These include shorter term leases, where the risks and rewards are retained by the Council. The future minimum lease payment receivable are stated, as well as the expected estimated continuation of the leases over the remaining lives of the asset:

Operating Leases	31 Mar 2013 £000	31 Mar 2012 £000
Within 12 Months	5,585	4,630
1-5 Years	20,909	17,202
Over 5 Years	63,561	57,882
<b>Total</b>	<b>90,055</b>	<b>79,714</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into.

In 2012/13 £1.35 million contingent rents were received by the Authority (£1.3 million in 2011/12).

### 38. Impairment Losses

Impairment losses during 2012/13 are included in Note 12.

### 39. Termination Benefits and Exit Payments

Termination benefits are payable as a result of either:

- An employer's decision to terminate an employee's employment before the normal retirement date, or
- An employee's decision to accept voluntary redundancy in exchange for termination benefits.

The Council's IAS 19 report includes termination curtailment costs of £309,000, and the entries are charged to the Comprehensive Income and Expenditure account in the way specified by the termination cost requirement. Only £18,000 of the Council's termination costs were not reflected in the IAS 19 report, these were the new costs recognised in 2012/13.

A payment in respect of previously recognised costs amounted to £240,000, these were initially charged in past cost of service in the Comprehensive Income and Expenditure Account, and were removed to avoid double counting. These costs were then reinstated via the Movement in Reserves Statement to allow the burden to fall on the General Fund in line with the minimum required charge.

	2012/13 £000	2011/12 £000
Termination costs B/fwd	480	760
New termination costs in year	18	-
Less costs removed in year	(240)	(280)
<b>Balance C/fwd</b>	<b>258</b>	<b>480</b>

### Exit Payments

Exit payments are required to be disclosed in bands on £20,000 up to £100,000 and bands of £50,000 thereafter, shown on Note 32 on page 85. The exit payment includes pension strain costs on termination as well as redundancy and other payments. However, pension strain costs represent a future liability rather than a current year payment. The termination costs and IAS 19 costs do not include redundancy payments which are included in the disclosure note for exit payments.

## NOTES TO THE CORE FINANCIAL STATEMENTS

The Authority terminated the contracts of a number of employees in 2012/13, incurring total costs of £610,000 (£1.093 million in 2011/12).

### 40. Defined Benefit Pension Scheme

#### a) Participation in the Pension Scheme

As part of the terms and conditions of employment of its Officers, the Authority makes contributions towards the costs of Scheme Member Employment Benefits. Although these benefits will not actually be payable until an employee retires, the Authority has a commitment to make the payments at the time that the employee earns their future entitlements.

#### b) Transactions Relating to Post Employment Benefits

The costs of retirement are recognised and reported in the Cost of Service when they are earned by the employees, rather than when the benefits are paid. However, the charge required to be made to the Council Tax is based on the cash payable in the year, so the real costs of post employment retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

Transactions Relating to Post Employment Benefits	<b>Local Government Pension Scheme</b>	
	<b>2012/13 £000</b>	<b>2011/12 £000</b>
<b>Cost of Services</b>		
Current Service Cost	6,445	4,798
Past Service Costs	(479)	(460)
Settlements and Curtailments	309	386
<b>Financing and Investment Income and Expenditure</b>		
Interest Cost	11,424	11,211
Expected Return on Scheme Assets	(8,807)	(10,345)
<b>Total Post Employment Benefit Charged to the Surplus/(Deficit) on the Provision of Services</b>	<b>8,892</b>	<b>5,590</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
Actuarial (Gains) and Losses	(11,383)	45,160
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(2,491)</b>	<b>50,750</b>
<b>Movement in Reserves Statement</b>		
Reversal of Net Charges made to the Surplus/(Deficit) for the Provision of Services for Post Employment Benefits in accordance with the Code	(8,892)	(5,590)
<b>Actual amount charges against the General Fund Balance for pensions in the year</b>		
Employers' Contributions Payable to Scheme	6,104	6,027

The Cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Account at 31 March 2013 is £24.2 million. (£35.6 million as at 31 March 2012).



## NOTES TO THE CORE FINANCIAL STATEMENTS

### c) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and discretionary benefit liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries. Estimates for the Council Fund are based on the latest valuation of the scheme as at 31 March 2013 is set out below.

The principal assumptions used by the actuary have been:

	2012/13	2011/12
<b>Long-term Expected Rate of Return on Assets in the Scheme:</b>		
Equity Investments	6.00%	6.30%
Bonds	3.41%	3.79%
Average All	4.13%	5.16%
<b>Mortality Assumptions:</b>		
<b>Longevity at 65 for Current Pensioners</b>		
Men	19.2 years	19 years
Women	23.2 years	23.1 years
<b>Longevity at 65 for Future Pensioners</b>		
Men	21.1 years	21 years
Women	25.1 years	25 years
<b>Rate of Inflation</b>		
RPI	3.40%	3.30%
CPI	2.60%	2.50%
Rate of increase in Salaries	4.40%	4.30%
Rate of Increase in Pensions	2.60%	2.50%
Rate for Discounting Scheme Liabilities	4.50%	4.60%
Take up option to convert annual pension to lump sum	50.00%	50.00%

### Members Assumption

Members will exchange half of their commutable pension for cash at retirement. Active members will retire one year later than they are first able to without reduction.

	2012/13	2011/12
	%	%
<b>Proportion of Assets Held</b>		
Equity Investments	69	70
Debt Instruments	16	16
Other Assets	15	14
<b>Total</b>	<b>100</b>	<b>100</b>

The actuarial gains identified as movements on the Pensions Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2012.

History of Gains and Losses	2008/09	2009/10	2010/11	2011/12	2012/13
	%	%	%	%	%
Difference between Expected and Actual Return on Assets	-40.4	22.2	1	-5.6	12.7
Actual Gains and Losses on Liabilities	-0.3		17	-0.1	-0.1

## NOTES TO THE CORE FINANCIAL STATEMENTS

### d) Assets and Liabilities in Relation to Past-Employment Benefits

	2012/13 £000	2011/12 £000
<b>Opening Balance 1 April</b>	<b>251,205</b>	<b>204,085</b>
Current Service Cost	6,445	4,798
Interest Cost	11,424	11,211
Contributions by Scheme Participants	1,874	1,899
Actuarial (Gain)/Loss	12,259	36,621
Benefits Paid	(7,635)	(7,335)
Past Service Cost	(479)	(460)
Curtailments	309	386
<b>Closing Balance 31 March</b>	<b>275,402</b>	<b>251,205</b>

### Reconciliation of Fair Value of the Schemes Assets

	2012/13 £000	2011/12 £000
<b>Opening Balance 1 April</b>	<b>153,282</b>	<b>150,885</b>
Expected Rate of Return	8,807	10,345
Actuarial (Gain)/Loss	23,642	(8,539)
Employers Contributions	6,583	6,487
Contributions by Scheme Participants	1,874	1,899
Benefit Paid	(8,114)	(7,795)
Settlements	-	-
<b>Closing Balance 31 March</b>	<b>186,074</b>	<b>153,282</b>

The expected return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investment are based on gross redemption yields as at the Balance Sheet Date. Expected returns on equity investments reflect long term rates of return experienced in respective markets.

### e) Scheme History

	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
<b>Present Value of Liabilities</b>						
Local Government Scheme	190,200	203,700	284,790	204,085	251,205	275,402
Fair Value of Assets in the Local Government Pension Scheme	129,850	100,710	139,168	150,885	153,282	186,074
<b>Surplus/(Deficit) in the Scheme</b>	<b>(60,350)</b>	<b>(102,990)</b>	<b>(145,622)</b>	<b>(53,200)</b>	<b>(97,923)</b>	<b>(89,328)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £251.2 million has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet resulting in a negative overall balance of £97.9 million. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

The deficit on the scheme will be made good by increased contributions over the remaining working life of the employees (i.e. before payment falls due), as assessed by the Actuary.

## NOTES TO THE CORE FINANCIAL STATEMENTS

Finance only needs to be raised to cover discretionary benefits when the pension is actually paid.

The total contribution expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2013 is £5.7 million.

### 41. Contingent Liabilities

There are a number of legal cases which are pending, the costs and timings of which are uncertain, including:

- Abortive costs in relation to a potential annulment of bankruptcy order, £500,000
- Refusal to renew sexual entertainment licence, £50,000
- Authority withholding consent as landlord for change of use, value not yet known
- Joint challenge to the adoption of Sites and Housing Development Plan Document, £50,000
- Potential compensation costs from a third party arising from the challenge of a planning decision, costs unknown.

### 42. Contingent Assets

#### a) Westhill Farm

In May 2011 one of the Council's properties at Westhill Farm was subject to substantial fire damage. The property has been valued for insurance purposes before the fire at £0.6 million and after the fire at around £0.2 million. Loss adjusters are currently involved and negotiations are ongoing; the outcome at present is unknown.

#### b) Old Fire Station Bond Claim

During 2011/12 the Council undertook a scheme for the refurbishment of one of its' property assets at the 'Old Fire Station' at a cost of around £3 million. During the course of the works the lead contractor ROK filed for liquidation. Appointing an alternative contractor incurred additional costs to the Council in the order of £0.2 million which it is currently attempting to recover from the contract bond. Negotiations are on going with the bondsman and will not complete until the completion of the building contract. It is still difficult to predict the outcome.

### 43. Nature and Extent of Risks Arising from Financial Instruments

The Council's overall risk management programme focuses on minimising the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as policies and procedures covering specific areas such as credit risk, liquidity risk, refinancing risk and market risk.

#### a) Credit Risk

Credit risk arises from short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the Council's policy to place funds only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's Treasury Advisers and to restrict lending to a prudent maximum amount for each financial institution. The Council also maintains a formal counterparty policy in respect of those financial institutions and other bodies from which it may borrow, or with whom it may enter into other financing arrangements.

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £4.5 million invested in this sector at that time. Over the last few years we have received a substantial amount of these deposits back and now have £1 million remaining as outstanding, and this is expected to be received almost in its entirety over the next few months.

## NOTES TO THE CORE FINANCIAL STATEMENTS

The authority does not generally allow credit for customers, such that all creditors are due within 3 months.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £42m cannot be assessed generally as the risk of any institution failing to make interest payment or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of un-recoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2013 that this was likely to crystallise.

### b) Liquidity Risk

The Council has ready access to borrowing from the Public Works Loan Board. As a result, there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time to mitigate the impact of re-borrowing at a time of unfavourable interest rates. The Council has specific percentage limits for debt maturing in different periods to ensure an excessive amount of loans do not fall due for repayment at the same time. This ensures prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

### c) Refinancing and Maturity Risk

The Council maintains a significant investment portfolio. Whilst the cash flow procedures cover the short and medium term cash needs, the risk in the longer term relates to the danger of having to replace a maturing long term investment at disadvantageous rates.

The approved prudential indicator limiting the amount of funds placed in investments for terms exceeding one year is a key factor limiting this risk, as is a medium term financial policy on reducing the Council's reliance on interest earnings to fund its core activities.

The Council approved Treasury and Investment Strategy addresses the main risks and the Council's treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of existing debt or ensuring sufficient funds to make repayments on due dates; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and the spread of longer-term investments providing stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity analysis of financial liabilities is as follows:

	2012/13 £000	2011/12 £000
Up to 1 year	913	816
Between 1 and 5 years	1,912	2,826
Between 5 and 10 years	20,000	20,000
Over 10 years	178,528	178,528
	<b>201,353</b>	<b>202,170</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, the fair value is assumed to be equal to the carrying amount.

### d) Analysis of Financial Liabilities

The analysis of financial liabilities is included in the table below. The amortised cost is an accumulation of the principal and accrued interest. The fair value is as per the notification received from the Public Works Loan Board (PWLB). The fair value of the liabilities is higher than the amortised cost due to the premiums that would become payable if the loans were to be repaid.

	2012/13 £000	2011/12 £000
Short Term Borrowing - Public Works Loan Board	910	816
Short Term Borrowing - South Oxfordshire District Council	282	269
Long Term Borrowing - Public Works Loan Board	200,440	201,350
Deferred Liability - South Oxfordshire District Council	607	889
Local Bonds	4	4
Finance Lease Liability	212	2,019
Debtors	14,694	23,368
Long Term Debtors	16,774	16,795
	<b>233,923</b>	<b>245,510</b>
<b>Amortised Cost</b>	<b>233,923</b>	<b>245,510</b>
<b>Fair Value</b>	<b>219,765</b>	<b>211,963</b>

### e) Analysis of Financial Assets

The analysis of Financial Assets is shown in the table below. The amortised cost is an accumulation of the principal and the accrued interest. All investments are at a fixed rate and for a fixed term therefore the accrued interest is based on the agreed rates at the inception date of the investment, and therefore a fair value has not been used as a comparator.

	2012/13 £000	2011/12 £000
Short Term Investments	45,073	32,000
Long Term Investments	32	32
Cash	(2,862)	(3,457)
Creditors	16,822	18,906
	<b>59,065</b>	<b>47,481</b>
<b>Amortised Cost</b>	<b>59,065</b>	<b>47,481</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

### f) Market Risk

**Interest rate risk** – The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise
- Borrowings at fixed rates – the fair value of the borrowing liability will fall
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments as fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the movement in reserves, unless the investments have been designated as Fair Value through the Income and Expenditure Account.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury options, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Council's treasury team monitor market and forecast interest rates within the year to adjust exposures appropriately, for instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.

The Council does not have any variable rate borrowings or investments, therefore the impact of a 1% increase or decrease in interest rates would have a nil financial impact.

**Price Risk** – The Council, excluding the Pension Fund, does not generally invest in instruments with this type of risk.

**Foreign Exchange Risk** – The Council does not partake in any financial assets or liabilities denominated in foreign currencies, however the Council has suffered a loss due to foreign exchange.

### g) Financial Instruments Gains and Losses

There are no gains or losses recognised in the Consolidated Income and Expenditure Statement in relation to financial instruments in this financial year.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### h) Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Fair Value of Assets and Liabilities carried at Amortised Cost	2012/13		2011/12	
	Carrying amount £000	Fair Value £000	Carrying amount £000	Fair Value £000
PWLB Debt	201,353	219,765	202,166	211,963
Non - PWLB Debt	889	889	1,162	1,162
<b>Total Debt</b>	<b>202,242</b>	<b>220,654</b>	<b>203,328</b>	<b>213,125</b>
Trade Creditors	9,577	9,577	13,012	13,012
<b>Total Financial Liabilities</b>	<b>211,819</b>	<b>230,231</b>	<b>216,340</b>	<b>226,137</b>
Money Market Loans < 1year	45,073	45,073	32,000	32,000
Money Market Loans > 1year	-	-	-	-
Bonds	-	-	-	-
Long Term Debtors	16,774	16,774	23,368	23,368
Trade Debtors	5,478	5,478	7,975	7,975
<b>Total Loans and Receivables</b>	<b>67,325</b>	<b>67,325</b>	<b>63,343</b>	<b>63,343</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 44. Heritage Assets Five Year Summary of Transactions

This Statement discloses the major transactions that have taken place on Heritage Assets. The Assets were shown in 2010/11 for the first time and were introduced mainly at Market Value. The assets were revalued as at 1 April 2010 and therefore as at that date are now showing in our accounts; it was impractical to obtain valuations before this date.

The assets not shown at Market Value are the non operational property assets which are based on Depreciated Historic Cost and the Donated asset. In 2011/12 a Donated Asset was recorded at the cost to the donor. The Donated asset is shown at £14,000; a valuation would have cost the council funds which were considered to be not commensurate to the benefit of obtaining the value.

During 2012/13 there have been no purchases, disposals, impairments or additional donated assets. The 2012/13 column below is therefore nil but has been provided to comply with the Code of Practice.

	2012/13 £000	2011/12 £000	2010/11 £000
<b>Cost/value of Acquisitions of Heritage Assets</b>			
Great Mace, Plate Room Silver Plaques and Cutlery	-	-	1,412
Furniture	-	-	13
Civic Regalia including Chains of Office Coat of Arms, registration number, and Organ	-	-	361
Fire Arms	-	-	38
Pictures and Drawings	-	-	420
Non Operational Property	-	-	200
<b>Total Cost of Purchases</b>	-	-	<b>2,444</b>
Value of Heritage Assets Acquired by Donation	-	14	-
<b>Total Donations</b>	-	<b>14</b>	-
<b>Disposals</b>			
Carrying Value	-	-	-
Proceeds	-	-	-
<b>Impairment recognised in the period</b>			
Great Mace, Plate Room Silver Plaques and Cutlery	-	(1)	-
Furniture	-	-	-
Civic Regalia including Chains of Office Coat of Arms, registration number, and Organ	-	-	-
Fire Arms	-	-	-
Pictures and Drawings	-	-	-
Non Operational Property	-	-	-
<b>Total</b>	-	<b>(1)</b>	-

### 45. Heritage Assets: Further Information on the Museum's Collections

#### The Great Mace, Plate Room Silver Plaques and Cutlery and the Willis Organ

This collection includes a number of maces and silver cups of historic interest and importance. The Great Mace circa 1660 was made to coincide with the restoration of Charles II, with the previous Commonwealth mace being used in the making of the Great Mace.

The Plate Room includes many cups and trophies, while many other silver items of cutlery, badges, tankards are retained in the collection held by the Council.



## NOTES TO THE CORE FINANCIAL STATEMENTS

Other historic cups are displayed and these include the Coronation Cup given by Charles II to the City of Oxford.

A late 19<sup>th</sup> Century Organ built by Henry Willis and Sons in 1896-7 is sited in the Main Hall of the Town Hall. The Organ is rococo style case with three towers and two flats. For the purpose of grouping assets into categories the value has been placed in with the Great Mace.

### **Furniture**

The Furniture recorded as heritage assets is limited to four notable mahogany sets of furniture. The Authority considers that due to a combination of the diverse nature and immaterial values, obtaining valuations for any less significant furniture would involve a disproportionate cost in relation to the benefit to the users of financial statements and therefore they are not included on the Balance Sheet.

### **Civic Regalia and Chains of Office**

The Chains of Office include those belonging to the Lord Mayor and Mayoress, the Sheriff and Sheriff's lady, and Deputy Lord Mayor. These are very ornate and valuable items mainly of gold and enamel. The Lord Mayor chain dates back to 1883, and includes a badge relief decorated and enameled with the City Arms.

### **Firearms**

The Firearms date back to the 17th Century, and include a collection of English Lock Muskets. The Firearms are displayed in the Town Hall in glass fronted cases.

### **Pictures and Drawings**

The Art Collection includes paintings (both oil and watercolour) and sketches and is reported on the Balance Sheet at Insurance Value.

A large number of Portraits are to be found in the collection, as well as oils on canvass such as "The rape of the Sabines" presented to the Council by the Duke of Marlborough in 1901.

### **Memorial Gardens and City Walls**

The Authority has identified War Memorials and Garden in St Giles, and the War Memorial in Marston Road, which along with the ancient City walls and Bastion (inside New College, and Hall Street) and the Rewley Abbey Wall meet the criteria of Heritage assets. However, due to their diverse nature these assets lack any comparable market values and cost records do not exist. The cost of providing a Balance Sheet valuation on these assets would be disproportionate to any benefit to the user of the Authorities financial statements and therefore are excluded from the Balance Sheet.

### **Heritage Non Operational Property**

A number of Properties owned by Oxford City are of historic interest but these are operational assets and therefore held within Property, Plant and Equipment.

The Authority has identified the Plain Fountain, comprising an ornate stone fountain covered by an octagonal plate roofed open sided structure with stone columns. A clock with four faces is sited on top of the roof with a decorative metal weather vane installed above. This is a significant Asset in terms of its cultural and Heritage presence and the Asset is included in the Balance Sheet at its Depreciated replacement Cost.

### **Oxford City First Registration number Plate**

The Council Mayors Car carries the first registration plate issued in Oxford, and the plate is valued at market value.

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# **SUPPLEMENTARY FINANCIAL STATEMENTS**

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## HOUSING REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

### H1.1 Housing Revenue Account Income and Expenditure Statement

	2012/13 £000	2011/12 £000
<b>Expenditure</b>		
Repairs & Maintenance	10,904	9,228
Supervision & Management	7,519	7,285
Rents, Rates, Taxes & Other Charges	(1,090)	168
Negative HRA Subsidy Payable	(231)	13,084
Depreciation and Impairment of Non-Current Assets	10,713	8,154
Debt management costs	-	-
Movement in the Allowance for Bad Debts (not specified by the Code)	182	166
Sums directed by the Secretary of State that are expenditure in accordance with the code	-	198,528
<b>Total Expenditure</b>	<b>27,997</b>	<b>236,613</b>
<b>Income</b>		
Dwelling Rents (Gross)	(37,208)	(33,864)
Non Dwelling Rents (Gross)	(1,571)	(1,528)
Charges for Services & Facilities	(1,703)	(1,903)
<b>Total Income</b>	<b>(40,482)</b>	<b>(37,295)</b>
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	(12,485)	199,318
HRA Services' share of Corporate and Democratic Core	198	202
<b>Net Income for HRA Services</b>	<b>(12,287)</b>	<b>199,520</b>
<b>HRA share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:</b>		
(Gain)/Loss on Sale of HRA Fixed Assets	576	(3,470)
Interest Payable and Similar Charges	6,895	753
Interest and Investment Income	(64)	(36)
<b>(Surplus)/Deficit for the year on HRA Services</b>	<b>(4,880)</b>	<b>196,767</b>

## STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

### H1.2 Movement on the Housing Revenue Income & Expenditure Account

The HRA Income and Expenditure Account shows the actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Council is required to account for its statutory housing activity on a different accounting basis, the main differences being that:

- the difference between the depreciation on HRA assets and the Housing Subsidy Major Repairs Allowance has to be adjusted back into the balance for the year,
- the gain or loss on the disposal of HRA assets has to be reversed before a final balance is calculated; and
- any impairment on HRA assets, either due to economic consumption or valuation, has to be reversed from the account before a statutory balance can be finalised.

The reconciliation statement below summarises the differences between the outturn on the Income and Expenditure Account and the Housing Revenue Account Balance.

#### MOVEMENT ON THE HRA STATEMENT

	2012/13 £000	2011/12 £000
<b>Balance on the HRA at the end of the Previous Year</b>	<b>(2,620)</b>	<b>(2,000)</b>
(Surplus)/Deficit for the Year on the HRA Income and Expenditure Account	(4,880)	196,767
Adjustments between Accounting Basis and Funding Basis Under Statute		-
- Difference between interest payable and similar charges	-	-
- Difference between any other item of income and expenditure	13	208
- Gain or (loss) on sale of HRA non-current assets	(576)	3,470
- HRA share of contributions to or from the Pensions Reserve	(54)	10
- Capital expenditure funded by the HRA	1,715	2,017
- Sums directed by the Secretary of State to be debited or credited to the HRA	-	(198,528)
- Transfer to/(from) the Major Repairs Reserve	7,000	(321)
- Transfer to/(from) the Capital Adjustment Account	(4,838)	(2,405)
- Transfer to/(from) Housing Repairs Account	-	-
<b>Net (Increase)/Decrease before Transfers to or from Reserves</b>	<b>(1,620)</b>	<b>1,218</b>
Transfer to and (from) Reserves	542	(1,838)
<b>(Increase)/Decrease in Year on the HRA</b>	<b>(1,078)</b>	<b>(620)</b>
<b>Balance on the HRA at the end of the Current Year</b>	<b>(3,698)</b>	<b>(2,620)</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### H2.1 Housing and Garage Stock Numbers

	2012/13	2011/12
<b>Houses</b>		
1 bedroom	277	278
2 bedrooms	848	848
3 bedrooms	2,903	2,906
more than 3 bedrooms	274	274
<b>Flats</b>		
1 bedroom	1,608	1,610
2 bedrooms	1,751	1,755
3 bedrooms	152	153
more than 3 bedrooms	4	4
<b>Non Dwelling Properties</b>		
Hostels	8	8
<b>Overall Total</b>	<b>7,825</b>	<b>7,836</b>

	2012/13	2011/12
<b>Summary of Changes in Stock</b>		
<b>Stock at 1 April 2012</b>	<b>7,836</b>	<b>7,847</b>
Adjustment Prior Year	-	-
Less Sales	(9)	(6)
Other Disposals	(2)	(5)
Additions		
<b>Stock at 31 March 2013</b>	<b>7,825</b>	<b>7,836</b>

	2012/13	2011/12
<b>Garages and Parking Spaces</b>		
Garages In Block	2,280	2,280
Garges Within Curtilage	272	272
Parking Spaces	50	50
<b>Overall Total</b>	<b>2,602</b>	<b>2,602</b>

	2012/13	2011/12
<b>Summary of Changes in Garages &amp; Parking Spaces</b>		
Stock at 1 April 2012	2,602	2,602
Overstated Demolished from Prior Year	-	-
Demolished/ Disposed	-	-
Non Residential Parking Included in Prior Year	-	-
Garages within Curtilage Overstated in Prior Year	-	-
<b>Stock at 31 March 2013</b>	<b>2,602</b>	<b>2,602</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

The vacant possession of the Council's Housing stock as at 1 April 2012 amounted to £1,449 million representing the economic cost to government of providing council housing, the social housing factor reduction of 32% reduced the value to an Existing Use Value - Social Housing of £466.2 million.

The table below shows the HRA property values as at 1 April 2012 and 31 March 2013.

	2012/13 Cost or valuation £000	2012/13 Depreciation £000	2012/13 Net Book Value £000	2011/12 Cost or valuation £000	2011/12 Depreciation £000	2011/12 Net Book value £000
Council Dwellings	475,417	(9,221)	466,196	469,083	(7,139)	461,945
Other Land and Buildings	20,708	(1,353)	19,355	18,705	(1,049)	17,656
Vehicles, Plant, Furniture and Equipment	67	(67)	-	-	-	-
Infrastructure and Community Assets	69	-	69	69	-	69
Assets Under Construction	727	-	727	-	-	-
Surplus Assets not Held for Sale	1,793	(58)	1,735	621	(25)	596
Investment Properties	70	-	70	113	-	113
Assets Held for Sale	1,006	-	1,006	74	-	74
<b>As at 31 March 2013</b>	<b>499,857</b>	<b>(10,699)</b>	<b>489,158</b>	<b>488,665</b>	<b>(8,213)</b>	<b>480,453</b>

### H2.2 Movement on the Major Repairs Reserve

	2012/13 0	2011/12 £000
<b>Opening Balance</b>	-	-
Transfer from Capital Financing Reserve	(5,876)	(6,758)
Excess of Depreciation on Dwellings over Major Repairs Allowance	(2,688)	1,267
Additional Resources transferred from HRA	(6,026)	-
Financing of Capital Expenditure (MRA Applied)	7,590	5,491
<b>Closing Balance</b>	<b>(7,000)</b>	-



## NOTES TO THE HOUSING REVENUE ACCOUNT

### H2.3 Capital Expenditure and Financing

	2012/13 £000	2011/12 £000
Buildings	7,590	8,577
Other Assets	-	-
Deferred Charges	-	-
<b>Total Spend</b>	<b>7,590</b>	<b>8,577</b>
<b>Sources of Finance</b>		
Major Repairs Reserve	7,590	5,491
Decent Homes Reserve	-	2,017
Capital Receipts	-	1,069
<b>Total Financing</b>	<b>7,590</b>	<b>8,577</b>

### H2.4 Capital Receipts Received

	2012/13 £000	2011/12 £000
Buildings	(1,151)	(6,028)
<b>Total</b>	<b>(1,151)</b>	<b>(6,028)</b>

### H2.5 Housing Subsidy

The 1 April 2012 saw the abolition of the previous Housing Subsidy regime. It was replaced by a new financial mechanism called "self-financing". The change to this new regime was facilitated by the Authority buying itself out of the old system at a cost of £198.5 million which was calculated and determined by the department for Communities and Local Government. The Authority financed this debt by procuring several Public Works Load Board (PWLB) loans, redeemable at various dates over the next 50 years.

Therefore, the old Housing Subsidy system is no longer relevant in the new self-financing era in which the Authority is now able to retain all its rental income to fund future capital investment in its stock, new build, day to day repairs and management, together with servicing the newly acquired debt.

The credit amount shown for 2012/13 refers to monies received back from the department for Communities and Local Government (CLG) following external audit of the final 2011/12 subsidy claim.

## NOTES TO THE HOUSING REVENUE ACCOUNT

	2012/13 £000	2011/12 £000
Management and Maintenance	-	14,189
Major Repairs Allowance	-	5,491
Charges for Capital	-	821
<b>Less:</b>		
Interest on Receipts	-	(7)
Guideline Rent Income	-	(33,674)
Rent Constraint Allowance	-	-
<b>Housing Subsidy Payable</b>	<b>-</b>	<b>(13,180)</b>
Adjustment to Subsidy for Prior Year	(231)	24
<b>Total</b>	<b>(231)</b>	<b>(13,156)</b>

### H2.6 Revenue Expenditure Funded from Capital Under Statute

Revenue expenditure funded from Capital under statute relates to capital expenditure which does not necessarily result in an asset. In 2012/13 these charges were £2,235 in 2011/12 they equated to £65,000.

### H2.7 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.

	2012/13 £000	2011/12 £000
Interest on Cash Balances	(60)	(30)
Interest on Loans to Individuals	(4)	(6)
<b>Total</b>	<b>(64)</b>	<b>(36)</b>

The Housing Revenue Account was debited with Item 8 interest of £6.9 million in 2012/13, this relates to the proportion of the external interest relating to the Housing Revenue Account.

### H2.8 Financial Reporting Standard (IAS) 19 – Pensions

Included within the Net Cost of Service is the HRA share of contributions from the Pension Reserve. The pension contributions have been calculated in accordance with IAS 19. An adjustment is made within the adjustments between accounting basis and funding basis under statute, so that there is no effect on the HRA surplus for the year.

The current cost of pensions amounting to £0.1 million has been charged to the HRA and the adjustment between accounting bases of £19,000 applied to ensure the HRA is charged with the statutory sum related to the actual cost of pension provision in year ( £0.1 million).

## NOTES TO THE HOUSING REVENUE ACCOUNT

### H2.9 Rent Arrears

	2012/13		2011/12	
	£000	% of total rents due	£000	% of total rents due
<b>Arrears Details</b>				
Current Tenants	1,402	3.72	902	2.58
Former Tenants	225	0.60	100	0.29
<b>Overall</b>	<b>1,627</b>	<b>4.32</b>	<b>1,002</b>	<b>2.87</b>
<b>Total Rents due in Year</b>	<b>37,653</b>		<b>35,005</b>	

	2012/13 £000	2011/12 £000
<b>Doubtful Debt provision</b>		
Opening Balance	229	227
Write-offs in Year	(22)	(145)
Additional Provision	150	147
<b>Closing Balance</b>	<b>357</b>	<b>229</b>

A review of the bad debt provision was undertaken at year end in line with the methodology adopted for previous years. The principal reason for the increase in arrears in 2012/13 was due to the Authority being involved in the Government's Direct Payments pilot project that began in July 2012.

This initiative introduced a change such that tenants, in receipt of Housing Benefit were paid their Housing Benefit directly with the obligation that they would pay their rent rather than the benefit being paid direct to the landlord (Oxford City Council). Arrears peaked during the third quarter but have been reducing since and it is expected that this improving trend will continue during 2013/14. It was estimated at year end that an additional contribution of £150,000, is required given the low level of arrears and low level of write-offs, thus bringing the overall provision up to £357,000, which is deemed to be sufficient.

### H2.10 Trading Operations

Trading Operations relate to work undertaken by the Housing Repairs Workforce. Following a reorganisation of services there were no Trading Operations during 2012/13.

### H2.11 Capital Commitments

Description	Contractor	2012/13 £000	2011/12 £000
Window Replacement Programme	Nationwide	357	615
Insulation Works to Timber Framed Housing	Home Heating	-	11
External Extension Works	GSR Contracting	-	29
Internal Disabled Adaptions	SCM Builders	-	13
Tower Blocks	EC Harris	678	-
<b>Total Capital Commitments HRA</b>		<b>1,035</b>	<b>668</b>

## COLLECTION FUND

The Collection Fund is the Council's statement reflecting its statutory obligation as a Billing Authority to maintain a separate Fund showing the transactions the Council as a Billing Authority has undertaken in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

The Collection Fund is a separate statutory fund under the provision of the Local Government Act 1988. Its assets and liabilities are included in the General Fund Balance Sheet and its income and expenditure is shown below:

	2012/13 £000	2011/12 £000
<b>Income</b>		
Council Tax	(65,246)	(63,911)
Business ratepayers	(80,631)	(79,239)
<b>Transfers from General Fund</b>		
Council Tax Benefit	(10,140)	(10,328)
Discretionary rate relief	(13)	(9)
<b>Sub Total</b>	<b>(156,030)</b>	<b>(153,487)</b>
<b>Expenditure</b>		
Precepts	74,616	74,359
<b>Business rate</b>		
Payment to National Pool	80,423	79,031
Cost of Collection Allowance	221	217
<b>Bad and doubtful debts</b>		
(Increase)/Decrease in Provisions	272	(118)
<b>Contributions</b>		
Towards previous year's estimated Collection Fund surplus	-	142
<b>Sub Total</b>	<b>155,532</b>	<b>153,631</b>
<b>(Surplus) / Deficit</b>	<b>(498)</b>	<b>144</b>
<b>Collection Fund Balances</b>		
<b>Balance B/forward</b>	<b>(27)</b>	<b>(171)</b>
Movement	(498)	144
<b>Balance C/forward</b>	<b>(525)</b>	<b>(27)</b>

## COLLECTION FUND

### CF1. 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 uniform business rate. The amount collectable, less a cost of collection allowance set by the Department of Communities and Local Government, and any adjustment to the provision for doubtful debts, is paid into the National Non Domestic Rate Pool. For each Billing Authority a set amount per head is paid back. For 2012/13 our contribution to the national pool was £80.4 million, and our entitlement £11.8 million.

The local rateable value (2010 Rating List) as at 31 March 2013 was £230.0 million (£230.8 million at 31 March 2012). The multiplier for 2012/13 was set at 45.8 pence in the pound (43.3 pence for 2011/12).

### CF2. Council Tax

The Council Tax Base is a measurement of the taxable capacity of the area. Dwellings are converted into Band D equivalents, taking into account exemptions and discounts. Dwellings are classified into eight valuation bands (A to H) based on 1991 capital valuations. The Council Tax is set for band D dwellings and the tax for the other bands is calculated as a proportion of the band D charge.

For 2012/13 Council Tax including precepts was set at £267.05 for a band D property (2011/12 £266.64)

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	2,256	1,575	6/9	1,050
B	9,049	7,013	7/9	5,454
C	18,687	15,813	8/9	14,056
D	15,564	12,560	9/9	12,560
E	6,757	5,239	11/9	6,403
F	2,792	2,376	13/9	3,433
G	3,145	2,693	15/9	4,489
H	565	326	18/9	651
	<b>58,815</b>	<b>47,595</b>		<b>48,096</b>
<b>Crown Properties</b>				0
<b>Allowance of 2% for non-collection</b>				(962)
<b>Total</b>				<b>47,134</b>

## GROUP ACCOUNTS BARTON OXFORD LLP

On 23 September 2011 the Council entered into a partnership with Grosvenor Developments Limited to form Barton Oxford LLP, a joint venture vehicle to develop social and affordable housing, on land owned by the Council, at Barton. The Council has a 50% interest in the Company and shares profits and losses and therefore is required to prepare group accounts for the first time. The Council received £0.5 million as part payment of its costs of establishing the company in 2011/12 and transferred the land with a value of £0.8 million to the LLP on 31 October 2011. The value will be repaid with interest by January 2019. As at the 31 March 2013 the company had net liabilities of £10,261 50% of which have been incorporated into the Council's Group Accounts (page 117).

These Group Accounts shown on the following pages incorporate the Joint Venture using the proportionate consolidation method, this is applied by taking shares of the balances and transactions proportionate to the Authority's interest in the entity, which is 50%.

Barton Oxford LLP accounts are completed on a UK GAAP basis and the Council's accounts are completed on an IFRS basis, however all accounting policies are in line.

The Group Accounts consist of the following:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow.

**GROUP ACCOUNTS: MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED  
31 MARCH 2013**

This statement shows the movement in year on the different reserves held by the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

The Net Increase/(Decrease) before Transfers to/from Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Total Authority Reserves	Group Movements	Authorities share of Reserves Joint Venture Barton Oxford LLP
Note	£000	£000	£000
<b>Balance at 31st March 2011 carried forward</b>	<b>630,065</b>		<b>630,065</b>
<b>Movement in Reserves during 2011/12</b>			
Surplus/(Deficit) on the Provision of Services	(186,348)	(4)	(186,352)
Other Comprehensive Income and Expenditure	(42,493)	-	(42,493)
<b>Total Comprehensive Income and Expenditure</b>	<b>(228,841)</b>	<b>(4)</b>	<b>(228,845)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	(2)	-	(2)
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>(228,843)</b>	<b>(4)</b>	<b>(228,848)</b>
Transfers (to)/from Earmarked Reserves	-		-
<b>Increase/(Decrease) in 2011/12</b>	<b>(228,843)</b>	<b>(4)</b>	<b>(228,848)</b>
<b>Balance at 31st March 2012 carried forward</b>	<b>401,222</b>	<b>(4)</b>	<b>401,217</b>
<b>Restated Movement in Reserves during 2011/12</b>			
Surplus/(Deficit) on the Provision of Services	(190,307)	(4)	(190,311)
Other Comprehensive Income and Expenditure	(42,493)	-	(42,493)
<b>Total Comprehensive Income and Expenditure</b>	<b>(232,800)</b>	<b>(4)</b>	<b>(232,804)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	(1)	-	(1)
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>(232,801)</b>	<b>(4)</b>	<b>(232,805)</b>
Transfers (to)/from Earmarked Reserves	-		-
<b>Increase/(Decrease) in 2011/12</b>	<b>(232,801)</b>	<b>(4)</b>	<b>(232,805)</b>
<b>Balance at 31st March 2012 carried forward</b>	<b>397,264</b>	<b>(4)</b>	<b>397,260</b>
<b>Movement in Reserves during 2012/13</b>			
Surplus/(Deficit) on the Provision of Services	8,674	(2)	8,672
Other Comprehensive Income and Expenditure	33,497	-	33,497
<b>Total Comprehensive Income and Expenditure</b>	<b>42,171</b>	<b>(2)</b>	<b>42,169</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	-	-	-
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>42,170</b>	<b>(2)</b>	<b>42,169</b>
Transfers (to)/from Earmarked Reserves	-	-	-
<b>Increase/(Decrease) in 2012/13</b>	<b>42,170</b>	<b>(2)</b>	<b>42,169</b>
<b>Balance at 31st March 2013 carried forward</b>	<b>439,434</b>	<b>(6)</b>	<b>439,429</b>

**GROUP ACCOUNTS: COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2013**

This statement shows the accounting cost in year, of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement on page 23.

	2012/13 Oxford City Council			2012/13 Group CI&E			2011/12
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Group Movements £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Central Services to the Public	4,016	(1,459)	2,557		4,016	(1,459)	2,557
Cultural and related Services	13,110	(4,106)	9,004		13,110	(4,106)	9,004
Environment and Regulatory Services	20,242	(11,626)	8,616		20,242	(11,626)	8,615
Planning Services	7,811	(1,541)	6,270		7,811	(1,541)	6,271
Highways and Transport Services	13,137	(11,470)	1,667		13,137	(11,470)	1,667
Local Authority Housing (HRA)	27,996	(40,482)	(12,486)		27,996	(40,482)	(12,486)
Other Housing Services	103,559	(97,258)	6,301	2	103,561	(97,258)	6,303
Corporate and Democratic Core	3,675	(52)	3,623		3,675	(52)	3,623
Non Distributed Costs	1,609	(1,581)	28		1,609	(1,581)	27
<b>Cost of Services</b>			<b>25,580</b>				<b>25,582</b>
Other Operating Expenditure			(3,075)				(3,075)
Financing and Investment Income and Expenditure			(2,561)				(2,561)
Taxation and Non-Specific Grant Income			(28,618)				(28,618)
<b>(Surplus)/Deficit on Provision of Services</b>			<b>(8,674)</b>				<b>(8,672)</b>
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			(22,114)				(22,114)
Actuarial (Gains)/Losses on Pension Assets and Liabilities			(11,383)				(11,383)
<b>Other Comprehensive Income and Expenditure</b>			<b>(33,497)</b>				<b>(33,497)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(42,171)</b>				<b>(42,169)</b>



**GROUP ACCOUNTS: BALANCE SHEET AS AT 31 MARCH 2013**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are Usable Reserves, i.e. those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves to deal with unforeseen events and any statutory limitations on their use (for example the Capital Receipts Reserve can only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; as well as reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	Note	Oxford City Council 2012/13 £000	Group 2012/13 £000	Group Movement 2012/13 £000	Group 2011/12 £000
Property, Plant & Equipment	1	581,949	583,262	1,313	577,215
Heritage assets		2,496	2,496	-	2,496
Investment Properties		92,744	92,744	-	86,103
Intangible Assets		827	827	-	360
Long Term Investments		32	32	-	32
Long Term Debtors		16,774	16,774	-	23,368
<b>Long Term Assets</b>		<b>694,822</b>	<b>696,135</b>	<b>1,313</b>	<b>689,573</b>
Short Term Investments		32,868	32,868	-	23,645
Assets Held for Sale		2,799	2,799	-	1,008
Inventories		774	774	-	768
Short Term Debtors	2	12,268	12,280	12	14,880
Cash and Cash Equivalents	3	9,343	9,409	66	5,138
<b>Current Assets</b>		<b>58,052</b>	<b>58,130</b>	<b>78</b>	<b>45,439</b>
Short Term Borrowing		(910)	(910)	-	(816)
Short Term Creditors	4	(14,396)	(15,793)	(1,397)	(17,373)
Provisions		-	-	-	-
<b>Current Liabilities</b>		<b>(15,306)</b>	<b>(16,703)</b>	<b>(1,397)</b>	<b>(18,189)</b>
Long Term Creditors		-	-	-	-
Provisions		(2,209)	(2,209)	-	(6,298)
Long Term Borrowing	5	(200,443)	(200,443)	-	(202,154)
Other Long Term Liabilities		(90,601)	(90,601)	-	(101,002)
Capital Grants Receipts in Advance		(4,881)	(4,881)	-	(6,152)
<b>Long Term Liabilities</b>		<b>(298,134)</b>	<b>(298,134)</b>	<b>-</b>	<b>(315,606)</b>
<b>Net Assets</b>		<b>439,434</b>	<b>439,428</b>	<b>(6)</b>	<b>401,218</b>
Usable Reserves	6	(50,583)	(50,577)	6	(34,362)
Unusable Reserves		(388,851)	(388,851)	-	(366,856)
<b>Total Reserves</b>		<b>(439,434)</b>	<b>(439,428)</b>	<b>6</b>	<b>(401,218)</b>

## GROUP ACCOUNTS: BALANCE SHEET AS AT 31 MARCH 2013

Barton Oxford LLP activities during 2012/13 equated to an increase in the net worth of £10,000 of which 50% is included in these Group Accounts. This is shown in the Balance Sheet above and details of these amounts incorporated are listed in the notes below.

### **Note 1 Property, Plant and Equipment**

Development property of £1.313 million is added to the Council's Property, Plant and Equipment. This represents development expenditure on project management, landscape architects, structural engineers, legal and other consultancy fees.

### **Note 2 Debtors**

The debtor element incorporated into the group was £12,000 as at 31 March 2013, and £49,000 as at 31 March 2012. This relates to VAT owed to HMRC.

### **Note 3 Cash and Cash Equivalents**

The cash and cash equivalents incorporated into the group was £66,000 as at 31 March 2013, and £240,000 as at 31 March 2012, which represents 50% of the movement in cash balances.

### **Note 4 Creditors**

The creditor element incorporated into the group was £1.397 million as at 31 March 2013, and £162,000 as at 31 March 2012. This represents a 50% share of the amounts owed to group undertakings, trade creditors and year end accruals.

### **Note 5 Long Term Borrowing**

The long term borrowing incorporated into the group was nil as at 31 March 2013, and £800,000 as at 31 March 2012. The balance of £0.8 million represents a 50% share of financing obtained by Grosvenor Developments Limited.

### **Note 6 Useable Reserves**

A deficit of £2,000 net expenditure on administration costs of the Barton Oxford LLP is included as a cost in the Group Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement. The useable reserves incorporated into the group reduced the overall reserves by £6,000 as at 31 March 2013 and £4,000 as at 31 March 2012.

## GROUP ACCOUNTS: CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

The Cash Flow Statement shows the changes in the Cash and Cash Equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

	Oxford City Council 2012/13 £000	Group 2012/13 £000	Group Movement 2012/13 £000	Group 2011/12 £000
Net (Surplus)/Deficit on the Provision of Services	(8,674)	(8,672)	-	186,351
Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements	(14,264)	(15,645)	(1,381)	(1,150)
Adjustments for Items Included in the Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities	-	-	-	-
<b>Net Cash Flows from Operating Activities</b>	<b>(22,938)</b>	<b>(24,316)</b>	<b>(1,381)</b>	<b>185,201</b>
Investing Activities	17,833	19,146	1,313	19,969
Financing Activities	660	660	-	(198,048)
<b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>	<b>(4,445)</b>	<b>(4,511)</b>	<b>(68)</b>	<b>7,122</b>
Cash and Cash Equivalents at the Beginning of the Reporting	(4,898)	(4,898)	-	(12,261)
<b>Cash and Cash Equivalents at the End of the Reporting</b>	<b>(9,342)</b>	<b>(9,408)</b>	<b>(68)</b>	<b>(5,138)</b>

	Oxford City Council 2012/13 £000	Group 2012/13 £000	Group Movement 2012/13 £000	Group 2011/12 £000
<b>Operating activities within the Cashflow Statement include the following cashflows relating to Interest</b>				
Cash Interest Received	532	532	-	233
Cash Interest Paid	(7,449)	(7,449)	-	(477)
<b>Total</b>	<b>(6,917)</b>	<b>(6,917)</b>	<b>-</b>	<b>(244)</b>

## GROUP ACCOUNTS: CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

### Note 26 - Investing Activities

#### Investing Activities

	Oxford City Council 2012/13 £000	Group 2012/13 £000	Group Movement 2012/13 £000	Group 2011/12 £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	16,360	17,673	1,313	21,681
Purchase of Short-Term and Long-Term Investments	9,223	9,223	-	11,850
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(5,716)	(5,716)	-	(11,227)
Other Capital Cash Receipts in Advance	(2,034)	(2,034)	-	(2,335)
Proceeds from short-term and long-term investments	-	-	-	-
Other receipts from Investing Activities	-	-	-	-
<b>Total Cash Flows from Investing Activities</b>	<b>17,833</b>	<b>19,147</b>	<b>1,313</b>	<b>19,969</b>

### Note 27 - Financing Activities

#### Financing Activities

	Oxford City Council 2012/13 £000	Group 2012/13 £000	Group Movement 2012/13 £000	Group 2011/12 £000
Repayment of Long Term Borrowing	643	643	-	995
Cash Receipts of Short and Long-Term Borrowing	-	-	-	(199,328)
Other receipts from Financing Activities	(112)	(112)	-	285
Payments for the reduction of a Finance Lease Liability	129	129	-	-
Payments for the reduction of a PFI Liability	-	-	-	-
<b>Total Cash Flows from Financing Activities</b>	<b>660</b>	<b>660</b>	<b>-</b>	<b>(198,048)</b>

### Note E - Makeup of Cash and Cash Equivalents

#### Cash and Cash Equivalents

	Oxford City Council 2012/13 £000	Group 2012/13 £000	Group Movement 2012/13 £000	Group 2011/12 £000
Cash Investments - regarded as Cash Equivalents	12,205	12,271	66	8,595
Bank Overdraft	(2,862)	(2,862)	-	(3,457)
<b>Total Cash and Cash Equivalents</b>	<b>9,343</b>	<b>9,409</b>	<b>66</b>	<b>5,138</b>

# **GLOSSARY OF TERMS AND ABBREVIATIONS**

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## GLOSSARY OF TERMS AND ABBREVIATIONS

### **Accounting Period**

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

### **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.

### **Amortisation**

The term used to refer to the charging of the value of a transaction or asset (usually related to intangible fixed assets) to the Income and Expenditure Account over a period of time, reflecting the value to the authority; similar to the depreciation charge for tangible fixed assets.

### **Asset Held for Sale**

Assets are classified as held for sale if their carrying amount is going to be recovered principally through a sale transaction rather than through continued use. This excludes from consideration any assets that are going to be abandoned or scrapped at the end of their useful lives.

### **Beacon Dwelling**

A generic property type representative of other assets held in the Council dwelling portfolio.

### **Billing Authority**

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

### **Capital Expenditure**

Spending which produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery, and intangible assets such as computer software. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure which does not fall within the definition must be charged to a revenue account.

### **Capital Adjustment Account**

A reserve that reflects financing of capital from revenue and capital receipts together with the adjustment of the minimum revenue provision.

### **Capital Receipts**

The proceeds from the sale of fixed assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on fixed assets or to finance new capital expenditure, within rules set down by government. Capital receipts cannot, however, be used to finance revenue expenditure.

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

The professional accountancy body concerned with local authorities and the public sector.

### **Collection Fund**

The Collection Fund is a statutory fund set up under the provisions of the Local Government Finance Act 1988. It includes the transactions of the charging Authority in relation to Non-Domestic Rates and Council Tax, and illustrates the way in which the fund balance is distributed to preceptors and the General Fund.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **Collection Fund Adjustment Account**

A reserve account that reconciles differences between statutory requirements as a Billing Authority and proper accounting practice.

### **Contingent Assets/Liabilities**

Potential gains and losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a debtor or provision in the accounts.

### **Contingent Rent**

A contingent rent is the difference between the inception rent and the current rent, and can relate to both rental income and rental expenditure on leased properties. A contingent rent on a leased property is the increases in the amount to be paid for the property arising from rent reviews during the contract, and these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. A contingent rent on leased out property is where the contingent rental increases due to rent reviews are recognised in income as they are received as an addition to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Deferred Credits**

This is the term applied to deferred capital receipts. These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years, e.g. mortgages. The balance is reduced by the amount repayable in any financial year.

### **Deferred Grants**

Amounts received or receivable which have been used to finance capital expenditure within the year. Under the capital accounting arrangements these amounts will be written off over the same period as the assets to which they relate.

### **Depreciation**

The measure of the wearing out, consumption or other reduction in the useful life of a fixed asset.

### **Earmarked Reserves**

These are funds set aside for a specific purpose, or a particular service, or type of expenditure.

### **Finance Lease**

Arrangement whereby the lessee is treated as the owner of the leased asset, and is required to include such assets within fixed assets on the balance sheet.

### **Fixed Assets - Tangible**

Tangible assets (i.e. land and buildings) that yield benefits to the Council and the services it provides for a period of more than one year.

### **Fixed Assets – Intangible**

Assets which are of benefit to the organisation but have no physical presence such as software licences.

### **GAAP**

Generally Accepted Accounting Practice



## GLOSSARY OF TERMS AND ABBREVIATIONS

### **General Fund Balance**

Balance at Year End not earmarked for any specific purpose.

### **Group Accounts**

Are the collective financial statements of a group, plus the investments in associates and interests in joint ventures, presented as a single economic entity.

### **Heritage Assets**

Are assets with historic, cultural, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

### **Housing Subsidy**

A Government grant payable towards the cost of providing Local Authority housing and the management and maintenance of that housing.

### **International Financial Reporting Standard (IFRS)**

A statement of accounting practice issued by the Accounting Standards Board.

### **Impairment**

An accounting adjustment made to the value of the asset when it's carrying amount (the amount at which an asset is recognised in the Balance Sheet after deducting accumulated depreciation and impairment losses) exceeds its recoverable amount (the higher of assets fair value less cost of sale and its value in use).

### **Investments**

Deposits for less than one year with approved institutions

### **Infrastructure Assets**

Expenditure on works of construction or improvement but which have no tangible value, such as construction of, or improvement to highways.

### **Investment Property**

Investment property is (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of operations.

### **Joint Venture**

Contractual or binding agreement whereby two or more parties are committed to undertake an activity that is subject to joint control.

### **Long Term Debtors**

Amounts due to the Council more than one year after the Balance Sheet date.

### **National Non-Domestic Rates (NNDR)**

Under the arrangements for uniform business rates, which came into effect on 1 April 1990, the Council collects Non-Domestic Rates for its area based on local rateable values, multiplied by nationally set rates. The total amount, less certain relief and deductions, is paid to a central pool managed by the Government, which in

## GLOSSARY OF TERMS AND ABBREVIATIONS

turn, pays back to Authorities their share of the pool based on a standard amount per head of the local adult population

### **Non operational Assets**

Fixed assets held by an organisation but not directly occupied, used or consumed in the delivery of services. An example of a non operational asset is an investment property or an asset being held pending its sale.

### **Operational Asset**

Fixed assets held by the Council and used or consumed in the delivery of its services.

### **Operating Lease**

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company.

### **Pension Fund**

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

### **Pooling of Housing Capital Receipts**

Pooling is the term given to the requirement to pay to the Government a proportion of certain types of capital receipt. From 1 April 2004 Right To Buy receipts are subject to a payment into a government pool at the rate of 75% for RTB's and 50% for land and other assets, net of statutory deductions and allowances. The Council may apply the sums to capital regeneration and Social Housing investment.

### **Precept**

The amount by which a Precepting Authority (e.g. a County Council) requires from a Billing Authority (e.g. District Councils) to meet its expenditure requirements.

### **Profit on the sale of Fixed Assets**

This is a recent accounting requirement for Local Government, and requires the book value of the asset sold to be compared to the net proceeds to calculate the profit or loss on the transaction

### **Provisions**

Sums set aside to meet future expenditure where a specific liability is known to exist but cannot be measured accurately.

### **PWLB**

Public Works Load Board - part of Central Government from which we can obtain borrowing.

### **Revenue**

Cost and income relating to the day-to-day running of services e.g. salaries and wages, supplies and services, transport and service relating income.

### **Revenue Expenditure Funded from Capital under Statute**

Capital expenditure which is allowable by statute to be funded from capital resources but which does not fall within the Code's definition of fixed assets. Examples include grants and similar advances made to other

## GLOSSARY OF TERMS AND ABBREVIATIONS

parties to finance capital investment.

### **Revenue Support Grant**

This funding is the Government Grant provided by the Department for Communities and Local Government (CLG), which is based on the Government's assessment as to what should be spent on local services. The amount provided by the CLG is fixed at the beginning of each financial year.

### **Statement of Recommended Practice (Code)**

The Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

The Code specifies the principles and practices of accounting required to prepare a Statement of Accounts which 'presents fairly' the financial position and transactions of a local authority. It prescribes the accounting treatments and disclosures for all normal transactions of an authority and involves interpretations of accounting standards issued by the Accounting Standards Board.

### **Statement of Standard Accounting Practice (SSAP)**

A statement of accounting practice issued by the Accounting Standards Board.

### **Surplus Asset**

Where assets are not in use but do not meet the criteria of Assets Held for Sale they will be considered surplus and will be accommodated in the class of Property, Plant and Equipment.

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**INDEPENDENT AUDITORS REPORT  
AND CERTIFICATE**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD CITY COUNCIL**

### **Opinion on the Authority's financial statements**

We have audited the financial statements of Oxford City Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement and related notes 1 to 45, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Income and Expenditure Account and related notes H2 1 to 11, Collection Fund and the related notes CF1 to 2. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Oxford City Council as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Head of Finance and auditor**

As explained more fully in the Statement of the Head of Finance Responsibilities set out on page 6, the Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2012/13 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## INDEPENDENT AUDITORS REPORT AND CERTIFICATE

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Oxford City Council as at 31 March 2013 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

### Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2012/13 for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/ SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

### Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

#### Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## INDEPENDENT AUDITORS REPORT AND CERTIFICATE

### **Basis of conclusion**

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

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

### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Oxford City Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

### **Certificate**

We certify that we have completed the audit of the accounts of Oxford City Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

*Maria Grindley  
for and on behalf of Ernst & Young LLP, Appointed Auditor  
Reading  
September 2013*



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# **Statement of Accounts 2012/13**

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