

Statement of Accounts



2016-2017



Building a world-class city for everyone



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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 2017.

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 26 of the value of the assets the Council owns and the liabilities that it owes. It is in essence, a statement of how well it has managed your money over the last twelve months.

The Statement 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 2017. Other supporting statements are provided to help explain the figures in the accounts. In addition, a glossary can be found on pages 135 to 141 to help explain some of the technical terms.

On pages 97 to 113 the main Accounting Statements are replicated to incorporate the Group Accounts of the Council. These Group Accounts reflect the Council's financial position inclusive of its 50% share in Barton Oxford LLP, the Council's Joint Venture with Grosvenor Developments Limited; its 50% share in Oxford West End Developments Limited (OxWED), the Council's joint venture with Nuffield College; and its 100% share of Oxford City Housing Limited (OCHL).

The Accounts and all relevant documents are subject to review by the Council's External Auditors, Ernst & Young, who will provide their opinion on the Council's Accounts. Ernst & Young LLP gave an unqualified opinion on the Statement of Accounts presented for 2015/16.

Should you have any comments or wish to discuss this Statement in further detail then please contact the Council's Financial Accounting Manager, Bill Lewis at blewis@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 Financial Services (Section 151 Officer)

Oxford City Council
1st Floor, St Aldate's Chambers
109 St. Aldate's
Oxford
OX1 1DS

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Financial Services (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 Financial Services (Section 151 Officer)


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

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

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that are reasonable and prudent, and
- complied with the Local Authority Code.
- kept proper accounting records which are 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 21 to 133 presents a true and fair view of the financial position of Oxford City Council as at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

The unaudited Accounts were issued on 31 May 2017 (and the audited accounts have been authorised for issue on 26 September 2017.)

Signed  _____
Nigel Kennedy

Date 26/9/17 _____

Head of Financial Services (Section 151 Officer)

Signed  _____
Councillor
Chair of Audit & Governance Committee

Date 26/9/17 _____

NARRATIVE REPORT

Purpose of the Narrative Report

The purpose of the narrative report is to provide an explanation of the Council's financial position, and assist in the interpretation of the financial statements. It contains commentary on the major influences affecting the Council's income and expenditure, cash flows and information on the financial needs and resources of the Council.

1. 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 Financial Services). The Head of Financial Services has 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 and page 26).
- The Core Financial Statements (pages 23 to 27) and supplementary statements (pages 85 to 94) and group accounts (pages 97 to 113) incorporating:
 - a. A Movement in Reserves Statement (MIRS) - a statement used to adjust International Financial Reporting Standard accounting practice to Local Government proper practice to ensure the accounting changes do not impact on Council Tax and create any additional burden to the tax payer.
 - b. The Comprehensive Income and Expenditure Statement - a statement which incorporates all revenue income and expenditure relating to the year.
 - c. Expenditure and Funding Analysis - a statement that supports and provides more information on the Comprehensive Income and Expenditure Statement.
 - d. A Balance Sheet - which records all the assets and liabilities at the Balance Sheet date of 31 March.
 - e. A Cashflow Statement - a statement that shows the inflows and outflows of cash during the year reconciled to the year end cash position.
 - f. The Housing Revenue Account - a statement which brings together all transactions during the year in relation to the management and maintenance of the Council's 7,746 dwelling stock.
 - g. 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 Crime Commissioner (Thames Valley) and Parish Councils.
 - h. Group Accounts - statements which reflect the Council's 50% interest with Grosvenor Developments Limited in a joint venture for the construction of dwellings at Barton, a 50% interest with Nuffield College in a joint venture for the regeneration of the West End area of Oxford, (OxWED) and the Council's wholly owned Housing Company, Oxford City Housing Ltd (OCHL). The Council's share of the assets and liabilities of these entities are required to be incorporated into the Council's accounts.

NARRATIVE REPORT

- i. The Statement of Accounting Policies, setting out the detailed rules under which we account for assets, liabilities, income and expenditure (pages 115 to 132).

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 £74.2 million as at 31 March 2017 and Unusable Reserves which are not 'cash backed' totalling £667.6 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 23). 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 Comprehensive Income and Expenditure Statement

This Statement (page 23) shows the net cost in the year of providing services, which is £42.3 million, 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 Expenditure and Financing Analysis and the supporting notes 6 and 7 (page 35 to 36), provide further information on the income and expenditure in the Comprehensive Income and Expenditure Statement. 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.

The Balance Sheet

	2016/17	2015/16	Variation
	£'000	£'000	£'000
Value of Land and Property Owned	983,690	897,189	86,501
Cash Investments, Assets Held For Sale and Stock	79,110	68,691	10,419
Money the Council Owes	(422,731)	(371,254)	(51,477)
Money the Council is Owed	101,639	91,760	9,879
Net Worth of Council at 31st March	741,708	686,386	55,322

This statement (page 26) shows the value as at 31 March 2017 of the assets and liabilities recognised by the Council which are £741.7 million net. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The value of land and property has increased through revaluations of property and the primary reason for the increase in the money the Council owes is due to an increase in the pensions liability which is matched by an increase in the pensions reserve.

Reserves are reported in two categories:

- Usable Reserves - £74.2 million those reserves that the Council 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).

NARRATIVE REPORT

- Unusable Reserves - £667.6 million those reserves that the Council 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 were sold; and reserves that reflect timing differences shown in the Movement in Reserves Statement line "Adjustments Between Accounting Basis and Funding Basis Under Regulations".

Cash Flow Statement

The Cash Flow Statement (page 27) 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 from Operating Activities' is £23.4 million and is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for the purchase of resources which are intended to contribute to the Council's future service delivery.

The overall increase in Cash and Cash Equivalents between 2015/16 and 2016/17 is approximately £12.97 million due to a movement of resources from short term investments to money market funds; money market funds are instant access and are classified as a cash equivalent..

The Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement (page 87) 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 Collection Fund

The Collection Fund (page 93) is the statement reflecting the Council's 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, collection from taxpayers and distribution to local authorities and Government of Council Tax and Non-Domestic Rates.

The Collection Fund Balance at the end of the year was a £2.4 million net surplus. This represents a £1.4 million surplus on Business Rates and a £1.0 million surplus on the Council Tax element respectively. The Council Tax balance is shared between Oxford City Council, Oxfordshire County Council, and the Police and Crime Commissioner (Thames Valley) in proportion to their precept. The Business Rates balance is shared between Central Government, Oxford City Council and Oxfordshire County Council in the percentages 50% / 40% / 10% respectively.

	Business Rates 2016/17 £'000	Council Tax 2016/17 £'000	Total 2016/17 £'000
Oxford City Council	(543)	(171)	(714)
Oxfordshire County Council	(136)	(763)	(899)
Police and Crime Commissioner (Thames Valley)	-	(99)	(99)
Central Government	(680)	-	(680)
Total (Surplus)/Deficit	(1,359)	(1,033)	(2,392)

NARRATIVE REPORT

2. General Fund Outturn Position

The Council set a budget for spending on General Fund services of £19.766 million plus £0.087 million for corporate accounts and contingencies, to be financed by Grant funding of £2.849 million, Council Tax of £12.596 million and Collection Fund surpluses of £4.580 million.

The Council Tax for a Band D property was set at £289.04 (including parish precepts), a 1.99% increase for the City Council Tax on the previous year.

The table below shows the Council's outturn position at service level against the latest budget: a favourable position of £0.159 million. This was transferred to Earmarked Reserves to fund future capital schemes.

	Net Approved Budget 2016/17 £'000	Net Revised Budget 2016/17 £'000	Net Expenditure 2016/17 £'000	Variance 2016/17 £'000
Assistant Chief Executive	609	782	846	64
Partnerships	485	571	578	7
Planning and Regulatory	1,301	1,476	1,829	353
Housing and Property	(5,023)	(5,347)	(5,446)	(99)
Regeneration and Housing	(3,237)	(3,300)	(3,039)	261
Environmental Sustainability	634	689	718	29
Community Services	4,919	5,300	5,310	10
Direct Services	2,674	4,326	3,486	(840)
Community Services	8,227	10,315	9,514	(801)
Transformation	377	407	407	-
Business Improvement	8,565	9,295	9,601	306
Welfare Reform	141	373	373	-
Financial Services	2,634	2,854	2,954	100
Law and Governance	2,450	2,628	2,539	(89)
Organisational Development & Corporate Services	14,167	15,557	15,874	317
Total Service Expenditure	19,766	23,354	23,195	(159)
Corporate Accounts and Contingencies	87	(3,501)	(3,342)	159
Net General Fund Expenditure	19,853	19,853	19,853	-
Total Funding	19,853	19,853	19,853	-
Net (Surplus)/Deficit	-	-	-	-
Working Balance	(3,622)	(3,622)	(3,622)	-

The key variances across the Directorates are:

Assistant Chief Executive

- Year end adverse variance of £0.064 million is the net effect of a carry forward request for £0.100 million being approved to provide a contribution in respect of working with the Clinical Commissioning Group in 2017/18. offset by additional local district contributions being received in respect of Unitary Authority work.

NARRATIVE REPORT

Regeneration & Housing

- **Planning & Regulatory** - Year end adverse variance of £0.353 million, due to staffing pressures across the service area, and a decline in income on some of the key income streams previously reported. Underspends on Grenoble Road planning work and the preparation of the Oxford Plan were also achieved for which sums have been carried forward into 2017/18.
- **Housing & Property** - Year end favourable variance of £0.099 million, due to an underspend of £0.400 million within the Homelessness prevention area and additional commercial property income of £0.400 million being received above that budgeted. Sums totalling £0.697 million have been carried forward into 2017/18 for the Homelessness prevention funds, which have previously been reported to the City Executive Board, and some planned maintenance schemes for the Town Hall and Covered Market that have not been completed in year.

Community Services

- **Community Services** - Year end adverse variance of £0.010 million is due to staff savings across the service area and additional income received in Town Hall and Facilities. A total of £0.125 million has been carried forward into 2017/18 for improving the meeting rooms in St Aldates Chambers, and existing projects relating to Children's Centre consultancy and legal services.
- **Direct Services** - Year end favourable variance of £0.840 million, due to savings on fuel prices of £0.132million and overachievement of income in Motor Transport of £0.100 million, Commercial Waste of £0.200 million, Off Street Parking of £0.470 million and Engineering Services of £0.250 million. £0.400 million of this favourable variance has been requested to fund two new bids in 2017/18 for the extension to Cowley Marsh Depot and funding the set up of the new Trading Company.

Organisational Development and Community Services

- **Financial Services** - Year end adverse variance of £0.100 million due to reduced court costs income from Council Tax summons, as previously reported to City Executive Board. Proactive work has reduced the number of court cases and secured payments of council tax arrears to the detriment of court cost income.
- **Business Improvement** - Year end adverse variance of £0.306 million due to overspends on the telephony project, this has been offset by underspends within Organisational Development and Business Improvement. A total of £0.076 million has been carried forward into 2017/18 relating to liP and Apprenticeships, along with a request for a new budget of £0.200 million for the implementation of the new Housing Management and Job Costing System.
- **Law & Governance** - Year end favourable variance of £0.089 million due to staffing savings across the team, and an underspend on External Legal fees.

NARRATIVE REPORT

Corporate Accounts and Contingencies

- **Local Cost of Benefits** - Spend on Housing Benefit expenditure net of Housing Benefit subsidy and income from overpaid Housing Benefit shows an adverse variance of around £0.946 million. This has been partially mitigated by transfers from Earmarked Reserves established specifically for this purpose to give a final outturn position of £0.646 million. This has largely arisen due to lost subsidy from errors and delays in the processing of housing benefit claims. A recovery plan is in place to mitigate these issues going forward.
- **Investment Income** - A favourable variance of £0.398 million has arisen from increased investment income from our property fund investments and loans to OxWED.
- The balance on the Corporate Accounts is mainly from Transfers to Capital Reserves, which is the reversal of the upward revaluation of the Councils Investment Properties to ensure that these charges do not impact on the bottom line of the financial accounts

3. Housing Revenue Account Outturn Position

The table below shows that the Housing Revenue Account has an overall surplus of £0.165 million against a revised budgeted surplus of £0.165 million.

	Net Approved Budget 2016/17 £'000	Net Revised Budget 2016/17 £'000	Net Expenditure 2016/17 £'000	Variance 2016/17 £'000
Dwelling Rent	(41,528)	(43,362)	(43,701)	(339)
Service Charges	(1,267)	(1,567)	(1,701)	(134)
Garage Income	(206)	(206)	(197)	9
Miscellaneous Rent	(783)	(1,528)	(1,621)	(93)
Right to Buy	(52)	(52)	(33)	19
Income	(43,836)	(46,715)	(47,253)	(538)
Management & Services (Stock Related)	9,896	9,290	8,336	(954)
Misc Expenditure (Not Stock Related)	295	430	320	(110)
Other Revenue Spend (Stock Related)	191	129	124	(5)
Bad Debt Provision	366	366	292	(74)
Responsive and Cyclical Repairs	10,416	10,967	11,302	335
Interest Paid	7,920	7,702	7,702	-
Depreciation	5,994	5,994	6,783	789
Expenditure	35,078	34,878	34,859	(19)
Net Operating Expenditure / (Income)	(8,758)	(11,837)	(12,394)	(557)
Appropriations	8,747	11,672	12,229	557
Net (surplus)/deficit	(11)	(165)	(165)	-
Working Balance	(4,000)	(4,000)	(4,000)	-

NARRATIVE REPORT

The majority of this variance arises from:

Income

- **Dwelling Rent** - A favourable variance of £0.339 million, this is due to fewer Right To Buy sales during the year than originally projected (budgeted 40 RTB sale and actual RTB disposal totalled 25). Additional rental income, was also received from the 75 units being made available for Temporary Accommodation and a number of void properties converged to formulae rent during the year.
- **Service Charges** - A favourable variance of £0.134 million, due to changes in the leaseholder charges that had not been budgeted for.

Expenditure

- **Management and Services (Stock Related)** - A favourable variance of £0.954 million is due staff vacancies, savings in spend associated with public utilities, external consultancy Council Tax associated with Void properties.
- **Misc. Expenditure (Non Stock Related)** - A favourable variance of £0.110 million is due to staff vacancies and reduced spend on utilities on Temporary Accommodation units.
- **Responsive and Cyclical Repairs** - An adverse variance of £0.335 million is due to day to day responsive repairs and planned maintenance being overspent in year due to an increase in activity in this area.
- **Depreciation** - An adverse variance of £0.789 million represents the total amount of depreciation for Council Houses and other assets in the HRA, which are offset with a credit showing in the Appropriations lines.
- **Appropriations** - An overall adverse variance of £0.557 million represents the entries relating to movements to and from reserves, capital financing, depreciation and impairments.

NARRATIVE REPORT

4. Capital Outturn Position

The table below shows capital expenditure for the year was £32.526 million compared to a revised budget of £36.276 million. The total variance of £3.749 million compared to the latest budget is made up of £0.220 million of underspent schemes and £3.531 million of slippage into future years.

	Original Approved Budget 2016/17 £'000	Latest Budget 2016/17 £'000	Spend to 31 March 2016/17 £'000	Outturn Variance to Latest Budget 2016/17 £'000	Outturn Variance due to Slippage 2016/17 £'000	Outturn Variance due to Over / (Under) spend 2016/17 £'000
General Fund Total	20,840	16,374	14,391	(1,983)	(1,902)	(81)
Housing Revenue Account Total	21,033	19,902	18,135	(1,767)	(1,629)	(139)
Grand Total	41,873	36,276	32,526	(3,750)	(3,531)	(220)

The key variations between the outturn and the original budget are detailed below:

General Fund

- Oxpens Regeneration - £1.400 million - Due to an underspend in the original budgeted amount for land purchase
- Disabled Facilities Grants - £0.400 million - Due to delays in referrals being received from the County Council. Plans for the year ahead include meeting with the County commissioner to ensure we can support their needs, increasing staffing within the team and updating our policy, these will ensure that we can utilise the budget allocation as best we can
- Compulsory Purchase Orders - £0.800 million – Deletion of this scheme
- National Homelessness Fund – £0.500 million - Delay in property purchases
- Go Ultra Low - £0.800 million – Rephrasing of project spend
- Seacourt Park and Ride - £1.100 million – Delays in project delivery due to external influences
- Quarry Pavilion - £0.800 million - Delays in start on site
- Investment Property Acquisitions - £0.500 million - Slippage due to delay in working up the scheme
- Other Net Changes in HRA Spend - £1.600 million - Slippage due to a delay in a range of projects
- Loans to Housing Company- £0.750 million - Additional budget allocation approved by Full Council to provide funds for the Housing Company to purchase 5 properties from the HRA

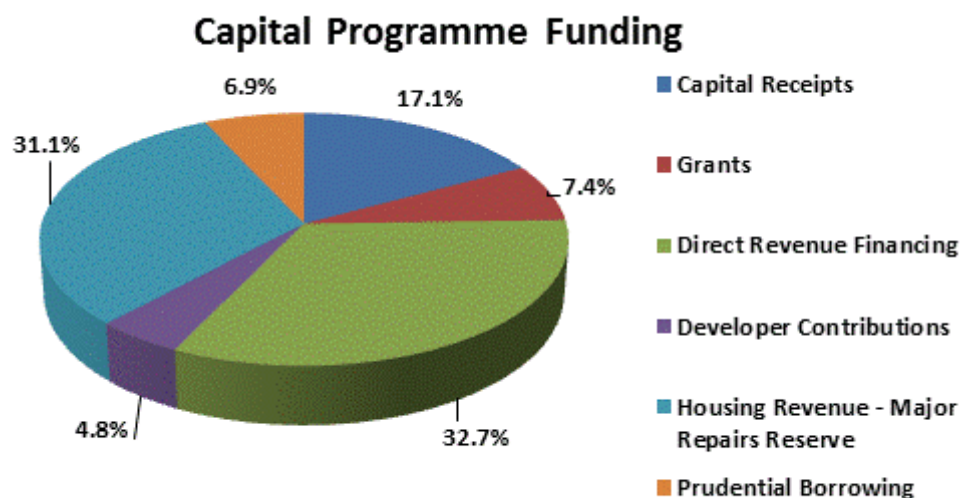
HRA

- Tower Blocks - £1.300 million –Slipped into future years partly due to the delayed commencement of works at the beginning of the contract and partly due to delays in receiving statutory approvals to carry out the work to the entrances and landscaping. Despite these delays works are still expected to be completed within the original project timescale and budget envelope;

Funding the Capital Programme

The General Fund Capital Programme spend totalled £14.391 million and was funded through a combination of Direct Revenue Financing (£3.059 million), Capital Receipts (£5.194 million), Prudential Borrowing (£2.243 million), Grants (£2.330 million) and Developer Contributions (£1.565 million). Prudential borrowing was used to finance part of the investment in the National Homelessness Property Fund and to finance a loan to the Council's wholly-owned Oxford City Housing Company.

The Housing Capital Programme spend totalled £18.135 million and was financed from Direct Revenue Financing (£7.568 million), Capital Receipts (£0.392 million), Major Repairs Reserve (£10.112 million) and



5. Material Items of Income and Expenditure

The Council's accounting policies are set out on pages 115 to 132 of the Statement of Accounts. These policies are largely unchanged from last year. However, there are some key events that have taken place over the year which have a material impact on the understanding of the Accounts. They are detailed as follows:

- ### Pension Fund

The Council's liability to provide for the cost of past employment benefits to staff has increased in the year ended 31 March 2017.

The liability reported as at 31 March 2016 was £133.8 million. The revised liability as at the 31 March 2017 is £179.5 million. The increase is due to a number of factors, the most significant of which are actuarial losses of £39.8 million due mainly to significant changes in financial assumptions and offset by anticipated returns on plan assets.

The actuarial loss for 2016/17 of £39.8 million is reported as a loss on the Comprehensive Income and Expenditure Account, and is subsequently adjusted (in accordance with proper practice) via the Movement in Reserves Statement to ensure it has no General Fund Balance implications.

More information regarding the Defined Benefit Pension Scheme can be found in Note 42 of the Statement of Accounts (pages 80 to 83).

6. Current Borrowing Levels

The Council currently has external borrowing of £198.5 million with Public Works Loan Board. This was taken out in 2012 to initiate the self financing of the Housing Revenue Account and the first repayment of this borrowing is due in 2019/20.

NARRATIVE REPORT

7. Contingencies and Provisions

As at 31 March 2017 the Council had made provision for £7.6 million of expenditure likely to be incurred some-time in the future. Included in this figure are the following amounts:

- **Rent Deposit Scheme** - £1.4 million - this provision covers deposits paid on behalf of tenants placed in private rented properties by the Council.
- **Singleton Repairs and Maintenance** - £0.3 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 outstanding court costs that have been raised against Council Tax arrears.
- **Provision for NNDR Appeals** - £5.2 million - following the reform of Business Rates, the risk of appeals is shared between Central Government, the Council and Oxfordshire County Council. This relates to the Council's potential liability for the cost of appeals. The Council's share of the overall Collection Fund Balance has been transferred to Earmarked Reserves.
- A number of small miscellaneous provisions totalling £0.4 million.

8. 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 (£1.5 million and £3 million respectively). Developments over the last year are as follows:

- **Glitnir** - There is a small remaining balance of approximately £106,000. This will potentially be recovered in due course.
- **Heritable Bank** - There is a small remaining balance of £60,000. Recovery of this final balance is uncertain.

9. Group Accounts

Barton Oxford LLP

The Council entered into a partnership with Grosvenor Developments Limited to form a joint venture company to develop 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.

Oxford West End Development Company (OxWED)

The Council is a 50% owner of OxWED, a newly incorporated Joint Venture, with Nuffield College. The purpose of the company is to develop and regenerate the West End area of Oxford and produce a mixed use development including commercial and domestic properties for sale and rent.

Oxford City Housing Limited (OCHL)

OCHL is a 100% owned subsidiary of the Council. The purpose of the company is to secure more housing and more affordable housing in the city and to improve housing supply, quality and delivery.

Under the Equity method of group accounting the Council's Group Balance Sheet records the Council's share of the OxWED and the Barton Oxford LLPs Net Assets. OCHL is consolidated on a line by line basis because it is wholly owned by the Council. The net figure for all three entities as at 31 March 2017 is a net liability of £0.208 million.

NARRATIVE REPORT

	OCHL 2016/17 £'000	OxWED 2016/17 £'000	Barton LLP 2016/17 £'000	Total 2016/17 £'000
Council's share of Net Assets	686	6,130	1,693	8,509
Capital classified as a liability	(743)	(6,600)	(1,113)	(8,456)
Council's Share shown in the Group Accounts	(57)	(470)	580	53

	OxWED 2015/16 £'000	Barton LLP 2015/16 £'000	Total 2015/16 £'000
Council's share of Net Assets	6,495	1,043	7,538
Capital classified as a liability	(6,550)	(1,060)	(7,610)
Council's Share shown in the Group Accounts	(55)	(17)	(72)

The overall net assets of the entities shown on the Balance Sheets of the entities are split in proportion to the ownership of the entities. The amount shown in the Council's Group Accounts is the Council's share of net assets adjusted for entries that are already included in the Council's accounts to avoid double counting. This involves deducting the LLP's costs of acquiring land from Oxford City Council (£1.113 million) in respect of Barton and providing loans to OxWED (£6.600 million) and OCHL (£0.743 million). The City Council's Statement of Accounts also holds a Long Term Debtor of £1.113 million in respect of original land value plus capitalised interest transferred from the City Council to the LLP and long and short term debtors of £6.600 million (£6.500 million for the purchase of the land and £0.100 million working capital) in respect of the OxWED loan.

See pages 97 to 113 for more details on the Group Accounts.

10. Financial Prospects Looking Forward

General Fund

The 2016/17 outturn position was favourable with the Council having a surplus on its General Fund of £0.159 million in the year which was transferred into Earmarked Reserves largely to finance the Capital Programme. Earmarked Reserves, excluding the insurance fund, now stand at £35.020 million, with a further £3.622 million held in the General Fund working balance.

The Council's Medium Term Financial Plan for 2017/18 to 2020/21 makes use of transfers to and from the working balance over the period of plan, returning it to the current level of £3.622 million at the end of the four year period.

To achieve this position a programme of savings, service reductions and increased fees and charges totalling £16.4 million is needed over the next four years. The Council has budgeted for contingencies to mitigate against non delivery of efficiency savings using a risk based approach. Those savings deemed to be of high risk are covered by a 40% contingency.

The Council's Medium Term Financial Plan assumes Revenue Support Grant will be removed from 1 April 2019. The plan is balanced over the medium term and in the current financial climate could be considered financially robust. Going forward there are still a number of significant uncertainties and risks which the Council needs to monitor including:

- Significant variations in actual income and expenditure against budget.
- Business Rates income is lower than forecast.
- New Homes Bonus is lower in future years.
- Welfare Reform impacts the Council more adversely than assumed.

NARRATIVE REPORT

- Interest rates are lower than projected.
- Slippage, non-delivery of savings or additional pressures arises that have an on-going financial impact on the Council.
- The knock on implications of funding cuts being experienced by partner organisations.

Pressure will also 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 continue to be suppressed.

Demand for services, however, especially for the housing of homeless families, is likely to rise and the Council will need to ensure robust management of its finances going forward.

Housing Revenue Account (HRA)

The introduction of new legislation has affected the HRA business plan significantly and there still remain a number of risks in this area over the period of the Medium Term Financial Plan, they are:

- Liability arising from forced sale of High Value Council Housing (HVCH) is more than estimated for future years.
- Government intervention in council house rent continues after 31st March 2020 which adversely affects the 30 year HRA business plan.
- Increased arrears due to benefit changes arising from the roll out of universal credit.
- Non-achievement of assumed Right To Buy sales now
- Non-achievement of planned efficiencies.
- Variations in estimates causing cash flow problems.

Local Authority Trading Companies

The Council is in the process of setting up two wholly owned Companies to deliver the work of the Council's Direct Services Department. One of these companies is intended to undertake work relating to the Council's statutory responsibilities and as such will apply for Teckal exemptions. The other company is intended to undertake commercial activities and to pursue a more commercial approach without the legislative limitations placed on the Direct Services Department as part of the Council's organisational structure. The companies are currently expected to commence trading on 1 November 2017.

Future Borrowing

The Council is planning to undertake significant borrowing over the next four year period predominantly to finance loans to OCHL and OxWED but also other capital spend, with the Capital Financing Requirement estimated to increase to around £0.305 million at the end of 2020/21 from 0.223 million at the end of 2016/17. Some of this will be funded from internal resources and some through external borrowing, most likely from the Public Works Loans Board. These loans will be secured against property and land purchased by the entities. Interest rates on the loans have been calculated by the Council to be state aid compliant.

NARRATIVE REPORT

11. Performance Management

The Council had fifteen Corporate Performance Indicators which it monitored and reported on during the year, these are listed below. Of the fifteen indicators 12 (80%) achieved their target, with the remainder only marginally falling short.

Measure	Target	Result for 2016/17
Net increase in number of businesses operating in the city	200	205
Number of jobs created or safeguarded in the city as a result of the City Council's investment and leadership	700	742
Amount of employment floor space permitted for development	15,000	14,659
The percentage of estimated HMOs in the City that are licenced	70%	80%
Number of new homes granted permission in the city	400	420
Limit our use of temporary accommodation at 2015 levels	120	96
The number of people taking part in our youth ambition programme	5,500	6,202
Number of people using leisure centres	1,400,000	1,370,105
Resident satisfaction with their area as a place to live	82%	84%
Satisfaction with our street cleaning services	76.00%	78.78%
Implementation of measures to reduce the City Council's carbon footprint by 5% each year	248 Tonnes	254 Tonnes
The amount of non-recyclable waste produced in the city per household decreases each year	423 kgs	392.69 kgs
The percentage of customers satisfied at their first point of contact	82.00%	88.59%
Delivery of the Council's cost savings and income targets	1,758,000	1,664,000
Levels of staff engagement based on best companies staff survey results	5	5

NARRATIVE REPORT

12. 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 2016/17.

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
- send an e-mail to either:
Head of Financial Services (Section 151 Officer) (Nigel Kennedy at nkennedy@oxford.gov.uk) or
Financial Accounting Manager (Bill Lewis at blewis@oxford.gov.uk)
- write to us at:
Oxford City Council
1st Floor, St Aldate's Chambers
109 St Aldate's
Oxford OX1 1DS
- or, contact our auditors Ernst & Young LLP via the Audit Manager, David Guest at dguest@uk.ey.com

**CORE FINANCIAL
STATEMENTS &
EXPENDITURE AND FUNDING
ANALYSIS**

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**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED
31 MARCH 2017**

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 (page 25).

	2016/17			2015/16		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Note	£'000	£'000	£'000	£'000	£'000	£'000
Assistant Chief Executive	877	(131)	746	733	(82)	651
Regeneration and Housing	20,785	(9,967)	10,818	23,698	(11,178)	12,520
Community Services	65,881	(55,234)	10,647	60,018	(51,278)	8,740
Organisational Development and Corporate Services	18,106	(2,538)	15,568	17,753	(2,607)	15,146
Housing Revenue Account (HRA)	50,928	(47,253)	3,675	34,330	(45,624)	(11,294)
Service Level Agreements and Capital Charges	20,527	(23,888)	(3,361)	28,430	(21,493)	6,937
Corporate and Democratic Core	66,393	(62,138)	4,255	67,953	(65,158)	2,795
Cost of Services	243,497	(201,149)	42,348	232,915	(197,420)	35,495
Other Operating Expenditure	2,167	-	2,167	2,007	(2,649)	(642)
Financing and Investment Income and Expenditure	11,460	(18,043)	(6,583)	11,791	(19,942)	(8,151)
Taxation and Non-Specific Grant Income	-	(32,145)	(32,145)	-	(35,339)	(35,339)
(Surplus)/Deficit on Provision of Services	257,124	(251,337)	5,787	246,713	(255,350)	(8,637)
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			(101,290)			(79,077)
(Surplus)/Deficit on Available for Sale Financial Instruments			(92)			(1,356)
Actuarial (Gains)/Losses on Pension Assets and Liabilities			39,812			(18,554)
Other Comprehensive Income and Expenditure			(61,570)			(98,987)
Total Comprehensive Income and Expenditure			(55,783)			(107,624)

EXPENDITURE AND FUNDING ANALYSIS FOR THE YEAR ENDED 31 MARCH 2017

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the council's directorates [services or departments]. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2016/17			2015/16		
	Net Expenditure GF & HRA £'000	Adjustments Between Funding and Accounting Basis £'000	Net Expenditure Cl&E £'000	Net Expenditure GF & HRA £'000	Adjustments Between Funding and Accounting Basis £'000	Net Expenditure Cl&E £'000
Assistant Chief Executive	746	-	746	651	-	651
Regeneration and Housing	11,300	482	10,818	13,930	1,410	12,520
Community Services	10,647	-	10,647	8,740	-	8,740
Organisational Development and Corporate Services	15,568	-	15,568	15,146	-	15,146
Housing Revenue Account (HRA)	3,675	-	3,675	(11,294)	-	(11,294)
Service Level Agreements and Capital Charges	(43,381)	(40,020)	(3,361)	(30,502)	(37,439)	6,937
Corporate and Democratic Core	4,832	577	4,255	3,062	267	2,795
Cost of Services	3,387	(38,961)	42,348	(267)	(35,762)	35,495
Other Income and Expenditure	(6,917)	29,644	(36,561)	(12,434)	31,698	(44,132)
(Surplus)/Deficit on Provision of Services	(3,530)	(9,317)	5,787	(12,701)	(4,064)	(8,637)
Opening Balance (General Fund and HRA)	58,982			46,281		
Surplus/(Deficit) on General Fund and HRA Balance in Year	3,530			12,701		
Closing Balance (General Fund and HRA)	62,512			58,982		

6 & 7

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/(Decrease) before Transfers to/from Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments

	Note	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account Balance	Earmarked HRA Reserves	Major Repairs Reserves	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31st March 2015 carried forward		3,622	32,795	4,000	5,864	-	11,354	1,583	59,218	519,544	578,762
Movement in Reserves during 2015/16		4,942	-	3,695	-	-	-	-	8,637	-	8,637
Surplus/(Deficit) on the Provision of Services		-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	98,987	98,987
Total Comprehensive Income and Expenditure		4,942	-	3,695	-	-	-	-	8,637	98,987	107,624
Adjustments between Accounting Basis & Funding Basis under Regulations	8	(2,001)	-	6,065	-	818	(5,228)	1,849	1,503	(1,503)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		2,941	-	9,760	-	818	(5,228)	1,849	10,140	97,484	107,624
Transfers (to)/from Earmarked Reserves	9	(2,941)	2,941	(9,760)	9,760	-	-	-	-	-	-
Increase/(Decrease) in 2015/16		-	2,941	-	9,760	818	(5,228)	1,849	10,140	97,484	107,624
Balance at 31st March 2016 carried forward		3,622	35,736	4,000	15,624	818	6,126	3,432	69,358	617,028	686,386
Movement in Reserves during 2016/17		5,800	-	(11,587)	-	-	-	-	(5,787)	-	(5,787)
Surplus/(Deficit) on the Provision of Services		-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income and Expenditure		-	-	(11,587)	-	-	-	-	(5,787)	61,570	61,570
Total Comprehensive Income and Expenditure		5,800	-	(11,587)	-	-	-	-	(5,787)	61,570	55,783
Adjustments between Accounting Basis & Funding Basis under Regulations	8	(4,798)	-	14,115	-	(818)	(219)	2,300	10,580	(10,580)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		1,002	-	2,528	-	(818)	(219)	2,300	4,793	50,990	55,783
Transfers (to)/from Earmarked Reserves	9	(1,002)	1,002	(2,528)	2,528	-	-	-	-	-	-
Increase/(Decrease) in 2016/17		-	1,002	-	2,528	(818)	(219)	2,300	4,793	50,990	55,783
Balance at 31st March 2017 carried forward		3,622	36,738	4,000	18,152	-	5,907	5,732	74,151	668,018	742,169

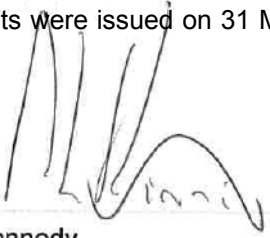
BALANCE SHEET AS AT 31 MARCH 2017

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are Usable Reserves, i.e. those reserves that the Council 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 Council 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 & Funding Basis under Regulations'.

	Note	2016/17 £'000	2015/16 £'000
Property, Plant & Equipment	13	862,287	782,643
Heritage Assets	14	2,898	2,509
Investment Properties	16	117,828	110,856
Intangible Assets	17	1,138	1,181
Long Term Investments	18	11,309	11,218
Long Term Debtors	18	82,839	76,334
Long Term Assets		1,078,299	984,741
Short Term Investments	18	41,166	46,666
Assets Held for Sale	23	3,683	854
Inventories	20	848	817
Short Term Debtors	21	18,800	15,426
Cash and Cash Equivalents	18 & 22	22,104	9,136
Current Assets		86,601	72,899
Short Term Creditors	24	(33,665)	(26,692)
Current Liabilities		(33,665)	(26,692)
Long Term Creditors	18	(191)	(173)
Provisions	25	(7,560)	(8,100)
Long Term Borrowing	18	(198,528)	(198,528)
Other Long Term Liabilities	18	(179,792)	(134,050)
Capital Grants Receipts in Advance	37	(2,995)	(3,711)
Long Term Liabilities		(389,066)	(344,562)
Net Assets		742,169	686,386
Usable Reserves	MIRS	(74,151)	(69,358)
Unusable Reserves	27	(668,018)	(617,028)
Total Reserves		(742,169)	(686,386)

The unaudited Accounts were issued on 31 May 2017 and the audited accounts were authorised for issue on 26 September 2017.

Signed


Nigel Kennedy

Head of Financial Services (Section 151
Officer)

Date


26/9/17

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

The Cash Flow Statement shows the changes in the 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council'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.

	Note	2016/17 £'000	2015/16 £'000
Net (Surplus)/Deficit on the Provision of Services		6,248	(8,986)
Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements		(29,626)	(23,956)
Net Cash Flows from Operating Activities		(23,378)	(32,942)
Investing Activities	29	14,159	29,944
Financing Activities	30	(3,749)	574
Net (Increase)/Decrease in Cash and Cash Equivalents		(12,968)	(2,424)
Cash and Cash Equivalents at the Beginning of the Reporting Period		(9,136)	(6,712)
Cash and Cash Equivalents at the End of the Reporting Period	22	(22,104)	(9,136)

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NOTES TO THE CORE FINANCIAL STATEMENTS

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Standards issued, but not yet adopted by the Code of Practice 2016/17

The following disclosure provides information relating to the impact of accounting changes that will be required by new accounting standards that have been issued but not yet adopted.

The International Financial Reporting Standards introduced or amended in the 2017/18 Code are applicable from the 1 April 2017. The following disclosure provides information relating to the impact of accounting changes that will be required by new accounting standards that have been issued but not yet adopted. The amendments to the code are not expected to have a material effect. The impact that initial application of the IFRS as adopted by this Code is expected to be immaterial and have minimum effect on the authority's financial statements.

Paragraph 3.3.2.13 of the 2016/17 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standard to be introduced in the 2017/18 Code that is relevant to the requirements of paragraph 3.3.4.3 is:

- amendments to section 6.5 (Accounting and Reporting by Pension Funds) to require a new disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure

The application of the IFRS, as adopted by this Code, is required from 1 April 2017 and the date as at which the authority will adopt the IFRS is initially from 1 April 2017. The nature of the impending change or changes in accounting policy is as follows:

- Financial assets and liabilities shall be measured initially at fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include internal administrative costs.
- Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability (see Appendix A, paragraph AG13 of IAS 39). An incremental cost is one that would not have been incurred if the authority had not acquired, issued or disposed of the financial instrument
- Investment property shall be measured initially at cost. The cost of an investment property includes its purchase price, transaction costs and directly attributable expenditure. Where an investment property is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition

NOTES TO THE CORE FINANCIAL STATEMENTS

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies, 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 2017, only £0.17 million remains outstanding. The outstanding funds are expected to be received almost in full from the Icelandic banks over time.

Changes to Levels of Funding for Local Government

There remains a high degree of uncertainty about future levels of Grant funding for local government. A proportion of this funding is derived from retained Business Rates, which is subject to an index linked tariff payable to Central Government. Whilst the Council can benefit to a limited degree from increased Business Rates from new businesses, it can also lose (subject to a safety net) if Business Rates income starts to decline.

The Council has determined the level of uncertainty is not yet sufficient to provide an indication that the assets of the Council 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 is subject to componentisation. The policy treats 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 have been created for the land value, and interest income is being accrued and will be received in 2019.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

The items in the Council's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	General Fund and HRA Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will occur in relation to individual assets. HRA capital spending on housing stock was £17 million in 2016/17, while approved budgets have been established in subsequent years to undertake major repairs and maintenance which underpin the assumptions made regarding the useful lives assigned to the assets.	If the useful lives of assets are 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 £126,880.
Rent Deposit Provision	The Council operates a rent deposit scheme which provides the deposit necessary for an 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 a provision during 2016/17 and the total provision now stands at £1.44 million. The accumulated provision represents 84% of the outstanding deposits.	If the Council's current provision is found to be inaccurate an extra 1% provision would cost £17,140.
Pensions Liability	Estimation of the net pension's liability 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 age, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries (Barnett Waddingham) is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions cannot be measured accurately. During 2016/17, the Council's actuaries advised that the net pension's liability had increased by £45.691 million. The total Pension deficit is £179.465 million as at 31 March 2017.
Arrears	At 31 March 2017, the Council had a balance of short term debtors of £25.7 million. A review of significant balances suggested that an impairment of doubtful debts of £6.9 million was appropriate. The net balance of debtors is therefore £18.8 million.	The current economic climate is uncertain and therefore the doubtful debt allowance may be insufficient. A 1% increase in the provision would lead to an increased charge of £68,622 to be set aside as an allowance.

NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Non Domestic Rates (NDR) Appeals	<p>The Council is required to estimate the value of successful Business Rates appeals, and make a provision for possible successful appeals. The Council has taken external advice on the level of appeals. Due to very few cases being settled during 2016/17 and the prudent approach recommended, the level for the 31 March 2017 has been estimated in the Statement of Accounts at £12.9 million of which Oxford city share is £5.16 million.</p> <p>The Council has carried out sensitivity analysis on the data received from the Valuation Office to ensure that the provision is robust and evidence supports the level of this provision and has adjusted the data for known local factors.</p>	<p>If the provision is incorrect, there would be an impact on the Collection Fund Balance. A 1% increase in the provision would lead to an increased charge of £129,041. This would be split between the Council and preceptors, with 40% (£51,616) of the amount impacting the Council.</p>
Fair Value Measurements	<p>Fair Value Measurements when the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the Discounted Cash Flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 13 and 16.</p>	<p>The Council may use the Discounted Cash Flow (DCF) model to measure the fair value of some of its investment properties. This has not been required in 2016/17. If DCF were to be applied, the significant unobservable inputs used in the fair value measurement will include management assumptions regarding rent growth, demand and vacancy levels and discount rates – adjusted for regional factors. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.</p>

NOTES TO THE CORE FINANCIAL STATEMENTS

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

General Fund		Collection Fund Council			Court Costs	
Sundry Debtors		Tax	NDR			
Age of Debt	Provision	Year Debt Raised	Provision	Provision	Year Debt Raised	Provision
		2016/17	0%	25%	2016/17	57%
<1 Year	0%	2015/16	25%	25%	2015/16	50%
<2 Years	100%	2014/15	50%	50%	2014/15	60%
<3 Years	100%	2013/14	75%	75%	2013/14	80%
<4 Years	100%	2012/13	80%	80%	2012/13	80%
<5 Years	100%	2011/12	92%	92%	2011/12	92%
<6 Years	100%	2010/11	92%	92%	2010/11	93%
>6 Years+	100%	2009/10	92%	92%	2009/10	93%
		2008/09	92%	92%	2008/09	94%
		2007/08	94%	94%	2007/08	96%
		2006/07	96%	96%	2006/07	98%
		2005/06	97%	97%	2005/06 &	100%
		2004/05 & prior years	100%	100%	prior years	

4. Material Items of Income and Expenditure

Pension Fund Actuarial Loss

The Pension Fund Actuary has reported an actuarial loss for 2016/17 of £39.812 million. This is reported as a loss in Other Comprehensive Income and Expenditure and therefore has no General Fund Balance implications.

5. Events After the Balance Sheet Date

The Statement of Accounts were authorised for issue by the Head of Financial Services (Section 151 Officer) on 26 September 2017. Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2017, the figures in the Financial Statements and notes will be adjusted in all material respects to reflect the impact.

NOTES TO THE CORE FINANCIAL STATEMENTS

6. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

	2016/17				2015/16			
	Adjustment for Capital Purpose £'000	Net Change for Pensions Adjustment £'000	Other Differences £'000	Total Adjustment £'000	Adjustment for Capital Purpose £'000	Net Change for Pensions Adjustment £'000	Other Differences £'000	Total Adjustment £'000
Assistant Chief Executive	-	-	-	-	-	-	-	-
Regeneration & Housing	482	-	-	482	1,410	-	-	1,410
Community Services	-	-	-	-	-	-	-	-
Organisational Development & Corporate Services	-	-	-	-	-	-	-	-
HRA	-	-	-	-	-	-	-	-
SLAs & Capital Charges	(38,193)	(1,507)	(320)	(40,020)	(35,440)	(2,524)	525	(37,439)
Corporate and Democratic Core	-	572	5	577	-	276	(9)	267
Cost of Services	(37,711)	(935)	(315)	(38,961)	(34,030)	(2,248)	516	(35,762)
Other Income and Expenditure	30,976	(4,944)	3,612	29,644	35,516	(4,805)	987	31,698
(Surplus)/Deficit on Provision of Services	(6,735)	(5,879)	3,297	(9,317)	1,486	(7,053)	1,503	(4,064)

NOTES TO THE CORE FINANCIAL STATEMENTS

7. Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows: -

	2016/17 £'000	2015/16 £'000
Employee Benefits Expenses	57,013	54,082
Other Service Expenses	121,130	118,434
Support Service Recharges	29,323	26,181
Depreciation, Amortisation & Impairments	36,031	34,658
Interest Payments	11,460	11,351
Precepts & Levies	217	196
Payment to Housing Capital Receipts Pool	1,554	1,811
Losses on the Disposal of Assets	396	-
Total Expenditure	257,124	246,713
Fees, Charges & Other Service Income	(90,794)	(93,869)
Interest & Investment Income	(3,417)	(2,500)
Income from Council Tax, Non Domestic Rates & District Rate Income	(19,778)	(19,511)
Support Service Recharges	(59,759)	(53,866)
Government Grants & Contributions	(77,589)	(82,955)
Gain on the Disposal of Assets	-	(2,649)
Total Income	(251,337)	(255,350)
(Surplus)/Deficit on Provision of Services	5,787	(8,637)

NOTES TO THE CORE FINANCIAL STATEMENTS

8. Adjustments between Accounting Basis and Funding Basis under Regulations

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

The following sets out a description of the reserves 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 are to be met, except to the extent that statute provides otherwise. These rules can specify the financial year in which liabilities and payments should impact 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) in future years;.

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 Council is required to maintain the Major Repairs Reserve (MRR), which controls the application of the "notional" Major Repairs Allowance (MRA) calculated having regard to DCLG'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 Reserve holds the grants and contributions received towards capital projects for which the Council have yet to incur or apply the expenditure. The grant terms restrict the application of expenditure and/or the financial year in which this can take place.

NOTES TO THE CORE FINANCIAL STATEMENTS

8. Adjustments between Accounting Basis and Funding Basis under Regulations 2016/17

2016/17	Usable Reserves					Unusable 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	
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation of Non-Current Assets	5,538	6,783	-	-	-	(12,321)
Movements in the market value of Investment Properties	(6,585)	-	-	-	-	6,585
Movements in the market value of Rent-to-mortgage properties	(482)	-	-	-	-	482
Amortisation of Intangible Assets	378	-	-	-	-	(378)
Revaluation and Impairment charged to revenue	14	23,318	-	-	-	(23,332)
Revenue expenditure funded from Capital under Statute	1,916	246	-	-	-	(2,162)
Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,051	5,188	-	-	-	(7,239)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(119)	-	-	-	-	119
Capital expenditure charged against the General Fund and HRA balances	(3,280)	(7,317)	-	-	-	10,597
Capital grants and contributions unapplied	(6,258)	-	-	-	6,258	
Adjustments primarily involving the Capital Grants Unapplied Account:						
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	(3,958)	3,958
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,818)	(4,852)	6,670	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(5,585)	-	-	5,585
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,554	-	(1,554)	-	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

8. Adjustments between Accounting Basis and Funding Basis under Regulations 2016/17 – cont.

2016/17	Usable Reserves					Unusable 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	
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	(9,294)	-	9,294	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	(10,112)	-	10,112
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(246)	-	-	-	-	246
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	250	-	-	(250)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	13,557	241	-	-	-	(13,798)
Employer's pensions contributions and direct payments to pensioners payable in the year	(7,718)	(200)	-	-	-	7,918
Adjustments primarily involving the Collection Fund Adjustment Account:						
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	(3,612)	-	-	-	-	3,612
Adjustment primarily involving the Accumulated Absences Account:						
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	312	2	-	-	-	(314)
Total Adjustments	(4,798)	14,115	(219)	(818)	2,300	(10,580)

NOTES TO THE CORE FINANCIAL STATEMENTS

8. Adjustments between Accounting Basis and Funding Basis under Regulations 2015/16

2015/16	Usable Reserves					Unusable
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation of Non-Current Assets	6,222	9,117	-	-	-	(15,339)
Movements in the market value of Investment Properties	(8,928)	-	-	-	-	8,928
Movements in the market value of Rent-to-mortgage properties	(1,410)	-	-	-	-	1,410
Amortisation of Intangible Assets	308	-	-	-	-	(308)
Revaluation and Impairment charged to revenue	11,931	5,955	-	-	-	(17,886)
Revenue expenditure funded from Capital under Statute	1,907	-	-	-	-	(1,907)
Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,416	(72)	-	-	-	(4,344)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(89)	-	-	-	-	89
Capital expenditure charged against the General Fund and HRA balances	(7,724)	-	-	-	-	7,724
Adjustments primarily involving the Capital Grants Unapplied Account:						
Application of grants to capital financing transferred to the Capital Adjustment Account	(8,891)	-	-	-	1,849	7,042
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(6,271)	-	6,271	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(9,765)	-	-	9,765
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,811	-	(1,811)	-	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

8. Adjustments between Accounting Basis and Funding Basis under Regulations 2015/16 – cont.

2015/16	Usable Reserves					Unusable 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	
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	(8,995)	-	8,995	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	(8,177)	-	8,177
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(773)	-	-	-	-	773
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	77	-	-	(77)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	14,373	237	-	-	-	(14,610)
Employer's pensions contributions and direct payments to pensioners payable in the year	(7,384)	(174)	-	-	-	7,558
Adjustments primarily involving the Collection Fund Adjustment Account:						
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	(987)	-	-	-	-	987
Adjustment primarily involving the Accumulated Absences Account:						
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	(512)	(3)	-	-	-	515
Total Adjustments	(2,001)	6,065	(5,228)	818	1,849	(1,503)

NOTES TO THE CORE FINANCIAL STATEMENTS

9. Transfers to/from Earmarked Reserves

	Balance at 31 March 2017 £'000	Transfers In 2016/17 £'000	Transfers Out 2016/17 £'000	Balance at 31 March 2016 £'000	Transfers In 2015/16 £'000	Transfers Out 2015/16 £'000	Balance at 31 March 2015 £'000
General Fund:							
Direct Revenue Funding of Capital	(12,906)	(2,335)	2,853	(13,424)	(1,036)	2,152	(14,540)
Committed Projects Reserve	(3,885)	(2,509)	867	(2,243)	(1,456)	1,564	(2,351)
NNDR Retention Reserve	(2,793)	(300)	1,335	(3,828)	(500)	-	(3,328)
Vehicle Purchase Reserve	(1,500)	(1,500)	-	-	-	-	-
Dry Recyclate Reserve	(1,400)	-	-	(1,400)	-	-	(1,400)
IT Infrastructure and Equipment Reserve	(1,325)	(1,100)	485	(710)	(690)	333	(353)
Grants Reserve	(1,166)	(751)	894	(1,309)	(875)	628	(1,062)
Employee Cost Reserve	(1,104)	-	154	(1,258)	-	-	(1,258)
Business Transformation Projects	(958)	(701)	731	(988)	(867)	564	(685)
Homelessness	(952)	-	-	(952)	-	48	(1,000)
Organisational Development Reserve	(837)	-	348	(1,185)	(1,298)	546	(433)
Westgate Redevelopment Reserve	(737)	-	-	(737)	-	-	(737)
Section 106 Commuted Sums Reserve	(682)	-	25	(707)	(707)	-	-
Community Services Carry Forward Reserve	(649)	(570)	359	(438)	(122)	429	(745)
Housing Benefit Reserve	(504)	-	300	(804)	(804)	-	-
Repairs & Maintenance Reserve	(472)	(108)	50	(414)	-	45	(459)
SALIX Energy Projects Reserve	(432)	(309)	142	(265)	(183)	130	(212)
Loan and Property Fund Guarantee Reserve	(401)	-	115	(516)	-	-	(516)
Flood Reserve	(357)	-	-	(357)	-	-	(357)
OxFutures Reserve	(300)	-	-	(300)	-	-	(300)
Grenoble Road Reserve	(200)	(200)	-	-	-	-	-
Blue Bin League Reserve	(163)	(1)	100	(262)	(262)	-	-
Taxi Licensing Reserve	(147)	(12)	-	(135)	-	25	(160)
P&R County Contribution - Future Maintenance	(117)	-	-	(117)	-	-	(117)
Fundamental Service Review	(113)	-	87	(200)	(200)	-	-
Rose Hill Demolition	(87)	-	251	(338)	-	-	(338)
SALIX Management Fee	(76)	(27)	11	(60)	(21)	-	(39)
City Council Elections Reserve	(70)	-	-	(70)	(60)	-	(10)
HMO Licensing Reserve	(71)	(71)	-	-	-	9	(9)
Land at Barton	(70)	-	-	(70)	-	2	(72)
External Legal Fees Reserve	(65)	-	-	(65)	(125)	60	-
Economic Development Reserve	(59)	-	99	(158)	(27)	-	(131)
General Licensing reserve	(55)	(6)	-	(49)	-	18	(67)
Housing Needs Reserve	(55)	(55)	-	-	-	-	-
Lord Mayors Deposit	(52)	-	1	(53)	-	4	(57)
SALIX Plus	(46)	(48)	2	-	-	-	-
Disabled Transport Contingency	(40)	-	10	(50)	-	-	(50)
Home Choice fund for single persons	(36)	-	-	(36)	(8)	3	(31)
Severe Weather Recovery Scheme	(35)	-	-	(35)	-	-	(35)
Business Support Scheme	(30)	-	-	(30)	(30)	-	-
Town Hall Equipment Reserve	(20)	-	-	(20)	-	-	(20)
Shopmobility Reserve	(20)	-	-	(20)	(5)	-	(15)
Town Team Partners	(10)	-	-	(10)	-	-	(10)
Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Planning Fund	(9)	-	-	(9)	(2)	-	(7)
Museum Development Reserve	(8)	(3)	-	(5)	(2)	-	(3)
Work Of Art Reserve	(5)	-	-	(5)	-	-	(5)
Reserve for Land Charges	-	-	317	(317)	(184)	59	(192)
Jobs Club Contingency	-	-	25	(25)	-	17	(42)
Unlawful Dwellings Reserve	-	-	-	-	-	7	(7)
Feed In Tariff Management Fee	-	-	-	-	-	2	(2)
Total General Fund	(35,019)	(10,606)	9,561	(33,974)	(9,464)	6,645	(31,155)
HRA:							
HRA Capital Projects	(17,240)	(2,313)	142	(15,069)	(15,997)	6,438	(5,510)
Committed Projects Reserve	(386)	(386)	-	-	(287)	287	-
IT Equipment Reserve	(196)	-	-	(196)	-	83	(279)
HRA - CRM Work	(120)	-	-	(120)	(248)	248	(120)
Eco Funding	(119)	-	-	(119)	(28)	-	(91)
Direct Payment Project Arrears Reserve	(102)	-	-	(102)	-	39	(141)
SALIX Energy Projects Reserve	-	-	18	(18)	(18)	-	-
Albert House	-	-	-	-	-	60	(60)
Normandy Crescent Fund	-	-	-	-	-	7	(7)
Total HRA	(18,163)	(2,699)	160	(15,624)	(16,578)	7,162	(6,208)
Insurance Funds:							
Self Insurance Fund	(1,708)	-	54	(1,762)	(466)	-	(1,296)
Total Insurance Funds	(1,708)	-	54	(1,762)	(466)	-	(1,296)
Grand Total	(54,890)	(13,305)	9,775	(51,360)	(26,508)	13,807	(38,659)

NOTES TO THE CORE FINANCIAL STATEMENTS

General Fund Reserve	Balance at 31 March 2017 £'000	Description
Direct Revenue Funding of Capital	(12,906)	Created to fund future rolling programme capital requirements.
Committed Projects Reserve	(3,885)	Created to cover carry-forward requests from service areas, and fund expenditure commitments
NNDR Retention Reserve	(2,793)	This reserve is to cover the deficit in NNDR Collection Fund that will be charged to the General Fund in future years.
Vehicle Purchase Reserve	(1,500)	Reserve for the future purchase of vehicles
Dry Recyclate Reserve	(1,400)	To provide funding to examine alternative options for the Council in disposing of its recyclates to mitigate ongoing financial pressures, including the possibility of building and operating a waste transfer station.
IT Infrastructure and Equipment Reserve	(1,325)	Used to fund the purchase of new IT infrastructure equipment and IT projects across the Council.
Grants Reserve	(1,166)	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.
Employee Cost Reserve	(1,104)	Created to cover the severance and associated payments relating to employees, following organisational development reviews.
Business Transformation Projects	(958)	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.
Homelessness	(952)	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.
Organisational Development Reserve	(837)	Created to fund the agreed partnership payment, and other pay related items.
Westgate Redevelopment Reserve	(737)	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.
Section 106 Commuted Sums Reserve	(682)	Created to hold Commuted Sums monies established via planning agreements.
Community Services Carry Forward Reserve	(649)	Reserve reflects additional Directorate's expenditure commitments including funding of future cultural Community and Neighbourhood initiatives and community safety/educational activities
Housing Benefit Reserve	(504)	This reserve is to mitigate against future fluctuations in residual local cost of benefits costs following the transition to universal credit
Repairs & Maintenance Reserve	(472)	The reserve will be used to cover substantive repairs in the Leisure Services and other areas.
SALIX Energy Projects Reserve	(432)	Created from an initial grant made available via Salix. The reserve is used to implement energy efficient schemes within the City.
Loan and Property Fund Guarantee Reserve	(401)	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.
Flood Reserve	(357)	Reserve created to fund flood maintenance work not eligible for Government re-imburement under the Belwin scheme.
OxFutures Reserve	(300)	This reserve is linked to the EU funded Oxfordshire Total Refit (OTR / OxFutures) project to fund potential future project pressures.
Grenoble Road Reserve	(200)	Reserve to cover costs relating to action on Grenoble Road
Blue Bin League Reserve	(163)	This represents a DCLG grant received to fund the Blue Bin League, a waste and recycling initiative to increase the amount of recycling across the City of Oxford.
Taxi Licensing Reserve	(147)	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.
P&R County Contribution - Future Maintenance	(117)	Represents resources needed to fund future Park and Ride maintenance obligations associated with County Council sites.
Fundamental Service Review	(113)	Invest to save reserve relating to the upcoming Fundamental Service Reviews.
Rose Hill Demolition	(87)	Reserve represents resources held to assist in the re-development of the Rosehill Community Centre initiative.
SALIX Management Fee	(76)	Reserve represents contributions received to fund future energy assistant post activities.
City Council Elections Reserve	(70)	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.
HMO Licensing Reserve	(71)	Reserve to ensure the ring-fencing of HMO Licensing income to fund future service area expenditure.
Land at Barton	(70)	This is an HCA grant made available to fund regeneration activities.
External Legal Fees Reserve	(65)	Legal costs reserve associated with a specific on-going planning review case.
Economic Development Reserve	(59)	This reserve holds un-used budgets related to the City Deal.
General Licensing reserve	(55)	Reserve to ensure the ring-fencing of the general licensing team function to fund future service area expenditure.
Housing Needs Reserve	(55)	Preventing homelessness resources set aside for future use on preventing homelessness strategies
Lord Mayors Deposit	(52)	Reserve represents resources held for assisting homeless applicants with rent deposit and/or bonds.
SALIX Plus	(46)	Reserve to set aside money to fund future energy efficiency projects
Disabled Transport Contingency	(40)	To be used for future disabled transportation needs.
Home Choice fund for single persons	(36)	Reserve represents resources held for assisting single homeless applicants with rent deposit and/or bonds.
Severe Weather Recovery Scheme	(35)	Reserve set up to fund expenditure arising from future severe weather activities.
Business Support Scheme	(30)	This reserve has been set up to mitigate future Local Cost of Benefits risks.
Town Hall Equipment Reserve	(20)	Used to maintain or replace Town Hall equipment.
Shopmobility Reserve	(20)	Created to fund the maintenance or replacement of Shopmobility equipment.
Town Team Partners	(10)	Reserve represents grant funded activity to improve City High Streets.

NOTES TO THE CORE FINANCIAL STATEMENTS

HRA Reserve	Balance at 31 March 2017 '£'000	Description
HRA Capital Projects	(17,240)	Created to provide the resources for both the slipped capital projects that were to be initially funded from revenue contributions and other miscellaneous revenue projects.
Committed Projects Reserve	(386)	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 Equipment Reserve	(196)	The IT Equipment reserve is used to fund replacement and/or upgrade of the Housing Revenue Account IT systems.
HRA - CRM Work	(120)	This reserve was created to fund IT work projects.
Eco Funding	(119)	Being the income received from energy providers relating to installation of solar panels on HRA properties. The resources are to be recycled into funding similar HRA energy efficient schemes in future years.
Direct Payment Project Arrears Reserve	(102)	This figure represents the level of HRA arrears that potentially increased as a result of the Council embarking on the Direct Payments project. The resources can be kept by the authority until expiry of the claim period.
Insurance Fund Reserve	Balance at 31 March 2017 '£'000	Description
Self Insurance Fund	(1,708)	The Self Insurance Fund reserve is used to cover claim costs that are below the Council's insurance policy excess limit.

NOTES TO THE CORE FINANCIAL STATEMENTS

10. Other Operating Expenditure

	2016/17 £'000	2015/16 £'000
Parish Council Precepts	217	196
Payments to the Housing Capital Receipts Pool	1,554	1,811
(Gains)/Losses on the Disposal of Non-Current Assets	396	(2,649)
Total	2,167	(642)

11. Financing and Investment Income and Expenditure

	2016/17 £'000	2015/16 £'000
Interest Payable and Similar Charges	6,516	6,546
Pensions Interest Costs and Expected Return on Pensions Assets	4,944	4,805
Finance Charges	(444)	(407)
Interest Receivable and Similar Income	(1,270)	(952)
Income & Expenditure in Relation to Investment Properties and Changes in their Fair Value	(14,626)	(17,002)
Other Investment Income	(1,703)	(1,141)
Total	(6,583)	(8,151)

12. Taxation and Non Specific Grant Income

	2016/17 £'000	2015/16 £'000
Council Tax Income	(12,780)	(12,405)
Non Domestic Rates	(6,998)	(7,106)
Non-Ringfenced Government Grants	(5,807)	(6,915)
Capital Grants and Contributions	(6,560)	(8,913)
Total	(32,145)	(35,339)

NOTES TO THE CORE FINANCIAL STATEMENTS

13. Property, Plant and Equipment - Movements in 2016/17

Movements in 2016/17

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2016	648,892	135,744	21,485	331	1,085	4,674	1,703	813,914
Additions	17,091	2,524	2,346	-	22	251	2,149	24,383
Assets recognised / derecognised under finance lease	-	-	173	-	-	-	-	173
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	87,842	1,908	-	-	-	4,484	-	94,234
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(26,147)	(438)	-	-	-	-	-	(26,585)
Derecognition - disposals	(446)	(1,390)	(1,246)	-	-	-	-	(3,082)
Derecognition - other	(2,036)	(142)	-	-	-	(641)	(30)	(2,849)
Assets reclassified (to)/from Held for Sale	(3,200)	(63)	-	-	-	(3,150)	-	(6,413)
Other movements in cost or valuation	78	663	31	58	19	322	(816)	355
At 31 March 2017	722,074	138,806	22,789	389	1,126	5,940	3,006	894,130
Accumulated Depreciation and Impairment								
At 1 April 2016	(8,800)	(11,248)	(10,896)	(135)	(88)	(104)	-	(31,271)
Depreciation charge	(6,717)	(3,844)	(2,030)	(8)	(23)	(66)	-	(12,688)
Depreciation written out to the Revaluation Reserve	5,992	278	-	-	-	-	-	6,270
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,823	488	-	-	-	-	-	3,311
Derecognition - disposals	7	856	1,109	-	-	-	-	1,972
Derecognition - other	48	-	-	-	-	70	-	118
Other movements in depreciation and impairment	16	398	(2)	(6)	-	39	-	445
At 31 March 2017	(6,631)	(13,072)	(11,819)	(149)	(111)	(61)	-	(31,843)
Net Book Value								
At 31 March 2017	715,443	125,734	10,970	240	1,015	5,879	3,006	862,287
At 31 March 2016	640,092	124,496	10,589	196	997	4,570	1,703	782,643
Movement in NBV	75,351	1,238	381	44	18	1,309	1,303	79,644

NOTES TO THE CORE FINANCIAL STATEMENTS

13. Property, Plant and Equipment - cont. - Comparative Movements in 2015/16

Movements in 2015/16

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2015	572,390	138,624	19,324	329	1,050	3,224	12,790	747,731
Additions	9,479	2,734	2,783	2	35	4	7,054	22,091
Assets recognised / derecognised under finance lease	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	80,442	7,451	-	-	-	1,224	-	89,117
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,420)	(15,839)	-	-	-	(410)	-	(22,669)
Derecognition - disposals	-	(4)	(622)	-	-	-	-	(626)
Derecognition - other	(1,255)	(242)	-	-	-	-	-	(1,497)
Assets reclassified (to)/from Held for Sale	(2,223)	-	-	-	-	-	-	(2,223)
Other movements in cost or valuation	(3,521)	3,020	-	-	-	632	(18,141)	(18,010)
At 31 March 2016	648,892	135,744	21,485	331	1,085	4,674	1,703	813,914
Accumulated Depreciation and Impairment								
At 1 April 2015	(7,279)	(12,535)	(9,261)	(120)	(65)	(105)	-	(29,365)
Depreciation charge	(8,872)	(4,122)	(2,213)	(15)	(23)	(60)	-	(15,305)
Depreciation written out to the Revaluation Reserve	-	1,550	-	-	-	55	-	1,605
Depreciation written out to the Surplus/Deficit on the Provision of Services	7,289	3,710	-	-	-	6	-	11,005
Derecognition - disposals	-	-	578	-	-	-	-	578
Derecognition - other	33	-	-	-	-	-	-	33
Other movements in depreciation and impairment	29	149	-	-	-	-	-	178
At 31 March 2016	(8,800)	(11,248)	(10,896)	(135)	(88)	(104)	-	(31,271)
Net Book Value								
At 31 March 2016	640,092	124,496	10,589	196	997	4,570	1,703	782,643
At 31 March 2015	565,111	126,089	10,063	209	985	3,119	12,790	718,366
Movement in NBV	74,981	(1,593)	526	(13)	12	1,451	(11,087)	64,277

NOTES TO THE CORE FINANCIAL STATEMENTS

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historical Cost	-	-	10,970	240	322	-	3,006	14,538
Valued at Fair Value as at:								
31 March 2017	-	-	-	-	-	5,280	-	5,280
31 March 2016	-	-	-	-	-	599	-	599
Valued at Current Value as at:								
31 March 2017	715,443	11,985	-	-	-	-	-	727,428
31 March 2016	-	34,851	-	-	-	-	-	34,851
31 March 2015	-	31,787	-	-	-	-	-	31,787
31 March 2014	-	25,132	-	-	-	-	-	25,132
31 March 2013	-	21,966	-	-	634	-	-	22,600
De-minimis	-	13	-	-	59	-	-	72
Total Cost or Valuation	715,443	125,734	10,970	240	1,015	5,879	3,006	862,287

a) Capital Commitments

At 31 March 2017, the Council had entered into a number of contracts for the construction of or enhancement to Property, Plant and Equipment for completion in 2017/18 and future years, estimated at £19.8 million. Similar commitments at 31 March 2016 were £29.9 million. The major commitments are:

	31 Mar 2017 £'000	31 Mar 2016 £'000
Barton New Build Phase 1	10,816	10,816
Refurbishment of Tower Blocks	8,052	18,277
Microsoft Software Licenses	456	-
East Oxford Community Centre	285	-
Windows and Doors	60	200
Refurbishment of Tower Blocks	44	92
Super Connected Oxford	40	165
Demolition of Rose Hill Community Centre	30	-
Northway & Marston Flood Alleviation	22	106
Rose Hill Community Centre	-	140
Roofing	-	60
Seacourt Park and Ride Extension	-	49
	19,805	29,905

The Barton New Build project is a commitment for Oxford City Council, however the properties will be transferred to the Council's wholly owned Housing Company. The final commitment is therefore intended to be taken on by the Company, however the responsibility currently lies with the Council; the last valuation of the commitment is therefore shown in the table above.

NOTES TO THE CORE FINANCIAL STATEMENTS

b) Revaluations

The Valuation report for 2016/17 was prepared by Michael W Scott MRICS (Registered Valuer), Senior Estates Surveyor, Regeneration and Major Projects, Oxford City Council.

External valuation

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

- **Investment Property**
A desktop review of all investment assets was undertaken by Michael W Scott MRICS, this exercise identified 41 properties with a probability of a significant change in value during 2015/16. These properties were then valued by Charles Mason MRICS from Carter Jonas.
- **Council Dwellings**
A total of 43 council dwelling beacon properties were re-valued by Richard Foulkes MRICS from Marshalls. This exercise will ensure all Beacons are valued over a 5 year period.
- **Other Land and Buildings**
In year two of a five year cycle, a total of 29 Property, Plant & Equipment assets were re-valued by Charles Mason MRICS from Carter Jonas.

Internal valuation

All external valuations were subject to a desktop review process by Michael W Scott MRICS. Additionally Houses in Multiple Occupation and Rent to Mortgage properties were valued internally as at 1 April 2015 by Michael W Scott MRICS.

The significant assumptions applied in estimating the current 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. The valuation will disregard potential alternative uses and any other characteristics of the property which would cause its market value to differ from that needed to replace the existing service.

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

Existing Use Value Social Housing (EUV-SH) is the estimated amount for which a social housing 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, that the parties are acting knowledgeably, prudently and without compulsion, and that the property will continue to be used for social housing purposes.

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.'

NOTES TO THE CORE FINANCIAL STATEMENTS

14. Heritage Assets

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 2015 and are now showing in our accounts as at that date; the previous valuation was as at 1 April 2010. All Heritage Assets including Non-Operational Property were valued by Coram James, specialist Art and Antique valuers - Robert Coram James BA MRICS MNAVA undertook the valuation work.

An assessment of impairment was undertaken as part of the revaluation and all impairment that was recognized was due to downward valuation rather than deterioration in the assets. Following the April 2015 revaluation and review, some parks sculptures have been recognized as heritage assets in the asset register for the first time.

All of the heritage assets are subject to a five year cycle of valuation where appropriate.

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
1 April 2015	1,411	47	363	38	423	214	2,496
Additions	-	-	-	-	-	12	12
Disposals	-	-	-	-	-	-	-
Revaluations	97	3	8	-	-	-	108
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	-	(2)	-	-	(3)	(70)	(75)
Impairment Losses/(Reversals) recognised in Surplus or Deficit on the Provision of Services	-	-	-	-	(19)	(13)	(32)
Depreciation	-	-	-	-	-	-	-
31 March 2016	1,508	48	371	38	401	143	2,509
1 April 2016	1,508	48	371	38	401	143	2,509
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	389	389
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
31 March 2017	1,508	48	371	38	401	532	2,898

15. Heritage Assets - Further Information

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 dating to 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.

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

A late 19th Century Organ built by Henry Willis and Sons in 1896/97 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 Civic Regalia.

NOTES TO THE CORE FINANCIAL STATEMENTS

Furniture

The Furniture recorded as heritage assets includes four notable mahogany sets of furniture. The Council 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 Mayoral chain dates back to 1883, and includes a badge relief decorated and enamelled 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 Council has identified War Memorials and a 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 Council 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.

In the 2015/16 revaluation of heritage assets, the Council's valuer identified a number of sculptures which are predominantly situated in public outdoor spaces and recognized these as heritage assets. These have been included in the balance sheet at market value.

Oxford City First Registration number Plate

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

NOTES TO THE CORE FINANCIAL STATEMENTS

16. 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.

	2016/17 £'000	2015/16 £'000
Rental Income from Investment Property	9,042	8,505
Direct operating expenses arising from Investment Property	(557)	(709)
Net Gain/(Loss)	8,485	7,796

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 1 April 2016.

There are no restrictions on the Council's ability to realise the value inherent in its Investment Property or on the Council's right to the remittance of income and the proceeds of disposal. The Council 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:

	2016/17 £'000	2015/16 £'000
Balance at start of the year	110,856	100,871
Additions:		
Purchases	-	684
Subsequent expenditure	325	566
Net gain / (loss) from Fair Value adjustments	7,048	9,290
Less:		
Disposals	(400)	(140)
Net balance prior to transfers	117,829	111,271
Transfers:		
(To)/from Property Plant and Equipment	-	(379)
Other Changes (net revaluation)	(1)	(36)
Balance at the end of the year	117,828	110,856

Fair Value Hierarchies

The table below summarises the use of the three fair value hierarchies used during 2016/17. The market approach using current market conditions, recent sales prices, and other relevant information for similar assets in the local area was used for all assets valued using a level 2 valuation approach.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Quoted Prices in Active Markets for Identical Assets (Level 1) £'000	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000	Fair Value as at 31 March 2017 £'000
Fair Value Measurement	-	117,367	-	117,367
Total	-	117,367	-	117,367
	Quoted Prices in Active Markets for Identical Assets (Level 1) £'000	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000	Fair Value as at 31 March 2016 £'000
Fair Value Measurement	-	110,856	-	110,856
Total	-	110,856	-	110,856

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between the Fair Value Hierarchy Levels during 2016/17.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

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

Significant Unobservable Inputs – Level 3

Where the valuer has been unable to identify a market where similar properties are actively rented, purchased or sold and has adopted an alternative method of valuation, Depreciated Replacement Cost, Income Approach using Discounted Cash Flow or any other non Market based approach or where a non market based approach forms a significant part of an otherwise market based valuation approach the Council has categorised these as Level 3 in the fair value hierarchy as the measurement techniques use significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that the market participants would use different assumptions.)

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties and therefore no transfers to or from measurement using the Level 3 methodology.

Valuation Process for Investment Properties

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

NOTES TO THE CORE FINANCIAL STATEMENTS

17. Intangible Assets

The Council 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 of 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 Council. The Council amortises Intangible Assets according to the expected economic useful life on a straight line basis.

The average amortisation period is 5 years.

	2016/17 £'000	2015/16 £'000
Balance at 1 April		
- Gross Carrying Amounts	2,317	1,858
- Accumulated Amortisation	(1,136)	(828)
Net Carrying Amount at Start of Year	1,181	1,030
Additions:		
- Purchases	335	459
- Amortisation for the period	(378)	(308)
Net Carrying Amount at End of Year	1,138	1,181
Comprising:		
- Gross Carrying Amounts	2,652	2,317
- Accumulated Amortisation	(1,514)	(1,136)
	1,138	1,181

The amortisation of £0.4 million is shown in Net Cost of Services under Non-Distributed Cost within the Comprehensive Income and Expenditure Statement.

NOTES TO THE CORE FINANCIAL STATEMENTS

18. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet (page 26).

Categories of Financial Instruments	Long-term		Current	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
Investments				
Loans and Receivables	-	-	63,270	55,802
Available for Sale	11,309	11,218	-	-
Total Investments	11,309	11,218	63,270	55,802
Debtors				
Loans and Receivables	82,839	76,334	17,351	13,180
Total Debtors	82,839	76,334	17,351	13,180
Borrowings				
Financial Liabilities at Amortised Cost	(198,528)	(198,528)	-	-
Total Borrowings	(198,528)	(198,528)	-	-
Other Long Term Liabilities				
Deferred Liabilities	(172)	(172)	-	-
Finance Lease Liability	(154)	(103)	(96)	(55)
Liability for Defined Benefit Pension Scheme	(179,466)	(133,775)	-	-
Total Other Long Term Liabilities	(179,792)	(134,050)	(96)	(55)
Creditors				
Financial Liabilities at Amortised Cost Amounts	(191)	(173)	(15,523)	(14,020)
Total Creditors	(191)	(173)	(15,523)	(14,020)

The figures in the table above have been adjusted to only reflect non statutory creditors and debtors.

a) Fair Values of Financial Assets

Valuation Techniques used to measure Fair Value			31 Mar 2017 £'000	31 Mar 2016 £'000
Available for sale financial instruments				
Property Fund Investments with CCLA	Level 1	Unadjusted quoted prices in active markets for identical shares	3,615	3,673
Property Fund Investments with Lothbury	Level 1	Unadjusted quoted prices in active markets for identical shares	7,694	7,545
Total			11,309	11,218

NOTES TO THE CORE FINANCIAL STATEMENTS

Investments in Property Funds

The Council has invested £3 million in the CCLA Property Fund and £7 million in the Lothbury Property Fund. The units in both of these funds are valued based on the overall valuation of the property funds. The Council is free to divest itself of its investments at any time and would receive a payment based on the number of units held multiplied by the quoted redemption price per unit. These investments are treated as available for sale financial instruments and have therefore been revalued as at 31 March 2017 based on the redemption value as at that date. The change in valuation has then been credited to Other Comprehensive Income and Expenditure. When the Council redeems these investments, the excess over the original investment will be charged to Other Comprehensive Income and Expenditure and credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement .

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Fair Value Hierarchy Levels during the year.

Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

NOTES TO THE CORE FINANCIAL STATEMENTS

19. 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 Practice and has written principles for overall risk management as well as policies and procedures covering specific areas such as credit, liquidity, refinancing 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, building societies and other Local Authorities whose credit rating is independently assessed as sufficiently secure by the Council's Treasury Advisors and to restrict lending to a prudent maximum amount for each financial institution. In addition the Council has invested in Property Funds, which has been assessed by the Council and their Treasury Advisors. 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 there is only £0.17 million outstanding.

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

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies was £646.4 million as at 31 March 2017 and cannot be assessed generally because 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 unrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2017 that this was likely to crystallise.

The Council has increased risk with its investment in CCLA (Charities, The Church of England and Local Authorities) and Lothbury Property Funds, however this is mitigated by an Earmarked Reserve.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

- 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:

	2016/17 £'000	2015/16 £'000
Up to 1 year	18,769	14,020
Between 1 and 5 years	20,000	-
Between 5 and 10 years	20,000	40,000
Over 10 years	158,528	158,528
	217,297	212,548

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

	2016/17 £'000	2015/16 £'000
Short Term Borrowing - Public Works Loan Board	-	-
Long Term Borrowing - Public Works Loan Board	198,528	198,528
Local Bonds	-	-
Finance Lease Liability	249	158
Cash	3,246	-
Creditors	15,523	14,020
	217,546	212,706
Amortised Cost	217,546	212,706
Fair Value	280,999	260,472

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. The majority of 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.

The Council also has £3 million invested in CCLA Property Fund and £7 million in Lothbury Property Fund. A fair value for these investments has been included.

	2016/17 £'000	2015/16 £'000
Short Term Investments	63,270	54,426
Long Term Investments	11,309	11,218
Cash	-	1,376
Debtors	17,351	13,180
Long Term Debtors	82,839	76,334
	174,769	156,534
Amortised Cost	176,216	157,711

All trade and other payables are due to be paid in less than one year. The figures in sections c, d and e have been amended to only reflect the non statutory creditors and debtors.

NOTES TO THE CORE FINANCIAL STATEMENTS

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, therefore the impact of a 1% increase or decrease in interest rates would have a nil financial impact. However it does have deposits in Money Market Funds (MMF), which are at a variable rate. These funds fluctuate daily but normally within a range of approximately 0.01% unless there is a general change to interest rates. A 1% increase or decrease in interest rates would impact up to £200,000 per year.

Price Risk – The Council has investments in Property Funds. The unit price can fluctuate both up and down and is monitored closely by the Council. Potential impact is also mitigated by an Earmarked Reserve.

Foreign Exchange Risk – The Council does not partake in any financial assets or liabilities denominated in foreign currencies.

g) Financial Instruments Gains and Losses

There is a net gain of £0.91 million gains recognised in the Consolidated Income and Expenditure Statement in relation to the property fund investments. These are held as Financial Instruments Available for Sale and the appropriate accounting treatment is applied. There are no other 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;
- For Property Fund investments, the unit price has been used to provide the fair value;
- 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	2016/17		2015/16	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value £'000
PWLB Debt	198,528	265,227	198,528	246,294
Non - PWLB Debt	-	-	-	-
Total Debt	198,528	265,227	198,528	246,294
Trade Creditors	24,968	24,968	17,692	17,692
Total Financial Liabilities	223,496	290,195	216,220	263,986
Money Market Loans < 1year	63,270	66,821	54,426	54,563
Money Market Loans > 1year	11,309	12,756	11,218	12,574
Long Term Debtors	82,839	82,839	76,334	76,334
Trade Debtors	4,828	4,828	1,542	1,542
Total Loans and Receivables	162,246	167,244	143,520	145,013

NOTES TO THE CORE FINANCIAL STATEMENTS

20. Inventories

	Consumable Stores		Maintenance Materials		Total	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
Balance Outstanding at Start of Year	26	32	791	741	817	773
Purchases	44	84	3,715	3,135	3,759	3,219
Recognised as an Expense in the Year	(51)	(90)	(3,654)	(3,085)	(3,705)	(3,175)
Written-off Balances	-	-	(23)	-	(23)	-
Balance Outstanding at Year End	19	26	829	791	848	817

Maintenance Inventories

The Council holds various stock (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, e.g., Eye Care Vouchers, Prepaid Envelopes etc.

21. Short Term Debtors

The table below shows the amount that the Council was owed at 31 March 2017 by third parties, together with amounts paid by the Council in advance of receipt of goods or services.

	2016/17 £'000	2015/16 £'000
Central Government Bodies	10,971	9,594
Other Entities and Individuals	4,828	4,290
Other Local Authorities	3,001	1,542
Total	18,800	15,426

22. Cash and Cash Equivalents

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

	2016/17 £'000	2015/16 £'000
Cash Held by the Council	25,350	7,760
Bank Current Accounts	(3,246)	1,376
Total Cash and Cash Equivalents	22,104	9,136

23. Assets Held for Sale

	Current		Non Current	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
Balance Outstanding at Start of Year	854	1,351	-	-
Assets newly classified as Held for Sale:				
Property Plant and Equipment	3,243	-	-	-
Council Dwellings	3,331	2,846	-	-
Assets declassified as Held for Sale:				
Council Dwellings	(131)	(628)	-	-
Property, Plant & Equipment	(30)	-	-	-
Assets sold	(3,512)	(2,698)	-	-
Other Movements	(72)	(17)	-	-
Balance Outstanding at Year End	3,683	854	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

24. Short Term Creditors

The table below shows the amount that the Council owed as at 31 March 2017 to third parties, together with amounts received by the Council in advance of supply of goods or services.

	2016/17 £'000	2015/16 £'000
Central Government Bodies	(4,537)	(4,577)
Other Local Authorities	(4,159)	(4,423)
NHS Bodies	(1)	-
Other Entities and Individuals	(24,968)	(17,692)
Total	(33,665)	(26,692)

25. Provisions

Provisions for doubtful debts are separately treated against debtors on the Balance Sheet. The total value of Provisions held as at 31 March 2017 are:

	Other Provisions	
	Current £'000	Non Current £'000
Balance at 1 April 2015	-	(7,902)
Additional Provisions Made in Year	-	(268)
Amounts Used in Year	-	29
Unused Amounts Reversed in Year	-	41
Unwinding of Discounting in Year	-	-
Total Provisions as at 31 March 2016	-	(8,100)
Balance at 1 April 2016	-	(8,100)
Additional Provisions Made in Year	-	(2,999)
Amounts Used in Year	-	3,489
Unused Amounts Reversed in Year	-	50
Unwinding of Discounting in Year	-	-
Total Provisions as at 31 March 2017	-	(7,560)

Note: There are no outstanding legal cases or injury and damage compensation provisions (current or non-current).

Other Provisions

NNDR Appeals - There is a requirement for the Council to provide for potential future obligations arising from appeals made to NNDR valuations - £5.162 million

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. It is estimated that the payment will not be greater than the original bond - £1.440 million

Singletree & HRA - Amounts set aside for future repairs and maintenance and service charges - £0.309 million

Council Tax Court Costs - Provision set aside for future obligations due to inability to collect costs - £0.295 million

NOTES TO THE CORE FINANCIAL STATEMENTS

26. Usable Reserves

Movements in the Council's Usable Reserves are detailed in the Movement of Reserves Statement (page 25) and Note 8 (pages 37 to 41).

27. Unusable Reserves

	2016/17 £'000	2015/16 £'000
Revaluation Reserve	(284,576)	(187,320)
Capital Adjustment Account	(493,950)	(498,390)
Deferred Capital Receipts Reserve	(68,275)	(67,798)
Pensions Reserve	179,466	133,775
Collection Fund Adjustment Account	(715)	2,896
Available for Sale Financial Instruments Reserve	(1,447)	(1,356)
Accumulated Absences Account and Employee Reserve	1,479	1,165
Total Unusable Reserves	(668,018)	(617,028)

a) Revaluation Reserve

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

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

The Reserve contains only revaluation gains/losses 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.

Revaluation Reserve	2016/17 £'000	2015/16 £'000
Balance at 1 April	(187,320)	(111,786)
Upward revaluation of assets	(150,587)	(79,077)
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	49,297	-
	(288,610)	(190,863)
Difference between Fair Value Depreciation and Historical Cost Depreciation	-	2,830
Accumulated gains on assets sold or scrapped	-	501
Amount written off to the Capital Adjustment Account	4,034	212
Balance at 31 March	(284,576)	(187,320)

NOTES TO THE CORE FINANCIAL STATEMENTS

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 amounts set aside by the Council 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 Council. 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 8 (pages 37 to 41) provides details of the source of all the transactions posted to the Account apart from those involving the Revaluation Reserve.

	2016/17		2015/16	
	£'000	£'000	£'000	£'000
Capital Adjustment Account				
Balance at 1 April		(498,390)		(492,906)
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	12,319		12,510	
Revaluation losses on Property, Plant and Equipment charged to CI&E	23,332		17,674	
Amount written off from the Revaluation Reserve	(4,034)			
Amortisation of Intangible Assets	378		308	
Revenue expenditure funded from capital under statute	2,162		1,907	
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	7,239		3,843	
Net written out amount of the cost of non-current assets consumed in the year		41,396		36,242
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(5,585)		(9,765)	
Use of the Major Repairs Reserve to finance new capital expenditure	(10,112)		(8,177)	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,958)		(7,043)	
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(119)		(89)	
Capital expenditure charged against the General Fund and HRA balances	(10,597)		(7,724)	
		(30,371)		(32,798)
Movements in the market value of Investment properties debited or credited to the Comprehensive Income and Expenditure Statement		(6,585)		(8,928)
Balance at 31 March		(493,950)		(498,390)

NOTES TO THE CORE FINANCIAL STATEMENTS

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 Council 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.

	2016/17 £'000	2015/16 £'000
Balance at 1 April	(67,798)	(65,691)
Adjustment for restatement in respect of Finance Leases	(192)	(722)
Transfer of deferred sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(537)	(1,462)
Transfer to the Capital Receipts Reserve upon receipt of cash	252	77
Balance at 31 March	(68,275)	(67,798)

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 Council 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 Council 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 Council 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.

	2016/17 £'000	2015/16 £'000
Balance at 1 April	133,775	145,276
Actuarial (gains) or losses on pensions assets and liabilities	39,812	(18,554)
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	13,797	14,611
Employer's pensions contributions and direct payments to pensioners payable in the year	(7,918)	(7,558)
Balance at 31 March	179,466	133,775

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

	2016/17 £'000	2015/16 £'000
Balance at 1 April	2,896	3,883
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	(3,611)	(987)
Balance at 31 March	(715)	2,896

f) Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve absorbs the unrealised gains and losses on Financial Instruments available for sale such as property funds. The gains credited to the Available for Sale Financial Instruments Reserve relate to investments in the Lothbury and CCLA Property Funds.

	2016/17 £'000	2015/16 £'000
Available for Sale Financial Instruments Reserve		
Balance at 1 April	(1,356)	-
Changes in value of Financial Instrument Available for Sale (Gain) / Loss	(91)	(1,356)
Balance at 31 March	(1,447)	(1,356)

NOTES TO THE CORE FINANCIAL STATEMENTS

g) **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 2017. These accruals are reversed and therefore mitigated through the Movement in Reserves Statement.

Accumulated Absences Account	2016/17 £'000	2015/16 £'000
Balance at 1 April	1,165	1,680
Settlement or cancellation of accrual made at the end of the preceding year	(1,151)	(1,655)
Additional accrual during the year	1,465	1,140
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	314	(515)
Balance at 31 March	1,479	1,165

NOTES TO THE CORE FINANCIAL STATEMENTS

28. Operating Activities

	2016/17 £'000	2015/16 £'000
Operating activities within the Cashflow Statement include the following cashflows relating to Interest		
Cash Interest Received	791	952
Cash Interest Paid	(6,516)	(6,546)
Total	(5,725)	(5,594)

29. Investing Activities

	2016/17 £'000	2015/16 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	26,491	32,708
Purchase of Short-Term and Long-Term Investments	1,101	12,958
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(6,920)	(6,381)
Other Capital Cash Receipts in Advance	(6,513)	(9,341)
Total Cash Flows from Investing Activities	14,159	29,944

30. Financing Activities

	2016/17 £'000	2015/16 £'000
Repayment of Long Term Borrowing	-	908
Other receipts from Financing Activities	(3,667)	(386)
Payments for the reduction of a Finance Lease Liability	(82)	52
Total Cash Flows from Financing Activities	(3,749)	574

31. Acquired and Discontinued Operations

There are no acquired or discontinued operations in 2016/17. There are plans to transfer much of the Council's Direct Services operations into two wholly owned companies in 2017/18.

NOTES TO THE CORE FINANCIAL STATEMENTS

32. 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 Council. The activities set out below are included in Net Operating Expenditure.

		2016/17 £'000	2015/16 £'000
Building Control Charging Account	Turnover	(424)	(449)
	Expenditure	568	505
	(Surplus)/Deficit	144	56
Trade Refuse & Recycling	Turnover	(3,885)	(3,305)
	Expenditure	3,329	2,763
	(Surplus)/Deficit	(556)	(542)
Estates	Turnover	1,149	(683)
	Expenditure	(1,140)	685
	(Surplus)/Deficit	9	2
Net Surplus on Trading Operations		(403)	(484)

33. Agency Services

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 including some routine maintenance. For 2016/17, additional funding was received specifically for additional Pothole Repair work.

	2016/17 £'000	2015/16 £'000
Routine Maintenance Expenditure	1,065	1,337
Pothole Funding	59	-
Net Expenditure Recharged through the Agency Arrangement	1,124	1,337

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.

34. Members' Allowances

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

	2016/17 £'000	2015/16 £'000
Members' Allowances		
Allowances	353	347
Expenses	1	2
Total Payments	354	349

NOTES TO THE CORE FINANCIAL STATEMENTS

35. Officers Remuneration - Senior Employees

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

Name/Title		Salary, Fees and Allowances	Pension Contributions	Total	
		£	£	£	
Chief Executive	2016/17	122,634	25,263	147,897	
	2015/16	141,159	182,127	323,286	
Assistant Chief Executive	2016/17	88,192	18,168	106,360	
Executive Director, City Regeneration	2016/17	118,023	24,063	142,086	
	2015/16	114,591	23,606	138,197	
Executive Director, Community Services	2016/17	116,810	24,063	140,873	
	2015/16	114,591	23,606	138,197	
Executive Director, Organisational Development and Corporate Services	2016/17	116,810	24,063	140,873	
	2015/16	114,591	23,606	138,197	
Head of Law & Governance/Monitoring Officer	Officer 1	2016/17	43,741	8,651	52,392
	Officer 2	2016/17	38,052	7,365	45,417
	Total	2016/17	81,793	16,016	97,809
		2015/16	87,003	18,800	105,803
Head of Financial Services/Section 151 Officer	2016/17	92,043	18,897	110,940	
	2015/16	89,820	18,503	108,323	

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

Other Employees Receiving more than £50,000	Number of employees 2016/17	Number of employees 2015/16
£50,000 - £54,999	15	17
£55,000 - £59,999	11	8
£60,000 - £64,999	4	6
£65,000 - £69,999	7	9
£70,000 - £74,999	5	2
£75,000 - £79,999	-	1
£80,000 - £84,999	3	1
£85,000 - £89,999	2	3
£90,000 - £94,999	2	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	1
£105,000 - £109,999	1	-
Total Number of Employees	50	48

NOTES TO THE CORE FINANCIAL STATEMENTS

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	
	2016/17 Nos	2015/16 Nos	2016/17 Nos	2015/16 Nos	2016/17 Nos	2015/16 Nos	2016/17 £'000	2015/16 £'000
£0- £20,000	-	-	20	14	20	14	74	66
£20,001- £40,000	-	-	-	4	-	4	-	120
£40,001- £60,000	-	-	2	1	2	1	115	50
£60,001- £80,000	-	-	-	1	-	1	-	73
Total	-	-	22	20	22	20	189	309

36. External Audit Costs

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

	2016/17 £'000	2015/16 £'000
External Audit	86	93
Audit Commission Rebate	-	-
Certification of Grant Claims & Returns	26	29
Total	112	122

37. Grant Income

The Council has credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17:

Grants Credited to Taxation and Non Specific Grant Income

	2016/17 £'000	2015/16 £'000
New Homes Bonus	2,957	2,453
Revenue Support Grant	2,849	4,462
Community Infrastructure Levy	2,688	2,038
Environment Agency Funding	1,021	209
Developer Contributions	575	356
Disabled Facilities Grant	516	501
Football Foundation	460	20
Department for Culture, Media and Sport (DCMS) Broadband Delivery UK	446	672
Flood Alleviation	321	-
New Growth Points	302	-
Lottery	95	-
SALIX	63	-
Water Resources Education Network (WREN) Grant	50	139
Office for Low Emissions	16	-
Sport England	8	211
Local Enterprise Partnership (LEP) - for Oxpens	-	3,520
Homes & Communities Agency (HCA) Funding - Affordable Housing	-	1,172
Aviva Plc Old Fire Station Bond	-	75
Total	12,367	15,828

NOTES TO THE CORE FINANCIAL STATEMENTS

Grants Credited to Services	2016/17 £'000	2015/16 £'000
Housing Benefits Grant	61,024	63,747
Sports England - Sports Grants	827	805
Department for Communities & Local Government (DCLG) Estate Regeneration Programme Grant	745	-
Syrian Vulnerable Persons Relocation Scheme	439	-
Local Council Tax Support Administration Subsidy	386	144
Department for Work & Pensions (DWP) Discretionary Housing Payments	382	271
National Health Service (NHS) Funding - Barton Healthy Towns	126	-
Police & Crime Commissioner Funding	121	-
Building Better Opportunities (DWP/Lottery)	111	91
Cabinet Office (CO) Individual Electoral Registration Grant	106	105
DWP Housing Benefit New Burdens Grant	80	50
Welfare Reform Grant	79	-
Home Improvement Agency Grant	74	-
Physical Activity Grant	65	-
DCLG Community Housing Fund	55	-
Department of Energy and Climate Change (DECC) - Heat Networks Delivery Unit Grant	51	-
Contributions to Dance Development	49	59
Contribution to SALIX	37	50
Community Sport Activation Fund Grant	37	37
EBICO Ltd Grant	35	-
Lottery Funding	34	-
Rural Payments Agency Environmental Stewardship	32	19
MORI Survey Contribution	29	-
Contribution to Devolution Support	27	-
Aspire Funding	25	11
DCLG Brownfield Register Pilots Fund	25	-
Contribution to Cross District Services	24	24
Contributions to Christmas Lights Festival	23	24
Contribution towards City Centre Manager	22	30
DCLG Self Build & Custom House Building Registers	21	-
Priority Zone Table Tennis Grant	18	-
Contribution towards District Data Analysis	17	24
Contributions to Your Oxford	10	-
DCLG Fraud Hub	9	271
DCLG Local Authority Transparency Code	8	8
Local Council Tax Support	8	-
Contributions to OxForward	8	-
DCLG Land Charges Litigation Costs	7	104
UrbanData2Decide Project	5	8
Contributions towards Sustainability Projects	5	-
Contributions to Special Olympics	5	-
ACE 40th Anniversary Grant	5	-
Contributions to Cemeteries	4	3
Staff Awards sponsorship	4	-
DCLG Fraud & Error Reduction Incentive Scheme	3	26
Contributions to Severe Weather Emergency Provision	3	24
Contribution to Waste Electrical & Electronic Equipment Week	3	-
Contribution to Local Insight	3	-
Landlord Contributions to Energy Efficiency	3	-
Contributions to Museum of Oxford	2	21
Contributions to Sports Development	1	-
Miscellaneous Contributions	-	5
Contributions towards Engineering Works	-	3
Waste & Recycling DCLG recycling reward scheme	-	350
Community Partnership Fund	-	121
Cabinet Office General Elections Grant	-	118
Positive Futures Grant	-	106
Universal Credits	-	98
Department for Environment, Food and Rural Affairs (DEFRA) Repairs & Renewals Grant	-	90
Home Improvements (Supporting People)	-	84
Local Council Tax New Burdens	-	31
Contribution towards Station Business Costs	-	30
DWP grant funding	-	27
Comune Di Prato Insport Project	-	21
Department for Transport (DFT) Office for Low Emission Vehicles Grant	-	17
European Capital of Innovation	-	16
Contribution to Heritage Projects	-	10
Street Games	-	8
Inspire Annex 111 Section 31 Grant	-	7
Home Office (HO) Asset Recovery Incentivisation Scheme	-	7
Council Tax Flood Relief Grant	-	6
Clore Foundation Grant	-	5
Heritage Lottery Fund Grant	-	4
DCLG funding - Right to Move Quota	-	3
Carbon Management	-	3
DWP Contribution towards Academy Upgrade	-	1
Total	65,222	67,127

NOTES TO THE CORE FINANCIAL STATEMENTS

The Council 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 provider if they are not used for the purpose specified. The balances at the year end are as follows:

Capital Grants Receipts in Advance

	2016/17 £'000	2015/16 £'000
Developer Contributions	2,212	2,609
DFT Office for Low Emission Vehicles (OLEV) Go Ultra Low Oxford	783	800
HCA Growth Fund Grant	-	302
Total	2,995	3,711

The Council has received a number of grants and contributions that have not been matched against related expenditure and therefore are held in an earmarked reserve rather than credited to the General Fund balance. Some of these amounts also appear in the previous table if they were received in year. The balances at the year end are as follows:

Revenue Grants

	2016/17 £'000	2015/16 £'000
Sport England funding	506	438
Revenues & Benefits Grant	133	134
DCLG Fraud Hub Grant	126	295
DECC Heat Networks Delivery Unit Grant	121	128
DECC Grant (Pioneer Places)	48	48
DEFRA Low Carbon Framework Grant	44	44
DEFRA Air Quality Grant	33	33
EBICO Ltd Grant	31	-
DCLG Brownfield Register Pilot	25	-
DEFRA Contaminated Land Grant	19	19
I-Tree Project	18	18
DFT OLEV (Go Ultra Low Oxford)	16	16
DCLG Custom Build Homes	15	-
Table Tennis England - Priority Zone Funding	13	-
HO Investigations ARIS grant	7	7
Lottery Funding	6	7
Heritage Conservation Fund	5	5
DFT Clean Bus Technology Fund	-	50
DCLG FERIS Grant	-	26
DCLG Grant	-	24
OPT LMS Swingbridge Restoration	-	10
ID&EA Economic Growth Grant	-	7
Total	1,166	1,309

38. Related Parties

The Council 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council 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 7 (page 36). Grant receipts outstanding at 31 March 2017 are shown in Note 37 (pages 72 to 74).

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 34 (page 70).

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 £0.088 million was paid to a voluntary organisation of which two members' close family are trustees. Grants of a total of approximately £0.049 million were paid to two voluntary organisations of which members are officials. These grants were 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 Developments Limited to facilitate new housing in Barton, the Oxford West End Development Company (OxWED), a joint venture with Nuffield College set up to facilitate regeneration of the Oxpens area of Oxford and Oxford City Housing Limited (OCHL), a wholly owned company set up to deliver housing within Oxford. The OxWED company has received and holds loans from the Council of £6.6 million which were agreed through the Council's normal governance processes. OCHL has been advanced a loan of £0.743 million which was agreed through the Council's normal governance processes to purchase properties from the Council. There is also a senior officer who is an appointed Director of the Low Carbon Hub, which received a loan of approximately £1.485 million from the Council in the financial year giving a total loan of £1.723 million at 31st March 2017.

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 also administers the Council's local government pension scheme.
- 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 Developments Limited to facilitate new housing in Barton.
- Oxford West End Development Ltd - a joint venture with Nuffield College (50%/50%) to redevelop the Oxpens area of Oxford.
- Oxford City Housing Limited - a wholly owned company set up to deliver housing within Oxford.
- Local Boards and Trusts – Officers and Members represent the Council on various organisations.
- Visit Oxfordshire - the Council works closely with Visit Oxfordshire to provide tourism across the city.

There are no related parties providing personnel management services.

NOTES TO THE CORE FINANCIAL STATEMENTS

39. 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 associated financing. Where capital expenditure is to be financed in future years by charges to revenue as assets are used, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is explained and analysed in the second part of this note.

The Council is required to make a charge to its revenue account to reflect debt repayment, this is known as the Minimum Revenue Provision (MRP).

	2016/17 £'000	2015/16 £'000
Opening Capital Financing Requirement	220,669	220,706
Capital Investment		
Property Plant and Equipment	24,351	22,090
Investment Properties	325	1,252
Intangible Assets	335	460
Long Term Capital Debtors	5,322	7,000
Revenue Expenditure Funded from Capital under Statute	2,162	1,907
Total Capital Spend	32,495	32,709
Sources of Finance		
Capital Receipts	(5,585)	(9,765)
Government Grants and other Contributions	(3,958)	(7,043)
Sums Set Aside from Revenue	(10,597)	(7,724)
Major Repairs Reserve	(10,112)	(8,177)
Minimum Revenue Provision	(37)	(37)
Sources of Finance Total	(30,289)	(32,746)
Closing Capital Financing Requirement	222,875	220,669
Explanation of Movements in Year		
(Increase) in Underlying Need to Borrow (unsupported by Government Financial Assistance)	(2,243)	-
Decrease in Underlying Need to Borrow (unsupported by Government Financial Assistance)	37	37
(Increase)/Decrease in Capital Financing Requirement	(2,206)	37

NOTES TO THE CORE FINANCIAL STATEMENTS

40. Leases

a) Authority as Lessee

FINANCE LEASE

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

	31 Mar 2017 £'000	31 Mar 2016 £'000
Other Land and Buildings	7,439	7,591
Vehicles, Plant, Furniture and Equipment	285	147
Total	7,724	7,738

The Council 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 Council. Finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following:

	31 Mar 2017 £'000	31 Mar 2016 £'000
Finance lease liabilities (net present value of minimum lease payments)		
- Current	96	55
- Non Current	153	103
Finance Costs Payable in Future Years	163	117
Minimum Lease Payments	412	275

Minimum lease payments include both the repayment obligation and the finance costs payable in future years, however, finance lease liabilities only include the repayment obligation.

The minimum lease payments are payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 Mar 2017 £'000	31 Mar 2016 £'000	31 Mar 2017 £'000	31 Mar 2016 £'000
Not later than one year	133	60	96	55
Later than one year and not later than five years	116	51	94	43
Later than five years	163	164	59	59
Total	412	275	249	157

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. There were no contingent rents for 2016/17 or 2015/16.

NOTES TO THE CORE FINANCIAL STATEMENTS

OPERATIONAL LEASES

The Council leases property on operating lease arrangements with typical lives of 30 years. The future minimum lease payments due under non-cancellable leases in future years are:

Operating Leases	31 Mar 2017 £'000	31 Mar 2016 £'000
Not later than one year	274	437
Later than one year and not later than five years	515	696
Later than five years	1,345	1,439
Total	2,134	2,572

The following lease payments are recognised as expenses, with separate amounts for the contingent rents and sublease payments receivable.

	31 Mar 2017 £'000	31 Mar 2016 £'000
Minimum lease payment	933	1,091
Contingent rent	429	427
Sublease payment receivable	(344)	(335)
Total	1,018	1,183

Sublease payments receivable over the full lifetime of the leases as at 31 March 2017 amounted to £32.6 million (31 March 2016 £31.6 million).

b) Authority as Lessor

FINANCE LEASES

The Council leases 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.

	31 Mar 2017 £'000	31 Mar 2016 £'000
Finance Lease debtor (net present value of minimum lease payments)		
- Current	7	7
- Non Current	60,295	60,113
Unguaranteed Residual Value of Property*	4,073	4,064
Gross Investment in the Lease	64,375	64,184

* Detail required by paragraph 4.2.4.2(11) of the code.

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 2017 £'000	31 Mar 2016 £'000	31 Mar 2017 £'000	31 Mar 2016 £'000
Not later than one year	7	7	7	7
Later than one year and not later than five years	31	30	31	30
Later than five years	64,338	64,147	60,264	60,083
Total	64,376	64,184	60,302	60,120

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2016/17 £1.73 million contingent rents were receivable by the Council (£1.53 million in 2015/16).

OPERATIONAL LEASES

The Council leases out property and equipment as Operational Leases. These include shorter term leases, where the risks and rewards are retained by the Council. The future sums receivable under non cancellable leases in future years are:

Operating Leases	31 Mar 2017 £'000	31 Mar 2016 £'000
Not later than one year	5,238	6,181
Later than one year and not later than five years	17,768	19,104
Later than five years	57,697	60,493
Total	80,703	85,778

41. 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.

There were no curtailment costs during 2016/17 included in the IAS19 report (£355,000 in 2016/17). These costs were accounted for through the Comprehensive Income & Expenditure Statement as part of the IAS19 accounting, and therefore were not recorded as termination costs in 2015/16, which avoids double counting.

A payment in respect of previously recognised costs amounted to £5,000 (£10,000 in 2016/17). These were initially charged in past cost of service in the Comprehensive Income and Expenditure Statement, 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.

	2016/17 £'000	2015/16 £'000
Opening Balance	14	24
New termination costs in year	-	-
Less costs removed in year	(5)	(10)
Closing Balance	9	14

Exit Payments

Exit payments are required to be disclosed in bands of £20,000 up to £100,000 and bands of £50,000 thereafter, shown on Note 35 (pages 71 to 72). 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 Curtailment costs do not include redundancy payments which are included in the disclosure note for exit payments.

The Council terminated the contracts of a number of employees in 2016/17, incurring total costs of £0.189 million (£0.309 million in 2015/16).

NOTES TO THE CORE FINANCIAL STATEMENTS

42. Defined Benefit Pension Scheme

a) Participation in the Pension Scheme

As part of the terms and conditions of employment of its Officers, the Council makes contributions towards the costs of Scheme Member Employment Benefits. Although these benefits will not actually be payable until an employee retires, the Council 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	Local Government Pension Scheme	
	2016/17 £'000	2015/16 £'000
Cost of Services		
Current Service Cost	8,863	9,450
Past Service Costs	(9)	-
Administration Expenses	142	129
Financing and Investment Income and Expenditure		
Interest Cost	4,802	4,676
Total Post Employment Benefit Charged to the Surplus/(Deficit) on the Provision of Services	13,798	14,255
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the Net Benefit Liability Comprising		
Return on Plan Assets (excluding amount included in the net interest expense)	(37,677)	7,133
Other actuarial (gains) / losses on assets	(6,525)	-
Changes in Financial Assumptions	86,927	(25,705)
Actuarial gains and losses arising on the change of demographic assumptions	(1,475)	-
Experience (gains) / losses on defined benefit obligation	(1,438)	18
Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	39,812	(18,554)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	53,610	(4,299)
	2016/17 £'000	2015/16 £'000
Movement in Reserves Statement		
Reversal of Net Charges made to the Surplus/(Deficit) for the Provision of Services for Post Employment Benefits in accordance with the Code	(13,798)	(14,610)
Actual amount charges against the General Fund Balance for pensions in the year		
Employers' Contributions Payable to Scheme	7,918	7,558

NOTES TO THE CORE FINANCIAL STATEMENTS

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Account at 31 March 2017 is £91.86 million loss. (£52.05 million loss as at 31 March 2016).

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 based on the latest valuation of the scheme as at 31 March 2017 is set out below.

The principal assumptions used by the actuary are:

	2016/17	2015/16
Mortality Assumptions:		
Longevity at 65 for Current Pensioners		
Men	23.4	23.3
Women	25.5	25.8
Longevity at 65 for Future Pensioners		
Men	25.6	25.6
Women	27.8	28.1
Rate of Inflation		
RPI	3.60%	3.30%
CPI	2.70%	2.40%
Rate for Discounting Scheme Liabilities	2.80%	3.70%
Rate of Increase in Pensions	2.70%	2.40%
Rate of increase in Salaries	4.20%	4.20%
Take up option to convert annual pension to lump sum	50.00%	50.00%

Members Assumption

It is assumed 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.

	2016/17	2015/16
	%	%
Proportion of Assets Held		
Equity Investments	68	64
Debt Instruments	15	17
Other Assets	17	19
Total	100	100

NOTES TO THE CORE FINANCIAL STATEMENTS

d) Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2016/17 £'000	2015/16 £'000
Opening Balance 1 April	348,202	359,903
Current Service Cost	8,863	9,450
Interest Cost	12,755	11,758
Actuarial (Gains) and Losses from Changes in Financial Assumptions	86,927	(25,705)
Changes in demographic assumptions	(1,475)	-
Experience (Gain) / Loss on Defined Benefit Obligation	(1,438)	18
Benefits Paid	(9,006)	(9,401)
Past Service Cost Including Curtailments	(9)	355
Contributions by Scheme Participants	2,609	2,323
Unfunded Pension Payments	(487)	(499)
Closing Balance 31 March	446,941	348,202

Reconciliation of movement in the Fair Value of the Schemes (Plan) Assets

	2016/17 £'000	2015/16 £'000
Opening Fair Value of Scheme Assets 1 April	214,428	214,627
Interest Income	7,953	7,082
Return on Plan Assets Less Interest	37,677	(7,133)
Other Actuarial Gains and Losses	6,525	-
Administration Expenses	(142)	(129)
Employers Contributions	7,919	7,558
Contributions by Scheme Participants	2,609	2,323
Settlements	(9,494)	(9,900)
Closing Balance 31 March	267,475	214,428

Pension Assets and Liabilities Recognised in the Balance Sheet

	2016/17 £'000	2015/16 £'000
Present Value of Liabilities		
Present value of the defined benefit obligation	(438,185)	(339,799)
Fair Value of Assets in the Local Government Pension Scheme	267,475	214,428
Present Value of Unfunded Obligation	(8,756)	(8,404)
Surplus/(Deficit) in the Scheme	(179,466)	(133,775)

Sensitivity Analysis

Impact on the Defined Benefit Obligation in the Scheme

	Increase in the Assumption £'000	No Change in the Assumption £'000	Decrease in the Assumption £'000
Adjustment to Discount Rate			
Present Value of Total Obligation	438,295	446,941	455,766
Adjustment to Long Term Salary Increase			
Present Value of Total Obligation	448,154	446,941	445,738
Projected Service Cost	13,951	13,951	13,951
Adjustment to Pension Increase and Deferred Revaluation			
Present Value of Total Obligation	454,553	446,941	439,482
Projected Service Cost	14,311	13,951	13,600
Adjustment to Mortality Age Rate Assumption			
Present Value of Total Obligation	463,571	446,941	430,926
Projected Service Cost	14,396	13,951	13,520

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

43. Contingent Liabilities

There is a contingent liability relating to NNDR appeals. This is due to an uncertainty around whether the Valuation Office will categorise NHS properties as charitable which could cause an increase in appeals.

44. Contingent Assets

There are no Contingent Assets for 2016/17.

45. Post Balance Sheet Event

The Council has identified a material non-adjusting event that occurred after the reporting date.

The Council has been undertaking a major refurbishment of its residential tower blocks which are accounted for within the Housing Revenue Account. Part of this refurbishment included improvements to the fire safety and the installation of insulated cladding on the blocks. Fire safety precautions put in place as part of the renovations include:

- sprinklers in all flats.
- heat and smoke detectors in all flats
- smoke detectors in all communal areas, directly connected to the Fire Service
- non-combustible insulation
- fire breaks within the cladding system
- upgraded communal area fire doors and flat entrance fire doors
- automatic venting system to stairwell to remove smoke
- upgraded fire seals to waste chutes
- Improvements to fire doors

Following the tragic fire at Grenfell Tower in West London on 14th June, the Council, along with other Councils across the country, has reviewed the cladding used on the tower blocks as part of this refurbishment. While the City Council has exceeded legal requirements for the whole safety system, fifty percent of the rain-screen cladding on Evenlode and Windrush Towers has been identified as Aluminium Composite Material (ACM). Samples were sent to the Building Research Establishment for testing and the results identify that the cladding is a risk. A further test of the overall cladding system was carried out which confirmed again that the rain screen, not the insulation, remained a risk. As a precautionary measure, the Council will therefore replace this cladding with improved non-combustible material.

The cladding for the other three tower blocks in Oxford is not of the same type, so does not carry this risk.

The current estimated cost of these works is £1 million which will be incurred in the 2017/18 financial year.

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SUPPLEMENTARY FINANCIAL STATEMENTS

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HOUSING REVENUE ACCOUNT

Housing Revenue Account Income and Expenditure Statement

	2016/17 £'000	2015/16 £'000
Expenditure		
Repairs & Maintenance	11,706	10,854
Supervision & Management	8,327	7,801
Rents, Rates, Taxes & Other Charges	58	132
Depreciation and Impairment of Non-Current Assets	30,347	15,070
Movement in the Allowance for Bad Debts (not specified by the Code)	292	300
Total Expenditure	50,730	34,157
Income		
Dwelling Rents (Gross)	(43,701)	(42,809)
Non Dwelling Rents (Gross)	(249)	(51)
Charges for Services & Facilities	(3,303)	(2,764)
Total Income	(47,253)	(45,624)
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	3,477	(11,467)
HRA Services' share of Corporate and Democratic Core	198	173
Net Income for HRA Services	3,675	(11,294)
HRA share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:		
(Gain)/Loss on Sale of HRA Fixed Assets	336	(72)
Interest Payable and Similar Charges	7,702	7,760
Interest and Investment Income	(126)	(90)
(Surplus)/Deficit for the year on HRA Services	11,587	(3,696)

HOUSING REVENUE ACCOUNT

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 Self-Financing Valuation 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

	2016/17 £'000	2015/16 £'000
Balance on the HRA at the end of the Previous Year	(4,000)	(4,000)
(Surplus)/Deficit for the Year on the HRA Income and Expenditure Account	11,587	(3,696)
Adjustments between Accounting Basis and Funding Basis Under Statute		
- Difference between any other item of income and expenditure	(2)	2
- Gain or loss on sale of HRA non-current assets	(336)	72
- HRA share of contributions to or from the Pensions Reserve	(41)	(63)
- Capital expenditure funded by the HRA	7,317	-
- Transfer to/from the Major Repairs Reserve	2,265	(120)
- Transfer to/from the Capital Adjustment Account	(23,318)	(5,955)
Net Increase/(Decrease) before Transfers to or from Reserves	(2,528)	(9,760)
Transfer (to)/from Reserves	2,528	9,760
Increase/(Decrease) in Year on the HRA	-	-
Balance on the HRA at the end of the Current Year	(4,000)	(4,000)

NOTES TO THE HOUSING REVENUE ACCOUNT

H1. Housing and Garage Stock Numbers

	2016/17	2015/16
Houses		
1 bedroom	277	277
2 bedrooms	828	836
3 bedrooms	2,862	2,873
More than 3 bedrooms	279	280
Flats		
1 bedroom	1,611	1,629
2 bedrooms	1,728	1,735
3 bedrooms	149	149
More than 3 bedrooms	5	5
Non Dwelling Properties		
Hostels	7	8
Overall Total	7,746	7,792

	2016/17	2015/16
Summary of Changes in Stock		
Stock at 1 April	7,792	7,717
Sales	(25)	(32)
Other Disposals	(5)	-
Additions	-	107
Demolitions	(16)	-
Stock at 31 March	7,746	7,792

	2016/17	2015/16
Garages and Parking Spaces		
Garages Within Curtilage	213	214
Parking Spaces	738	328
Overall Total	951	542

	2016/17	2015/16
Summary of Changes in Garages & Parking Spaces		
Stock at 1 April	542	317
Demolished/ Disposed	(1)	(83)
Additions to Parking Spaces	410	308
Stock at 31 March	951	542

NOTES TO THE HOUSING REVENUE ACCOUNT

Following revaluation on 1 April 2016, the vacant possession value (EUV) of the Council's housing stock (Council Dwellings) amounted to £2,097 million. Application of the social housing factor of 32% (EUV-SH) to the general housing stock, representing the economic cost to government of providing council housing, resulted in a Balance Sheet value of £701 million. At 31 March 2017, application of the social housing factor to the general housing stock resulted in a total value of £722 million.

The table below shows the HRA property values at appropriate measures of Fair Value as at 31 March 2017:

	2016/17			2015/16		
	Cost or Valuation £'000	Depreciation £'000	Net Book Value £'000	Cost or Valuation £'000	Depreciation £'000	Net Book Value £'000
Council Dwellings	722,074	(6,631)	715,443	648,892	(8,799)	640,093
Other Land and Buildings	3,742	(654)	3,088	3,765	(751)	3,014
Assets Under Construction	-	-	-	1,086	-	1,086
Surplus Assets not Held for Sale	320	-	320	512	(46)	466
Assets Held for Sale	1,342	-	1,342	824	-	824
As at 31 March	727,478	(7,285)	720,193	655,079	(9,596)	645,483

H2. Movement on the Major Repairs Reserve

	2016/17 £'000	2015/16 £'000
Opening Balance	(818)	-
Transfer from Capital Adjustment Account	(6,783)	(9,115)
Excess of Depreciation on Dwellings over Major Repairs Allowance	(2,511)	120
Financing of Capital Expenditure (MRA Applied)	10,112	8,177
Closing Balance	-	(818)

H3. Capital Expenditure and Financing

	2016/17 £'000	2015/16 £'000
Buildings	17,638	13,793
Revenue Expenditure Funded from Capital under Statute	246	-
Total Spend	17,884	13,793
Sources of Finance		
Major Repairs Reserve	10,112	8,177
Grants and Contributions	63	1,175
Capital Receipts	392	4,441
Revenue Contributions to Capital	7,317	-
Total Financing	17,884	13,793

NOTES TO THE HOUSING REVENUE ACCOUNT

H4. Capital Receipts Received

	2016/17 £'000	2015/16 £'000
Buildings	(3,330)	(4,020)
Total	(3,330)	(4,020)

H5. 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 2016/17 this was ££0.246 million (In 2015/16 this was nil).

H6. 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.

	2016/17 £'000	2015/16 £'000
Interest on Cash Balances	(126)	(90)
Total	(126)	(90)

The Housing Revenue Account was debited with Item 8 interest of £7.702 million in 2016/17, this relates to the proportion of the external interest relating to the Housing Revenue Account.

H7. 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.

NOTES TO THE HOUSING REVENUE ACCOUNT

H8. Rent Arrears

	2016/17		2015/16	
	£'000	% of total rents due	£'000	% of total rents due
Arrears Details				
Current Tenants	1,256	2.94	1,143	2.67
Former Tenants	394	0.92	319	0.74
Overall	1,650	3.87	1,462	3.41
Total Rents due in Year	42,658		42,867	

	2016/17 £'000	2015/16 £'000
Doubtful Debt provision		
Opening Balance	469	472
Write-offs in Year	(204)	(229)
Additional Provision	255	226
Closing Balance	520	469

H9. Capital Commitments

<u>Description</u>	<u>Contractor</u>	2016/17 £'000	2015/16 £'000
Tower Blocks	Wilmott Dixon Energy Services	8,052	18,277
Windows and Doors	Nationwide	60	200
Tower Blocks	Arcadis	44	92
Roofing	GSR Contracting	-	60
Total HRA Capital Commitments		8,321	18,629

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 it 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:

	Business Rates 2016/17 £'000	Council Tax 2016/17 £'000	Total 2016/17 £'000	Business Rates 2015/16 £'000	Council Tax 2015/16 £'000	Total 2015/16 £'000
Income						
Council Tax Receivable	-	(77,158)	(77,158)	-	(74,203)	(74,203)
Business Rate Receivable	(86,126)	-	(86,126)	(88,507)	-	(88,507)
Sub Total	(86,126)	(77,158)	(163,284)	(88,507)	(74,203)	(162,710)
Expenditure						
Central Government share of PY Deficit/(Surplus)	(3,946)	-	(3,946)	87	-	87
Oxford City share of PY Deficit/(Surplus)	(3,157)	313	(2,844)	69	325	394
Oxfordshire County share of PY Deficit/(Surplus)	(789)	1,362	573	17	1,418	1,435
Police & Crime Commissioner share of PY Deficit/(Surplus)	-	181	181	-	188	188
Sub Total	(7,892)	1,856	(6,036)	173	1,931	2,104
Precepts, Demands and Shares						
Central Government Share	42,357	-	42,357	42,424	-	42,424
Oxford City Share	33,886	12,621	46,507	33,939	12,072	46,011
Oxfordshire County Precept Share	8,471	55,963	64,434	8,485	52,575	61,060
Police & Crime Commissioner share of PY Precepts Share	-	7,290	7,290	-	6,983	6,983
Sub Total	84,714	75,874	160,588	84,848	71,630	156,478
Disregarded Amounts						
Renewable Energy	12	-	12	22	-	22
Sub Total	12	-	12	22	-	22
Charges						
Transitional Protection due to Central Government	511	-	511	85	-	85
Write Offs	571	500	1,071	368	450	818
(Increase)/Decrease in Bad Debt Provision	(144)	(171)	(315)	276	149	425
(Increase)/Decrease in Provision for Appeals	2,105	-	2,105	652	-	652
Appeals charged to the Collection Fund	(3,440)	-	(3,440)	(530)	-	(530)
Cost of Collection	220	-	220	220	-	220
Sub Total	(177)	329	152	1,071	599	1,670
(Surplus)/Deficit arising during year	(9,469)	901	(8,568)	(2,393)	(43)	(2,436)
(Surplus)/Deficit brought forward 1st April	8,110	(1,934)	6,176	10,503	(1,891)	8,612
(Surplus)/Deficit Carry forward	(1,359)	(1,033)	(2,392)	8,110	(1,934)	6,176

NOTES TO THE 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. From April 2013 the Business Rates Retention Scheme has replaced the former scheme. The baseline element of rates the Council were allowed to retain for 2016/17 was assessed at £5.729 million. The Council were required to pay to Central Government both the Central Share of £42.357 million plus the calculated tariff of £27.71 million. In addition we were required to pay £8.471 million to Oxfordshire County Council.

The local rateable value (2010 Rating List) as at 31 March 2017 was £226.0 million (£229.0 million at 31 March 2016). The multiplier for 2016/17 was set at 49.7 pence in the pound (49.3 pence for 2015/16).

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 2016/17 Council Tax including precepts was set at £289.04 for a Band D property (2015/16 £283.00)

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	2,452	1,150	6/9	767
B	9,464	5,312	7/9	4,131
C	18,951	13,699	8/9	12,177
D	15,827	12,153	9/9	12,153
E	6,902	5,262	11/9	6,432
F	2,802	2,399	13/9	3,464
G	3,234	2,832	15/9	4,720
H	581	356	18/9	712
	60,213	43,163		44,556
Crown Properties				-
Allowance of 2% for non-collection				(891)
Total				43,665

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GROUP ACCOUNTS

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INTRODUCTION

Group Accounts are required by the Accounting Code of Practice where an authority has interests in subsidiaries, associates and/or jointly controlled entities, subject to consideration of materiality.

Group Accounts have been prepared to incorporate within the Statement of Accounts two Joint Venture (JV) activities within which the Council holds a 50% share of the operations of the ventures and one subsidiary company of which the Council is the sole owner.

- The two ventures are as follows:
- Barton Oxford LLP
- Oxford West End Development Limited (OxWED)

The accounting requirements in “IFRS 11 Joint Arrangements” state the presentation requirements basis for these joint ventures as the Equity method, and this means that a disclosure note is provided showing Oxford City Council’s share of the net assets and liabilities of these entities as at 31 March 2017. In addition “Disclosure of interests in Other Entities IFRS 12” requires disclosure of summary information for the joint venture as a whole and not just the Council’s share. The Council’s Group accounts show the long term investment in the Balance Sheet, and profits and losses in the Council’s Comprehensive Income and Expenditure.

The wholly owned subsidiary is:

- Oxford City Housing Limited (OCHL)

The accounting requirements in “IFRS 10 Consolidated Financial Statements” state the presentation requirements for OCHL as line-by-line consolidation.

BASIS OF ACCOUNTING

Oxford City Council Statement of Accounts are prepared on an IFRS basis, as modified for public sector application, which include revaluation of assets when and where appropriate. The Group Accounts of Oxford City Council incorporate the financial statements of Barton Oxford LLP, the Oxford West End Development Company (OxWED) and Oxford City Housing Limited (OCHL). Oxford City Council are joint members of the LLP with Grosvenor Development Limited, are joint owners of OxWED with Nuffield College and are sole owners of OCHL.

Accounting Policies

Accounting Policies of Oxford City Council, the LLP and the Companies have been considered to ensure the underlying accounting standards are compatible for the Group. In all respects the standards are compatible for 2016/17. Cash and cash equivalents, debtors and creditors are all provided on the same basis. The development expenditure of the LLP is recorded at the lower of cost and net realisable value. Cost includes the cost of acquisition, professional fees and construction costs but excludes overheads. This is compatible with Oxford City accounting policies in that the assets are under construction and therefore recorded at cost under IFRS. Therefore in all material respects for 2016/17 the accounting policies are materially aligned.

Barton Oxford LLP

The Barton Oxford LLP financial statements have been prepared under UKGAAP applying FRS102 which is broadly equivalent to IFRS. For previous years the LLP applied the historical cost convention in accordance with applicable United Kingdom law, accounting standards and the Limited Liability Partnerships Statement of Recommended Practice. The change to reporting under FRS102 has not had a material effect on the comparable figures from the previous period. The accounting policies have been applied consistently throughout the current and preceding year on a going concern basis, except in respect of the equity accounting replacement.

Oxford West End Development (OxWED)

The OxWED financial statements have been prepared under IFRS rules. Where there are options for accounting treatment, the option chosen has been compatible with the Public Sector adaptation in the Code as published by CIPFA. The accounts are therefore directly compatible with the Oxford City Council accounts. The company was incorporated in January 2016.

Oxford City Housing Limited (OCHL)

The OCHL financial statements have been prepared under IFRS rules. Where there are options for accounting treatment, the option chosen has been compatible with the Public Sector adaptation in the Code as published by CIPFA. The accounts are therefore directly compatible with the Oxford City Council accounts. The company was incorporated in June 2016 and so therefore there are no prior year comparatives.

Method of Consolidation

The method of consolidation adopted in the financial statements is to provide separate core financial statements consolidated on an Equity basis in the case of the LLP and OxWED and on a line by line basis for OCHL.

BASIS OF ACCOUNTING

Oxford City Council has provided land with an initial transfer value of £850,000 to the LLP. Interest on the transfer value is payable at a fixed rate of 5% compounded monthly until repayment. The loan and interest is due to be repaid in January 2019, on completion of the development. The loan and interest amounted to £1,113,910 as at 31 March 2017 (£1,059,694 as at 31 March 2016) these sums are included in the Council's Balance Sheet as a debtor and deferred capital receipt.

Oxford City Council has provided no additional capital loans to OxWED in 2016/17 (£6.5 million in 2015/16) and working capital of £0.050 million in 2016/17 (£0.050 million in 2015/16), a total of £6.6 million loan. The loans are expected to be repaid when development on the site has been completed and are therefore recorded in the Oxford City Council accounts as long term debtors.

Oxford City Council has provided a loan to OCHL of £0.743 million in 2016/17 for the purchase of 5 properties by OCHL from the Council. The loan for the land is expected to be repaid in accordance with the cash flow of the Company and is not expected within the year. It has been recorded in the Oxford City Council accounts as a long term debtor. There are also a number of debtors and creditors with the Council due to the Council settling financial transactions on behalf of the Company whilst the Company is established. These creditors and debtors are expected to be settled during the next financial year and are recorded as short term debtors and creditors in the Company and Council accounts.

**GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

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 (page 104).

	2016/17 Oxford City Council			2016/17 Group Cl&E			2015/16 Restated	
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Group Movements £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Net Expenditure £'000
Assistant Chief Executive	877	(131)	746	-	877	(131)	746	651
Regeneration and Housing	20,785	(9,967)	10,818	56	20,842	(9,968)	10,874	12,520
Community Services	65,881	(55,234)	10,647	-	65,881	(55,234)	10,647	8,740
Organisational Development and Corporate Services	18,106	(2,538)	15,568	-	18,106	(2,538)	15,568	15,146
Housing Revenue Account (HRA)	50,928	(47,253)	3,675	-	50,928	(47,253)	3,675	(11,294)
Service Level Agreements and Capital Charges	20,527	(23,888)	(3,361)	-	20,527	(23,888)	(3,361)	6,937
Corporate and Democratic Core	66,393	(62,138)	4,255	-	66,393	(62,138)	4,255	2,795
Cost of Services	243,497	(201,149)	42,348	56	243,554	(201,150)	42,404	35,495
Other Operating Expenditure	2,167	-	2,167	-	2,167	-	2,167	(642)
Financing and Investment Income and Expenditure	11,460	(18,043)	(6,583)	(180)	11,877	(18,640)	(6,763)	(8,092)
Taxation and Non-Specific Grant Income	-	(32,145)	(32,145)	-	-	(32,145)	(32,145)	(35,339)
(Surplus)/Deficit on Provision of Services	257,124	(251,337)	5,787	(124)	257,598	(251,935)	5,663	(8,578)
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			(101,290)	-			(101,290)	(78,817)
(Surplus)/Deficit on Available for Sale Financial Instruments			(92)	-			(92)	(1,356)
Actuarial (Gains)/Losses on Pension Assets and Liabilities			39,812	-			39,812	(18,554)
Other Comprehensive Income and Expenditure			(61,570)	-			(61,570)	(98,987)
Total Comprehensive Income and Expenditure			(55,783)	(124)			(55,907)	(107,305)

GROUP MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

This statement shows the total Movement in Reserves for the whole group.

	Total Authority Reserves	Group Movements	Restatement Adjustments	Authorities share of Reserves including Group Operations
	£'000	£'000	£'000	£'000
Balance at 31st March 2015 carried forward	578,762	(12)	-	578,750
Movement in Reserves during 2015/16				
Surplus/(Deficit) on the Provision of Services	8,637	(59)	-	8,578
Other Comprehensive Income and Expenditure	98,987	(261)	261	98,987
Total Comprehensive Income and Expenditure	107,624	(320)	261	107,565
Adjustments between Accounting Basis & Funding Basis under Regulations	-	-	-	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	107,624	(320)	261	107,565
Transfers (to)/from Earmarked Reserves	-	-	-	-
Increase/(Decrease) in 2015/16	107,624	(320)	261	107,565
Balance at 31st March 2016 carried forward	686,386	(332)	261	686,315
Movement in Reserves during 2016/17				
Surplus/(Deficit) on the Provision of Services	(5,787)	124	-	(5,663)
Other Comprehensive Income and Expenditure	61,570	-	-	61,570
Total Comprehensive Income and Expenditure	55,783	124	-	55,907
Adjustments between Accounting Basis & Funding Basis under Regulations	-	-	-	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	55,783	124	-	55,907
Transfers (to)/from Earmarked Reserves	-	-	-	-
Increase/(Decrease) in 2016/17	55,783	124	-	55,907
Balance at 31st March 2017 carried forward	742,169	(208)	261	742,222

GROUP BALANCE SHEET AS AT 31 MARCH 2017

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'.

	Oxford City Council 2016/17 £'000	Group Movement 2016/17 £'000	Group 2016/17 £'000	Group Restated 2015/16 £'000	Group 2015/16 £'000
Property, Plant & Equipment	862,287	728	863,015	782,643	782,643
Heritage assets	2,898	-	2,898	2,509	2,509
Investment Properties	117,828	-	117,828	110,856	110,856
Intangible Assets	1,138	-	1,138	1,181	1,181
Long Term Investments	11,309	7,095	18,404	18,772	18,511
Long Term Debtors	82,839	(7,713)	75,126	68,709	68,709
Long Term Assets	1,078,299	110	1,078,409	984,670	984,409
Short Term Investments	41,166	(15)	41,151	46,666	46,666
Assets Held for Sale	3,683	-	3,683	854	854
Inventories	848	-	848	817	817
Short Term Debtors	18,800	(58)	18,742	15,426	15,426
Cash and Cash Equivalents	22,104	15	22,119	9,136	9,136
Current Assets	86,601	(58)	86,543	72,899	72,899
Short Term Borrowing	-	-	-	-	-
Short Term Creditors	(33,665)	1	(33,664)	(26,692)	(26,692)
Current Liabilities	(33,665)	1	(33,664)	(26,692)	(26,692)
Long Term Creditors	(191)	-	(191)	(173)	(173)
Provisions	(7,560)	-	(7,560)	(8,100)	(8,100)
Long Term Borrowing	(198,528)	-	(198,528)	(198,528)	(198,528)
Other Long Term Liabilities	(179,792)	-	(179,792)	(134,050)	(134,050)
Capital Grants Receipts in Advance	(2,995)	-	(2,995)	(3,711)	(3,711)
Long Term Liabilities	(389,066)	-	(389,066)	(344,562)	(344,562)
Net Assets	742,169	53	742,222	686,315	686,054
Usable Reserves	(74,151)	(53)	(74,204)	(69,548)	(69,287)
Unusable Reserves	(668,018)	-	(668,018)	(616,767)	(616,767)
Total Reserves	(742,169)	(53)	(742,222)	(686,315)	(686,054)

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

The Cash flow statement of the Group under the Equity method of consolidation does not include the cash flows of the Oxford Barton LLP or the OxWED Company, but is restricted to recording the book movement of gains and losses. 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 2016/17 £'000	Group Movements 2016/17 £'000	Group 2016/17 £'000	Group 2015/16 £'000
Net (Surplus)/Deficit on the Provision of Services	6,248	56	6,304	(8,986)
Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements	(29,626)	(56)	(29,682)	(23,956)
Net Cash Flows from Operating Activities	(23,378)	-	(23,378)	(32,942)
Investing Activities	14,159	728	14,887	29,944
Financing Activities	(3,749)	(743)	(4,492)	574
Net (Increase)/Decrease in Cash and Cash Equivalents	(12,968)	(15)	(12,983)	(2,424)
Cash and Cash Equivalents at the Beginning of the Reporting Period	(9,136)	-	(9,136)	(6,712)
Cash and Cash Equivalents at the End of the Reporting Period	(22,104)	(15)	(22,119)	(9,136)

NOTES TO THE GROUP FINANCIAL STATEMENTS

G1. Notes to the Cash Flow Statement

	Oxford City Council 2016/17 £'000	Group Movements 2016/17 £'000	Group 2016/17 £'000	Group 2015/16 £'000
Operating activities within the Cashflow Statement include the following cashflows relating to Interest				
Cash Interest Received	791	-	791	952
Cash Interest Paid	(6,516)	-	(6,516)	(6,546)
Total	(5,725)	-	(5,725)	(5,594)
Investing Activities				
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	26,491	728	27,219	32,708
Purchase of Short-Term and Long-Term Investments	1,101	-	1,101	12,958
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(6,920)	-	(6,920)	(6,381)
Other Capital Cash Receipts in Advance	(6,513)	-	(6,513)	(9,341)
Total Cash Flows from Investing Activities	14,159	728	14,887	29,944
Financing Activities				
Repayment of Long Term Borrowing	-	-	-	908
Other receipts from Financing Activities	(3,667)	(743)	(4,410)	(386)
Payments for the reduction of a Finance Lease Liability	(82)	-	(82)	52
Total Cash Flows from Financing Activities	(3,749)	(743)	(4,492)	574

NOTES TO THE GROUP FINANCIAL STATEMENTS

G2. Barton Oxford LLP

The Barton Oxford LLP is a legally committed body contracted to develop homes on land at Barton. Strategic financial and operating decisions relating to the Joint Venture requires the unanimous consent of the parties sharing control. The Barton Oxford LLP controls the assets of the joint venture, incurs liabilities and expenses and earns income.

The Barton Oxford LLP was established on 23 September 2011. The Council entered into a partnership with Grosvenor Developments Limited to form the 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.

The Council transferred land to the LLP on 31 October 2011. It is estimated that the value will be repaid with interest by January 2019. As at 31 March 2017, 50% of the net assets of £1.160 million (£0.580 million) have been incorporated in to the Council's Group Accounts.

The Group Statements in the Comprehensive Income and Expenditure and Balance Sheet reflect the Equity Accounting method and therefore the Net assets of the LLP excluding the land transferred from Oxford City Council to the LLP, which is shown as long term debtor and deferred capital receipt in Oxford City Council's accounts, along with the associated capitalised interest.

The first parcel of land has been disposed of during 2016/17, with further disposals in 2017, 2018 and 2019. Costs attributable to the disposals will run on beyond 2019, and profit distribution happens after all costs have been accounted for in the LLP. The current expectation is that profit will be distributed by the LLP in 2022, at which point the Council will receive its share of the profit.

Barton Oxford LLP accounts are completed on a UK GAAP basis under FRS2 and the Council's accounts are completed on an IFRS basis, however all accounting policies are compatible.

Financial Information on Barton LLP

Profit & Loss Account	2016/17 £'000	2015/16 £'000
Sales	(8,000)	-
Cost of Sales	6,798	-
	(1,202)	-
Expenses	22	12
Operating (Surplus) / Loss	(1,180)	12
Interest receivable	(14)	(3)
Loss / (Profit) from continuing operations	(1,194)	9

Balance Sheet	2016/17 £'000	2015/16 £'000
Non Current Assets	25,614	19,918
Debtors	98	428
Cash and cash equivalents	4,548	382
Current Assets	4,646	810
Amounts falling due within one year	(1,365)	(3,209)
Current Liabilities	(1,365)	(3,209)
Net Assets attributable to members	28,895	17,519

NOTES TO THE GROUP FINANCIAL STATEMENTS

Members' interests

Capital classified as a liability
 Other reserves classified as equity

Members' Interests as at 31 March 2017

Barton Oxford LLP as at 31 March 2017		
Oxford City Share £'000	Grosvenor D L Share £'000	Total £'000
1,113	26,622	27,735
580	580	1,160
1,693	27,202	28,895

Capital classified as a liability
 Other reserves classified as equity

Members' Interests as at 31 March 2016

Barton Oxford LLP as at 31 March 2016		
Oxford City Share £'000	Grosvenor D L Share £'000	Total £'000
1,060	16,493	17,553
(17)	(17)	(34)
1,043	16,476	17,519

Oxford City Council Commitment to Barton LLP

The City Council has made no commitments which would give rise to a future outflow of cash or other resources

NOTES TO THE GROUP FINANCIAL STATEMENTS

G3. Oxford West End Development Limited (OxWED)

OxWED was established during 2015/16. The Council entered into a partnership with Nuffield College to form the Oxford West End Development Limited, a joint venture vehicle to develop The Oxford West End area. The Council has a 50% interest in the company and shares profits and losses.

OxWED scheme involves the acquisition of railway lands jointly with Nuffield College and combines the site with the Council's adjoining holdings and promote mixed-use development. Nuffield College has entered into a JV partnership with the Council through an investment vehicle on a 50:50 basis and will invest half the cost of the acquisition of the LCR land. 50% of the net liabilities of £0.941 million (£0.470 million) have been incorporated in to the Council's Group Accounts.

A competitive process will be undertaken for a private sector partner and the development will proceed as planned with planning permission sought, strategic infrastructure being installed, and onward sale of plots for development of housing and commercial properties.

The Oxford West End Development Limited made a loss for the year of £0.832 million of which the Council is responsible for half.

There were no significant investing activities for the year ended 31st March 2017.

Financial Information on OxWED

Profit & Loss Account	2016/17	2015/16	2015/16
	£'000	Restated £'000	£'000
Other Income	(225)	(33)	(33)
Expenses	202	13	13
Operating (Surplus) / Loss	(23)	(20)	(20)
Interest charges	855	129	129
Loss from continuing operations	832	109	109
Devaluation of Investment Property	-	-	521
Other comprehensive expenditure	-	-	521
Total Comprehensive Income and Expenditure loss	832	109	630

Balance Sheet	2016/17	2015/16	2015/16
	£'000	Restated £'000	£'000
Non Current Assets	-	-	12,500
Inventories	13,021	13,020	-
Debtors	61	78	78
Cash and cash equivalents	226	51	51
Current Assets	13,308	13,149	129
Amounts falling due within one year	(1,049)	(159)	(159)
Current Liabilities	(1,049)	(159)	(159)
Net Assets attributable to members	12,259	12,990	12,470

NOTES TO THE GROUP FINANCIAL STATEMENTS

Members' interest

Capital classified as a liability

Other reserves classified as equity

Members' Interests as at 31 March 2017

Oxford West End Development Limited as at 31 March 2017 Nuffield		
Oxford City Share £'000	College Share £'000	Total £'000
6,600	6,600	13,200
(470)	(470)	(941)
6,130	6,130	12,259

Capital classified as a liability

Other reserves classified as equity

Members' Interests as at 31 March 2016

Restated Oxford West End Development Limited as at 31 March 2016 Nuffield		
Oxford City Share £'000	College Share £'000	Total £'000
6,550	6,550	13,100
(55)	(55)	(110)
6,495	6,495	12,990

Capital classified as a liability

Other reserves classified as equity

Members' Interests as at 31 March 2016

Oxford West End Development Limited Nuffield		
Oxford City Share £'000	College Share £'000	Total £'000
6,550	6,550	13,100
(315)	(315)	(630)
6,235	6,235	12,470

Oxford City Council Commitment to OxWED

The City Council has made no commitments which would give rise to a future outflow of cash or other resources

NOTES TO THE GROUP FINANCIAL STATEMENTS

G4. Oxford City Housing Limited (OCHL)

The OCHL was established during 2016/17 by the Council as a wholly owned company. The Council has a 100% interest in the company and bears the risks and benefits of all profits and losses.

As part of the City Council's strategy to secure more housing and more affordable housing in the city and to improve housing supply, quality and delivery the Council established a Local Authority Housing Company to procure and develop new homes. The City Council approved the establishment of a Local Authority housing company in March 2016 and Oxford City Housing Limited (OCHL) was incorporated in June 2016. The objectives of the Company are closely aligned to those of the Council. The loans to the Company are made available solely by the Council which charges the Company interest at rates which are state aid compliant so as not to distort the market.

The Group Statements in the Comprehensive Income and Expenditure and Balance Sheet reflect the line by line consolidation required under IFRS 10. The consolidation excludes the loan from the Council and the debtors and creditors with the Council.

The OCHL statement of accounts for the year ended 31st March 2017 is the first statements for the Company. The Company made a loss for the year of £0.057 million. Investing activities for the year ended involved the acquisition of operational property of £0.728 million and incurred costs on that acquisition of £0.015 million.

Financial Information on OCHL

Profit & Loss Account	2016/17 £'000
Other Income	(1)
Expenses	57
Operating (Surplus) / Loss	56
Interest charges	1
Loss from continuing operations	57
Other comprehensive expenditure	-
Total Comprehensive Income and Expenditure loss	57
Balance Sheet	2016/17 £'000
Property held as Current Assets	728
Debtors	12
Cash and cash equivalents	15
Current Assets	755
Amounts falling due within one year	(69)
Current Liabilities	(69)
Net Assets	686
Financed By:	
Long term loans	743
Short term loans	-
	743
Equity	(57)
Total Equity and liabilities	686

NOTES TO THE GROUP FINANCIAL STATEMENTS

Members' interests	Oxford City Share £'000
Loans to OCHL	743
Net Sundry amount advanced by the Council	(57)
Oxford City Council Interests as at 31 March 2017	686

Oxford City Council Commitment to OCHL

The City Council has made no commitments which would give rise to a future outflow of cash or other resources

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ACCOUNTING POLICIES

ACCOUNTING POLICIES

Accounting Policies

AP1. General Principles

The Statement of Accounts summarises the Council's financial transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and this requires the preparation to be in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, 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.

AP2. 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.

Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

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.

ACCOUNTING POLICIES

AP3. Cash and Cash Equivalents

Cash is represented by cash in hand and demand 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. The Council regards overnight funds to represent a Cash Equivalent. Cash also includes bank overdrafts that are repayable on demand and that are integral to a Council's cash management.

AP4. Prior Period Adjustments, Changes in Accounting Policies and Material 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, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council'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.

AP5. 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 Council's financial performance.

AP6. 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 Council 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 Council in accordance with statutory guidance. The Council makes a contribution by 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.

The principles of capital accounting are applicable to all non-current assets. However, the Council is able to prepare the financial statements in accordance with the concept of materiality; capitalisation of expenditure on fixed assets is not necessary where the amounts involved are not material to the fair presentation of the financial position and which would not affect the understanding of the users of the accounts. The Council has a general de-minimis level of £5,000 for capital expenditure purposes. Therefore, the Council will capitalise new assets that are greater than the following limits:

ACCOUNTING POLICIES

- Individually have a cost of at least £5,000 (£1,500 for residential properties); or
- Collectively have a cost of at least £5,000 (£1,500 for residential properties) and individually have a cost of more than £250, where the assets are functionally interdependent, have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.
- Form part of the initial equipping and setting-up cost of a new building, or significant refurbishment, irrespective of their individual or collective cost.

Where an asset has been acquired for less than £5,000 but has been funded by ring fenced capital funding, this will be treated as capital.

AP7. 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 Council.

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 Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the surplus or deficit on the provision of services at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination 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 yearend.

Post-employment Benefits

Employees of the Council 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 Council 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,

ACCOUNTING POLICIES

and projections of projected earnings for current employees.

- the liabilities are discounted to their value at current prices, using a discount rate of 2.8%. The discount rate is the annualised yield at the 20 year point on the Merrill Lynch AA rated corporate bond yield curve
- the assets of Oxfordshire County Council Pension Fund attributable to the Council 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 the following 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
3. Net interest on the net defined benefit liability (asset) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

4. The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
5. Actuarial Gains and Losses – changes in the net pension liability that arises because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are charged to the Pension Reserve as Other Comprehensive Income and Expenditure.

Charge comprising:

6. Contributions paid to Oxfordshire County Council Pension Fund – cash paid as employer's contribution to the pension fund in settlement of liabilities; not accounted as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council 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.

ACCOUNTING POLICIES

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award 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.

AP8. Financial Instruments and Financial Assets

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council 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 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.

This means that, for most of the borrowings that the Council has, 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 are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and Receivables are recognised on the Balance Sheet when the Council 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 Council 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 Council 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.

ACCOUNTING POLICIES

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, 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 amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations

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

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/ loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

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 (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, 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. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

AP9. 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 Council when there is reasonable assurance that:

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

ACCOUNTING POLICIES

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 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.

AP10. Community Infrastructure Levy

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

CIL is received without outstanding conditions; 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.

AP11. 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.

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

The Council's 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

ACCOUNTING POLICIES

These assets are deemed to have an indeterminate life and high residual values, and the Council 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 recognised 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 Council 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 Council's financial statements and therefore are excluded from the Balance Sheet.

- Heritage Non Operational Property

The Council 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 its 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 Council 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 Council's general policies on impairment - see note AP.18. The Council may occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council'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.

AP12. Intangible Assets

Expenditure on non monetary assets that do not have physical substance but are controlled by the Council 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 Council 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 Council 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).

ACCOUNTING POLICIES

Expenditure on the development of websites is not capitalised if the website is primarily intended to promote or advertise the Council's 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 Council 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.

AP13. Interest in Companies and Other Entities

The Council has material interest in the Barton Oxford LLP. The LLP is a joint venture developing Land which will be sold for Housing development. The Council has a 50% interest in the Company and shares the profit and losses.

The Council has material interest in the Oxford West End Development Company Ltd (OxWED). The Company is a joint venture developing Land which will be sold for Housing or commercial development or retained for rental. The Council has a 50% interest in the Company and shares the profit and losses.

The Council has a wholly owned Housing Company, Oxford City Housing Limited (OCHL). The Company will hold Housing for rent, predominantly at social rent rates, and will develop land to produce additional housing within Oxford. The Council has a 100% interest in the Company and owns any profits and losses.

The Council has material interests therefore in Barton Oxford LLP, OxWED Ltd and OCHL which require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as Long term Debtors and Investments and these are removed on consolidation into the Group Accounts to prevent double counting.

AP14. 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.

AP15. 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.

ACCOUNTING POLICIES

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use subject to data availability from Tenants and materiality considerations. Properties are not depreciated but are re-valued annually according to market conditions at the year-end, This involves an assessment of properties where material changes could have occurred and valuation to all those cases. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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).

AP16. Leases

Lease classification is made at the inception of the lease, which is at the earlier of the date of the lease agreement and the date of commitment by the parties to the principle provision of the lease. Lease are classified as Finance Leases where the terms of the lease transfer substantially all the risk and rewards incidental to ownership of the property, plant or equipment to the lessee. All other leases are classified as Operating Leases. Where a lease covers both land and buildings, the land and building elements are considered separately for classification. Land is treated as having an indefinite economic life, unless impairment or extraction have an impact of such substance that the indefinite economic life is brought into question.

Each lease is assessed by reference to a number of primary indicators which collectively or individually to provide evidence of a Finance Lease. Arrangements that do not have a legal status of a lease but convey a right to use an asset in return for payments 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 Council 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 Council at the end of the lease period).

ACCOUNTING POLICIES

The Council 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 Council 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 Council'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 Council 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.

ACCOUNTING POLICIES

AP17. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Oxford City Council's arrangements for accountability and financial performance.

AP18. 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. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

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 Council 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 Council). 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 Council.

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

- infrastructure, community assets, vehicles, plant & equipment and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of Existing Use Value for Social Housing (EUV-SH) surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- 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, 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 current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum they are re-valued 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).

ACCOUNTING POLICIES

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). Assets are not depreciated in their year of acquisition but are depreciated in full in the year of disposal.

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

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.

ACCOUNTING POLICIES

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 Council 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 Council's underlying need to borrow (the Capital 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.

ACCOUNTING POLICIES

AP19.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. With effect from 1 April 2013 onwards, under the Local Government Finance act 2013, where the Council is acting as an agent under the Business Rates retention scheme on behalf of the major preceptors, Central Government, and the Council itself (as principal), the Council makes provisions for ratepayer appeals against the rateable value of business properties in accordance with the CIPFA Code of Practice on Local Authority Accounting. The amount recognised as a provision is the best estimate at the Balance Sheet date of the expenditure required to settle the present obligation, taking account of the risks and uncertainties that surround many events and circumstances.

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 Council 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 Council. 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 Council 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 Council.

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.

The Council does not make provisions for unequal pay because the risk of claims continues to reduce, and the sums are not regarded as material.

ACCOUNTING POLICIES

AP20. 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 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.

AP21. 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 Council 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.

AP22. 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.

AP23. Carbon Reduction Commitment Allowances

The Council is not required to participate in the second phase of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, therefore first phase accounting policy is no longer employed.

ACCOUNTING POLICIES

AP24. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

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

AP25. Council Tax and Non Domestic Rates-Principal and Agent Accounting Policy

Oxford City Council is a Billing Authority and acts as agents, collecting Council Tax and Non-Domestic Rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting Council tax and NDR for themselves. Billing Authorities are required by statute to maintain a separate fund (ie the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR. Under the legislative framework for the Collection Fund, Billing Authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals

ACCOUNTING POLICIES

AP26 Events After the Reporting Period

Events after the Balance Sheet date that are reported are those material events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events except where it is a matter that will involve future expenditure in which case the circumstances and an estimate of the cost will be reported.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

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GLOSSARY OF TERMS AND ABBREVIATIONS

GLOSSARY OF TERMS AND ABBREVIATIONS

ACE

Arts Council England.

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 assets) to the Income and Expenditure Account over a period of time, reflecting the value to the Council; similar to the depreciation charge for tangible fixed assets.

Asset

An asset is an economic resource which can be tangible or intangible. An asset is owned or controlled to produce positive economic value.

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.

Balance Sheet

The balance sheet is the summary of the financial balances of the Council.

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.

GLOSSARY OF TERMS AND ABBREVIATIONS

Chartered Institute of Public Finance and Accountancy (CIPFA)

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

CO

Cabinet Office.

Code of Practice (The Code)

The Code of Practice on Local Authority Accounting in the United Kingdom. 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 International Accounting Standards Board.

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.

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.

Current Asset

A current asset is any asset which can reasonably be expected to be sold, consumed, or exhausted within a year. Typical current assets include cash, cash equivalents, short-term investments, accounts receivable, inventory and the portion of prepaid liabilities which will be paid within a year.

DCLG

Department for Communities and Local Government.

DCMS

Department of Culture, Media and Sport.

DECC

Department of Energy and Climate Change.

GLOSSARY OF TERMS AND ABBREVIATIONS

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.

DEFRA

Department for Environment, Food and Rural Affairs.

Depreciation

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

DFT

Department for Transport.

DWP

Department of Work and Pensions.

Earmarked Reserves

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

Earmarked Reserves

Earmarked reserves are amounts set aside from the General Fund and HRA Balances to provide financing for future expenditure plans. These amounts can be moved to and from the revenue account in accordance with the rules in the Council's constitution. During the year there are usually numerous transfers to and from earmarked reserves and the net effect of this is shown in a note to the accounts.

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.

GAAP

Generally Accepted Accounting Practice.

General Fund

The General Fund is the Council's main account which contains all of its revenue expenditure.

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.

HCA

Homes Communities Agency.

GLOSSARY OF TERMS AND ABBREVIATIONS

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.

HIA

Home Improvement Agency.

HMO

House in Multiple Occupation.

Housing Revenue Account (HRA)

The Housing Revenue account is a ring fenced account within the Council's General Fund which can only be used for expenditure (mainly management and maintenance) and income (mainly rent from tenants) relating to the council-owned housing stock and cannot be used for funding any other council expenditure.

IAS

International Accounting Standard.

Intangible Asset

An intangible asset is an asset that lacks physical substance (unlike physical assets such as machinery, software and buildings) and usually is very hard to evaluate. It includes patents, copyrights, franchises, goodwill, trademarks, trade names and computer software.

International Financial Reporting Standard (IFRS)

International Financial Reporting Standards are approved by the International Accounting Standards Board and are designed as a common global language for business affairs so that company accounts are understandable and comparable across international boundaries. Oxford City Council's accounts are prepared in accordance with IFRS modified for use in the public sector by CIPFA.

Impairment

An accounting adjustment made to the value of the asset when its 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.

Inventory

Inventory or stock refers to the goods and materials that the Council holds for the ultimate purpose of use, resale or repair.

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.

GLOSSARY OF TERMS AND ABBREVIATIONS

Joint Venture

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

LGA

Local Government Association.

Liability

A liability is the measure of future payments or other economic settlement that the Council is obliged to make to other entities as a result of past transactions or other past events.

Long Term 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.

Long Term Assets – Intangible

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

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

Non-Current Asset

This is the same as a Long Term Asset.

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 Central Government a proportion of certain types of capital receipt. From 1 April 2004 Housing capital receipts have been subject to pooling at a rate of 75% for Right To Buy (RTB) dwellings and 50% for other Housing land and assets, net of statutory deductions and allowances.

GLOSSARY OF TERMS AND ABBREVIATIONS

Furthermore, the Council in June 2012, entered into an agreement with the Secretary of State to exclude “additional” RTB capital receipts from the pooling mechanism as long as the Council recycled the retained resources into the provision of replacement social housing properties (1-4-1) within 3 years and in accordance with an agreed funding formula.

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 is of uncertain timing or amount.

PWLB

Public Works Loans Board - part of Central Government from which the Council 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 (Refcus)

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 parties to finance capital investment.

Reserves – Unusable

Funds set aside to adjust for accounting transactions. These funds cannot be used to pay for future Council expenditure and can only be adjusted in accordance with the Code.

Reserves – Usable

Funds set aside or saved for future use to pay for future Council expenditure.

Revenue Support Grant

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

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.

Teckal Exemption

This refers to procurement exemptions that can apply to companies, over which the authority has control, providing statutory local authority services in lieu of the local authority. The exemption removes the requirement for these companies to go through a full procurement process in order to be awarded with the work. This is based on the case of *Teckal Srl v Comune di Viano (1999)*.

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**INDEPENDENT AUDITORS REPORT
AND CERTIFICATE**

INDEPENDENT AUDITORS REPORT AND CERTIFICATE

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

Opinion on the Council's financial statements

We have audited the financial statements of Oxford City Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

Council and Group Movement in Reserves Statement,
Council and Group Comprehensive Income and Expenditure Statement,
Council and Group Expenditure and Funding Analysis
Council and Group Balance Sheet,
Council and Group Cash Flow Statement,
Related notes to support the financial statements 1 to 45 and G1 to G4,
Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and related notes H1.1 to H2.9, and
Collection Fund and the related notes CF1 to CF2

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 2016/17.

This report is made solely to the members of Oxford City Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council'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 Financial Services and auditor

As explained more fully in the Statement of the Head of Financial Services Responsibilities set out on page 6, the Head of Financial Services 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 2016/17, 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 Council and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Financial Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2016/17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 and Group as at 31 March 2017 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 2016/17.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2016/17 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 is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Conclusion on Oxford City Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Council's responsibilities

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

Auditor's responsibilities

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

We report if significant matters have come to our attention which prevent us from concluding that the Council 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 Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

INDEPENDENT AUDITORS REPORT AND CERTIFICATE

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether Oxford City Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Oxford City Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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, Oxford City Council 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 issued by the C&AG in November 2016, 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 2017.

Certificate

We certify that we have completed the audit of the accounts of Oxford City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Signed Paul King Date 27th September 2017
Paul King
Senior Statutory Auditor
for and on behalf of Ernst & Young LLP,
Appointed Auditor, Reading

The maintenance and integrity of the Oxford City Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Statement of Accounts 2016–2017

